

**PUBLIC ACCOUNTS COMMITTEE**

*Eighth Report - Inquiry into Developer Contributions for Costs Associated With Land Development*

**MR J.B. D'ORAZIO** (Ballajura) [10.10 am]: I present for tabling the eighth report of the Public Accounts Committee, entitled "Inquiry into Developer Contributions for Costs Associated With Land Development", together with all the written submissions to the committee.

[See papers Nos 2920 and 2921.]

Mr J.B. D'ORAZIO: The inquiry dealt with in this report was referred to the Public Accounts Committee by the Minister for Planning and Infrastructure, but at the same time the committee itself was considering conducting a similar inquiry. It is an inquiry into developer contributions to both infill and greenfields development, in not only the metropolitan area but also regional areas. The inquiry has taken nearly a year and has been very long and difficult. The committee held 26 hearings with a total of 68 witnesses and received 49 written submissions. During the inquiry the committee travelled to Melbourne, Sydney, Brisbane, Broome and Albany. We were attempting to gain a perspective of how things are done in other States, and also to consider various interests around this State.

It became clear to the committee that there are clear differences in the economies of scale in developments and the ability to absorb the costs of development. For example, it became quite clear to us from some of the submissions received in Albany that in some local government areas the cost of developing the land is much more than the lots will ever sell for. That is a problem, because some of the required costs, such as the provision of water and sewerage, in those cases make the development totally inappropriate and preclude it from ever happening. By contrast, the local councils in the metropolitan area, particularly in the fringe areas where huge development is taking place, clearly indicated to the committee that they are not in a position to fund requirements for infrastructure. These include the normal council-provided infrastructure, such as playing fields and recreation reserves, but there is also an expectation in the community that the councils provide other infrastructure such as recreation centres, childcare facilities and the like. There is a dilemma because developers are saying that if any more impositions are made on them, the cost of land will rise. Councils are saying that they cannot continue along the current path because they just do not have the revenue to provide the required facilities. Interestingly enough, the argument being put by a number of developers is that the provision of this soft infrastructure, as it is called, by councils should be provided from rate revenue. However, it was clearly indicated to us by the councils that rate increases would not be sufficient to provide infrastructure in these fringe subdivisions, which are expanding enormously, especially in areas such as Rockingham, Wanneroo and Swan.

A lot of development is occurring in the larger regional towns such as Albany, Broome and Geraldton. Their problems are similar to those of the fringe metropolitan councils. Where there is huge development and huge demand for land, the ability to provide infrastructure is limited. Some of the councils indicated to the committee that they saw the need to implement some sort of levy on development, as a way of solving the problem. A number of submissions from the Western Australian Local Government Association and individual councils raised the general idea of a figure between \$2 000 and \$5 000 a lot for new subdivisions, based on what was needed to provide infrastructure and taking into account the extra rate revenue these councils would receive. On the other hand, developers said that this would be a tax on development and would result in greater price increases on new lots. Developers were also worried that they would not know what costs they would incur when they entered the process, because what is required by the community seems to be an ever-increasing feast. Community expectations are changing quite dramatically. Twenty years ago underground power was not a condition of subdivisions, but it is now. Thirty years ago sewerage was not an accepted condition of subdivisions. Nowadays people want cycleways, landscaped passive recreation parks, recreation centres, childcare facilities and nursing posts. That puts enormous pressure on development. The expectations of the community also need to be taken into account in this equation. Developers are always of the opinion that these costs should not necessarily be borne by developers. The opinion expressed to the committee was that they are happy to pay so long as they are paying for something that is legitimate and delivers something to the area that they are developing.

In comparing the Western Australian experience with that of other States, the example of Sydney was of most interest, not necessarily because we wish to follow what is being done in that city but because of the scale and type of development taking place. In Sydney, subdivisions are controlled by individual councils, which have the ability to create what they call a section 94, under which the council decides what infrastructure is needed for a particular area. That is put into some sort of scheme, and the developers contribute to that pool of funds for the provision of infrastructure. That has generated huge sums of money for local councils that have not actually been spent on the things they were acquired for. All this money is sitting in trust accounts and the councils do not know what to do with it because it was collected for a specific purpose that has been overridden by something else. The levies were basically a charge on development, something which I do not think any of us

wants to happen. Added to that, in Sydney there is also a transport levy, imposed by the State Government, of \$15 000 a lot. It is basically a tax, supposedly for the provision of infrastructure such as roads and rail, but there is clearly no overriding plan to justify it. At best we could only see it as a tax on development. Hence there is an enormous cost for land development in New South Wales. A developer could be up for \$60 000 a lot just for soft infrastructure provision. None of us would want that to happen in Western Australia because it would be an impossible burden on the community. Even 20 to 40 kilometres outside Sydney, people are paying \$200 000 to \$300 000 for a block, and we do not want that to happen here.

As members can see, there have been competing interests. The example of Melbourne is a little different in that local councils do not have the same capacities provided by the section 94 power in New South Wales. However, there is a scheme under which councils can identify the costs and recoup them from developers. The examples that we saw involve costs of between \$400 and \$1 000 a lot in Melbourne. In Queensland, it was a little more difficult, because Queensland has devolved powers to councils and it is difficult to see exactly what conditions are being put on development.

The committee considered a very complicated set of parameters. We were surprised to find that in the case of a number of state authorities, the actual cost the developers paid for the provision of major services to their subdivisions was not based on cost recovery. In other words, the developers do not actually pay for the services. In the case of the Water Corporation, developers pay only 40 per cent of what is spent by the Water Corporation to provide services to new subdivisions. The developer then pays all the internal costs of providing reticulated sewer and water services within the subdivisions; however, the main lines and all supplies to that subdivision are charged at only 40 per cent of the total cost. One might argue that that is subsidising developers from state funds. On the other hand, developers might argue that it is the responsibility of the State to provide these facilities for developments. The right answer is probably somewhere in between. Forty per cent may seem a little low, but that could be looked at in due process. The committee has not made a recommendation on that point, but we were surprised to see such a low figure.

There was enormous pressure from councils for the committee to recommend the implementation of a levy on development, both at the fringes and within the metropolitan area. The committee has resolved not to recommend such a levy, and that decision has been made on the basis of a number of issues.

As I said, a levy could be seen as a tax on development, and, more importantly, not related to service delivery.

Mr P.D. Omodei: A levy by local government.

Mr J.B. D'ORAZIO: Yes. In other words the local government would provide libraries, childcare and all those facilities. The suggestion was that somewhere between \$2 000 and \$5 000 a lot was what councils would need to provide all this infrastructure. However, they are unable to fund that from their rate revenue. The committee said that that is not an option. We do not think that is fair because there are different requirements in different areas; an amount of \$2 000 might be justified in one council area, but in another council area the expectation might not be as great, and it might not be a justified amount. What is worse, that figure would be applied across the board, which means that some areas would have piles of money sitting in a pool waiting to be spent, and others would be spending that money, which would create an uneven playing field. More importantly, we want to see service delivery provided in conjunction with what people are paying for. Developers are happy to pay, but they want to know what they are paying for and they want returns so that they can see some benefit to developing a subdivision.

The committee recommends that councils, and for that matter the State, have the ability to recoup some of their costs involved in allowing a subdivision to go ahead, but it needs to be done through a proper process. We suggest that it be done through the town planning schemes. As most members will be aware, when councils develop land they need to refer to the region scheme, which is set by the State and basically declares various areas for various developments, including residential areas. The councils then rezone the land in their area through their local town planning schemes. The committee has recommended that as part of that rezoning stage, a cost component be built in outlining the various infrastructure costs that would be required for that area. Therefore, a developer would know up-front what he will be up for, how much it will cost, how the money will be spent and when it will be spent. All those things would be spelt out by the local authority before it is in a position to be able to recoup costs. That would have to be advertised by the council for submissions from the community. More importantly, it would have to be ticked off by the Western Australian Planning Commission and the minister. Through that whole process, there would be at least two or three occasions on which the developers, community members and the councils could make submissions. There could be argument about what is necessary, what the community expectations are and who will pay for it and when. Time frames would also be set so that the development is provided when it suits the needs of the community. That would provide a framework for the process that could occur through a scheme or an outline development plan. What is really important is that the people who will be paying for these services or making a contribution to these funds will

have the ability to influence the process. Developer A or B could put in submissions arguing why X, Y and Z should not happen. More importantly, the community might demand more services. If that is the decision of the local authority, the Planning Commission and the State, then that should be a justified outcome.

This is not a tax on development. This is about providing facilities and somebody appropriately paying for them. The community may decide that the arrangement is that the developer should make a contribution, but the balance should be borne by the community and paid for out of rates. That can all be spelt out through this process. More importantly, it allows for centralised control. Around Australia we found that, for a number of reasons, it is absolutely important that subdivision control remain with the planning commission. When subdivision control is delegated to councils, it results in different standards of subdivision, and that was obvious in New South Wales. What are acceptable subdivision standards in one council are not acceptable in another, and what tends to happen 10 years down the track is that those communities want the same facilities and then there are problems. We need to keep centralised control.

The committee's recommendations on the change of process also involve the Planning Commission utilising town planning bulletin 18, which clearly defines what is acceptable and the conditions of subdivision. For example, if childcare facilities were to become an expected contribution by developers, the Planning Commission would make that a condition as part of its planning bulletin. Developers would then know up-front what their cost exposure is. Developers have told us that they need certainty. They want to know up-front what the costs will be. They want to be able to factor those costs into the development and they do not want any surprises. This process would be done at the rezoning stage, so that helps to ensure that that happens.

The committee also recommended a stop to leapfrogging; that is, when developers seek to develop areas that are not on the fringe of developed areas or where service delivery has not been provided. The committee members are of the view that all the costs associated with that leapfrogging must be borne by the developer because it puts enormous pressure on state authorities and councils if they have to provide infrastructure to a subdivision in that sort of area.

In the case of redevelopment in the metropolitan area, the committee also recommended a similar type of model with regard to rezoning. The problem in the metropolitan area is that those areas are already zoned. When the zoning is changed to increase the density and to allow for more development, the process can be carried out under the schemes. For example, the City of Gosnells complained that a great deal of redevelopment was occurring in Gosnells and that it cost it \$2 million to \$3 million just to upgrade the drainage to accommodate that extra development. The committee believes that that cost should be borne by the people who will benefit from that infrastructure. The only way that can happen is to have a clearly defined cost schedule of what is being provided setting out the costs, then the people who will benefit from the infrastructure should be asked to contribute to that cost. That was a legitimate argument put forward by the people who are not going to benefit from the expenditure of that money. The infrastructure should be paid for by those who will make profits through the redevelopment.

In areas that have already been zoned, the councils can still use an outline development plan when drawing up a schedule of costs. That process will also have to go through the Planning Commission and the minister, and it will need to be publicly advertised and consultation will need to take place so that those involved know what is going on.

The committee also recommends that there be better use of current infrastructure already available in the State. The extent of underutilised facilities in the metropolitan area is an issue that needs to be addressed. On the infill equation, an overall plan should be drawn up that clearly identifies underutilised areas within the metropolitan area due to the underutilisation of infrastructure. A statewide plan for both the metropolitan and regional areas should be drawn up that clearly identifies the areas in which there is potential for further development. The committee discovered a \$10 000 to \$20 000-per-lot saving by creating a lot in the metropolitan area rather than on the fringe. This is something that we should encourage especially in the areas that are underutilised, which form a large chunk of the metropolitan area. In those cases the committee believes that the model we should be using is the redevelopment authority model. It has worked fantastically well in East Perth and Subiaco, and it looks like working well in Midland; therefore, it should be expanded. That model is something we should encourage because it provides the flexibility to generate developments.

The committee does not support any sort of levy on development. However, it takes the view that there is an ability for councils, and for that matter the State, to recoup costs and to support further development through infill.

In my last two minutes, I will point out that this report has been a long time coming. It has taken us over a year to produce. There are numerous competing interests in this area, and we will not make everybody happy with

this process. However, this report clearly identifies the ability for different parties to make contributions and, more importantly, the best outcome for the community.

I would like to thank all the committee members who worked very hard on this report and all those people who took the time to make submissions and appear before the committee. I particularly want to thank Stuart McKnight, who was seconded for this project, and Andrea McCallum, our principal research officer, because it has been an interesting exercise. As I said, without their dedication and hard work this report would not have come to fruition. More importantly, this report is trying to facilitate the proper development of the metropolitan area and regional and country areas while, at the same time, recognising the inability of some statutory authorities, including councils and state authorities, to keep up with the demand for infrastructure and more clearly identify who is responsible for the cost.

I thank the committee, researchers and staff very much for their support. I recommend this report to the Parliament.

**MR M.G. HOUSE** (Stirling) [10.29 am]: I will add a few words to those of the Chairman of the Public Accounts Committee and say that, once again, this all-party committee was in broad agreement about the recommendations and findings. Obviously, there were times when we had some serious debate about the issues but the recommendations are now before the Parliament and I hope they will be implemented by the Minister for Planning and Infrastructure and the Government. The recommendations can be broadly supported by all parties. I believe they will enhance development in Western Australia.

I will talk about a few specific issues. The committee has made some very important recommendations. The chairman highlighted that the Western Australian Planning Commission needs to stay in control of the processes. That is a very important point. I think the recommendations about population infill are also very important. Society is changing and its demands, requests and needs for land development are changing quite dramatically. I have had occasion to visit Brisbane a few times recently. The committee visited the city and talked to some of the government departments that deal with planning development. I took notice of the number of unit developments in the city. Brisbane has a huge number of unit developments. That level of development would probably be similar in other cities. Of the new releases in Sydney in the past decade, approximately 70 per cent have been on infill land or a more intensive development rather than what is called a greenfields project. I think that figure is correct. Western Australia - and Perth - has lagged a bit behind in that sort of development. There is absolutely no question that there is demand for it. People now buy from plans and want more inner-city developments. They do not want a quarter-acre block or even an eighth-of-an-acre block; they do not want the gardens and surrounds. They want to have a different type of lifestyle. I do not think we have catered for that enough. Plenty of people want to do the developments. We must provide the areas in which they can be done.

It is interesting to listen to the debate that is taking place in Scarborough concerning the beachfront. Have members been to Scarborough to look at the beachfront? I had another look at it on Monday afternoon. It is an eyesore; it is a dreadful place. It is full of car parks and is derelict. Something serious needs to be done with it. Tony Vallelonga and the Stirling City Council need to be congratulated for putting forward what I think is a very good plan to redevelop that area. However, the costing shows that it needs to include some high-rise developments. I was a bit disappointed that the minister has, as I understand it, indicated that high-rise development will perhaps not be allowed to the extent that was originally proposed. I think Cottesloe is another example. A lot of people live in the area who, for some reason, can mobilise themselves to be against things - they are very efficient at being against things - but are out of sight when it comes to being proactive about advancing things and redeveloping areas. Members should look at what has happened in Subiaco with population infill. A decade ago that suburb was a very run-down area. The area has much more intensive levels of housing, which are done very well. The suburb has a mixture of single residential accommodation on very small blocks and multi-residential developments. They are not high-rise developments; they are three and four-storey apartments. They serve a need and a purpose. We need more of that. In all senses, it uses the infrastructure around the area in a much better way. Subiaco is a hive of activity; the shops and businesses are more prosperous. That is happening because more people are in the area. That is not to the detriment of the area. The Subiaco Primary School was down on numbers but the numbers are now increasing. All those things have enhanced and added to the area. Population infill development is a very important part of how we advance Perth. We need to encourage it more and be stronger in our leadership about how it will happen. We must make sure that it does happen because there are a lot of pluses to it. Indeed, the greenfield developments that extend 30 kilometres from Perth are becoming difficult to sustain. It is difficult to sustain the infrastructure that is needed for larger blocks. As people's lifestyles and needs change, we will see a great change. In fact, most other large western cities in the world have much more intensive population infill development than we have in Western Australia.

I will comment about the representatives of the smaller towns that gave evidence to the committee. We held a hearing in Albany and representatives from a number of the smaller shires in the great southern attended. We also held a hearing in Broome, which was slightly different. I will come to that in the moment. Places like Jerramungup, Lake Grace and Cranbrook are very interesting in that blocks have to be provided prior to the demand. It is a difficult conundrum to get the balance right. It is not good to have a lot of subdivided land just sitting there. However, it must be available to meet demand. People may arrive in one of the small country towns after having secured a job with the local plumber or truckie as a truck driver and they will want to build a house. They do not want to wait three, four or five years to get a town planning scheme up and running and get the water and power connected. They want it all in place. We need to address that issue. We must address the cost of the infrastructure that is provided by Western Power and the Water Corporation. We must have some sort of scheme that allows small councils to develop areas of 10, 15 or 20 lots. They should be available the moment someone arrives in a town and wants to develop them. That means an initial outlay and then holding the cost. It could be held with the local authority but, in my view, some of it will have to be held with some of the larger corporations, such as the Water Corporation and Western Power, because that is where the larger costs lie. Places like Bremer Bay, which is a coastal town, have a different problem in that they also have greater demand but they need to be able to develop as well. The same sort of issues arise.

All committee members would agree with me that we had some very serious doubts about the information that was given to us about infrastructure costs for power and water. We had some serious doubts about the way in which the information was compiled and derived. Such costs are passed down the line to developers, and I think there is some real doubt about whether the true cost and how the cost is derived is understood. There are different mixes in that. For example, the Water Corporation has to spread its costs across the entire State. As such, it mixes and matches the percentage cost across blocks. Even so, I have some doubts and questions about how it derives its costs. If there is to be development in the small towns, there has to be some understanding that the total cost is subsidised in some way. We all talk about regional development, but this is a very clear example of where we can do something about it without too much impingement.

The other area of interest to me was the many major developers in the State who talked about the quality of developments. I think they are a real step forward. Quality developments are now produced and they are priced accordingly. That is because demand is such that people want more quality and they do not want a run-down estate. People want drainage, roads, parks and all the things that the chairman talked about to be of the highest possible standard. People are prepared to pay for it. There has to be away of ensuring that occurs. I think that at the moment it is done very well.

I will touch quickly on the efficiency of local government in its demands for some form of developer levy. Efficiencies change between shires and I think there would be real concern if such a levy were ever to be implemented. I agree with the chairman's comments that there is no need for that to happen at this stage.

Before I run out of time I will pay a compliment to Stuart McKnight. He was seconded to the committee. He has proved to be a very dedicated officer and brought a huge amount of knowledge. His knowledge and the contacts he brought to the committee were substantial.

I also congratulate the Chairman of the Public Accounts Committee. The Chairman of the Public Accounts Committee was a previous Chairman of the Town Planning Commission, and because of his inside knowledge it was pretty hard for anyone to put anything past him that was not absolutely accurate. I commend him on the job that he did. The committee worked very well and it has made some substantial recommendations that I hope will be accepted by the Parliament.

**MR A.J. DEAN** (Bunbury) [10.40 am]: I would like to follow on from what the member for Stirling has just said about the excellent work of the research officers to the committee, and also about the chairman. The committee's inquiry was exhaustive and it has come up with a series of recommendations and findings that I hope will have a profound effect on land and frontal development in Western Australia over the next 25 years. I will concentrate on various recommendations and findings of the committee. The report raises some interesting issues and dispels a lot of myths. Land development is at the forefront of people's minds at the moment, particularly because of some of the things that have come out of the Minister for Planning and Infrastructure's "Dialogue with the City". The committee report goes a long way towards reinforcing the views that are expressed in "Dialogue with the City", particularly with regard to infill development.

One of the issues that the committee examined was the Productivity Commission's Inquiry on First Home Ownership. That inquiry determined that development contributions do not have a significant impact on the eventual price of land or housing and therefore housing affordability. Therefore, that is one myth that the committee has exploded. The report of the Productivity Commission inquiry states at page 128 -

While infrastructure charges make up a substantial proportion of the overall cost of house and land packages, increases in those charges will be responsible at most for a small part of recent house price increases.

Moreover, it seems unlikely that housing affordability would be improved substantially by improvements in the structure and level of infrastructure charges.

The committee follows that up by stating in finding 16 -

The assumption that developer contributions are automatically passed on to the end-purchaser of a developed lot is incorrect. Instead, increases in the development costs tend to reduce the value of undeveloped land.

It takes a while to get one's head around that concept, but basically it means that developers work backwards from the development costs and then arrive at a price that they are willing to pay for undeveloped land.

The committee states in finding 17 -

The retail price of land essentially depends on the ability and willingness of consumers to pay, indicating that market demand and supply are more important considerations than land development costs.

As I am sure the member for Warren-Blackwood would know, in Margaret River, which is in his electorate, the cost to consumers of some greenfield residential developments has doubled, and then doubled again, during the past year or so. My sister bought a residential lot in Margaret River for less than \$70 000. It is now worth \$140 000. That is in the space of 12 months. I do not think the title has even been issued yet. The price of land has nothing to do with the cost of infrastructure. It is what the market will bear.

The committee states in finding 18 -

The assertion by the land development industry that developer contributions are passed on to the end consumer in higher prices is not supported by extensive research.

The committee received a submission from the Urban Development Institute of Australia about indicative development costs. I found that fascinating. The costs are outlined in tables 4.7 and 4.8 at pages 87 and 88 of the report. Those tables go to the heart of some of our recommendations. Table 4.7 outlines the indicative development costs for greenfield development in Perth, specifically for suburban greenfield development, middle sector, Perth metropolitan region. The table indicates that charges by utilities - that is, the Water Corporation and Western Power - make up only 2.7 per cent of total development costs. Therefore, the myth that the Water Corporation and Western Power make up a large percentage of development costs has been exploded, because they do not. They make up only 2.7 per cent. Government taxes, fees and charges paid by the developer make up 1.4 per cent of the total cost of greenfield developments. Other costs are developer's management and finance costs, 3.6 per cent; selling costs and other professional fees, such as real estate agents' commissions, 6.4 per cent; and developer's margin, 9.7 per cent. Tables 4.7 and 4.8 show that the goods and services tax is the major taxation impact on the final price to the house and land purchaser, accounting for approximately nine per cent of the cost. For first home buyers, this is partly offset by the \$7 000 first home owner grant. It is interesting to note that stamp duty, which has been in the news lately, accounts for only 3.9 per cent of the cost of an urban infill subdivision and 4.5 per cent of the cost of a suburban greenfield subdivision. Therefore, stamp duty is not a large cost associated with development, particularly when it is compared with selling costs of 6.4 per cent. The committee examined those two tables and concluded in finding 19 -

Due to better use of existing infrastructure, it is cheaper to provide housing on infill sites than greenfield sites.

The committee also looked at housing affordability. The report states at page 98 -

The Inquiry found that even if developer contributions were passed on to the purchaser, which is not supported by the evidence, then the impact on housing affordability would be neutral because the resident would always end up paying for the infrastructure either through a slightly higher mortgage payment as the infrastructure cost would be built into the house and land purchase price, or through higher rates and taxes.

I think the chairman of the committee made that point as well.

Recommendation 5 is very important. It states -

Any further extension of developer contributions towards social infrastructure should only be in the form of an amendment by the Western Australian Planning Commission to Planning Bulletin No 18, as it relates to subdivision as well as being incorporated into an overall design plan.

The chairman has pointed out the ramifications of that. The committee was told by the developers that the main thing they are looking for is surety in their future developments.

Recommendations 9, 10 and 11 deal with infill and redevelopment. This is an important issue in my area. This week the Minister for Planning and Infrastructure was in Bunbury and announced a \$140 million redevelopment of the Bunbury outer harbour. The Bunbury Chamber of Commerce and Industry believes that is a \$250 million project, so it is probably somewhere between \$140 million and \$250 million. The Chamber of Commerce and Industry believes also that the flow-on effect of that redevelopment will be \$1 billion. Given recommendation 9, I believe the Minister for Planning and Infrastructure should use the redevelopment authority model as a basis for progressing this development in Bunbury. Recommendations 10 and 11 are very important. The chairman certainly flagged them in his speech, and I heartily concur with his comments. Recommendation 10 states -

An overall metropolitan current infrastructure plan should be prepared which clearly identifies under-utilised infrastructure.

That is as relevant in Bunbury as it is in Perth. Bunbury has a lot of land that needs to be redeveloped. We should not be clearing tuart forests in Bunbury or in places like College Grove. We should put an end to the disgraceful clearing of that type of land. We should be looking at infill as a method of increasing the population of the urban area.

The committee has once again delivered a report that has the consensus of all political parties. Although the report has taken a year to prepare, it has a lot to say about development in Western Australia. I believe the House should be well pleased with the efforts of the committee. I commend the report to the House.

**MS J.A. RADISICH** (Swan Hills) [10.49 am]: I am pleased to have been part of the Public Accounts Committee that is delivering this report today. Under the able leadership of the chairman and deputy chairman, the committee's inquiry was a most fruitful and productive investigation into developer contributions in this State. The committee's inquiries uncovered the very stark differences between developer contributions in the inner and outer metropolitan areas of Perth as well as in regional Western Australia. Earlier the deputy chairman pointed out that blocks in some parts of regional Western Australia that are available for around \$20 000 simply cannot be sold. Therefore, the cost to develop any further blocks in those types of areas would not be a wise investment by either the shire or a private developer.

The committee learnt also that there are many differences in the application of developer contributions throughout the country. We do not want a situation in Western Australia similar to that in New South Wales, in which tens of thousands of dollars are required from a developer on a per-lot basis. That has caused home and land package lots in far outer metropolitan areas - an hour out of Sydney - to cost on average about \$550 000. That is an example whereby the cost of housing becomes unaffordable for many people. We do not want to encourage that situation in Western Australia. Hence, that is one of the reasons the committee has not recommended a dollar value as a developer's cash contribution towards land development.

The committee does not resile for one moment from the State's obligation to provide economic and social infrastructure to either established or newly developed communities. However, it is in the broader community's interest for subdivisions and new developments to be divided in a way that maximises the use of government resources, which are always limited. Public money must be expended in the most efficient and effective way to benefit the majority of people and to provide the best social outcomes.

The committee conducted a thorough investigation when developing this report. The quality of the submissions that the committee received from all manner of stakeholders in development industry, local authorities and the like was outstanding. Clearly, people took a lot of time and effort to make their representations to the committee, and the committee appreciated their efforts. Often people travelled from far and wide to appear as witnesses before the committee. A long list of witnesses who appeared before the committee is in the back of the report. I thank them for taking the time to share their thoughts and views with the committee so that it could take into account all manner of views on the future of developer contributions, and for helping the committee make sound recommendations to Parliament.

By and large, Western Australia has an extremely good system. However, as with any system, there is always room for improvement. Land developers must be treated equally and fairly. I am not 100 per cent convinced that that is always the case regarding some of the dealings some developers have with certain state government agencies that provide infrastructure in this State. The deputy chairman made a similar comment. In some cases the committee struggled to get clear information from some agencies about the level of fees that were being requested of developers and the nature of those fees. In my opinion, all stakeholders need to know where they stand. All government agencies that provide infrastructure need to make their policies and costs crystal clear to all concerned so that a level playing field exists for everybody who wishes to enter the development industry.

On a subdivision-by-subdivision basis, the contribution of the developer should be mutually agreed to with the local authority and the State Government where appropriate. That is reflected in the committee's third and fifth recommendations. The committee supports and wants to promote the use of development plans that are particular to a local area, whether it be infill in a city area or a greenfields development in a metropolitan or regional site. The application of state planning bulletin No 18 would be helpful in this process.

Today development is not just about building a sea of houses; it is about building communities. The nature of the subdivision and its design is a key element in that. Simply plonking a bunch of houses together row by row does not build a community in and of itself. Those involved in the subdivision of Ellenbrook have taken a high level of pride in the way the area has been landscaped and the way in which the subdivision was built village by village. That was done to provide a livable community in which the residents could walk between the villages. That subdivision was developed in conjunction with the City of Swan. It is one of the leading examples of a successful subdivision in Australia and is the recipient of a number of awards to this effect, which is a great reflection on the hard work of the developers of Ellenbrook.

It is often overlooked that the Ellenbrook development is a 50 per cent Homeswest joint venture. People often cast a slur on developers as simply being greedy property types, which is certainly not the case, particularly in this example. As I said, the Ellenbrook development is 50 per cent state government owned and run. I am not sure whether that is necessarily the reason for the outstanding urban design of the area, but it should not be underestimated when considering the success of that development. I am familiar with that development because it is located within my electorate. It is referred to repeatedly in the committee's report. Leapfrog subdivisions, such as Ellenbrook, are extremely expensive. That has further implications for the future of the development once work on that type of subdivision has begun and the sewerage and water pipes have been laid and the residents require other social services.

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A special agreement was made with the developer to repay the \$20 million in funding over the life of the development on the basis of an additional charge per lot. The Committee notes, however, that by funding the works necessary to facilitate the leapfrog development of Ellenbrook, the other State Government agencies have been placed under additional pressures to fund roads, schools and other services that could otherwise have been met largely by utilising the existing infrastructure elsewhere in Perth.

That is certainly the case on a number of levels. I will give members a few examples. Members have often heard me mention the Ellenbrook high school. There was no plan to build a high school in Ellenbrook, despite the fact that it was projected that the population would increase to 60 000 over 20 years from the beginning of the project's development. The development of the high school has had to be brought forward approximately three years from the date it was originally intended to build it. That is because of the needs that have been created by the leapfrog development and because of the other challenges that have been created, including transporting children from the estate to schools in other areas, such as Lockridge and Hampton Senior High Schools. Those high schools have the capacity to take those children, but it places a burden on families to have to transport their children by bus out of the area.

Another problem that had to be overcome at Ellenbrook concerned health services. The Ellenbrook community fund is unique and hopefully will serve as leading example of this type of fund. The developer and the local council contributed \$300 each on a per-lot basis. That fund has been used to attract medical services to the area. Without the flexibility of accessing that fund, Ellenbrook might not have a doctor, as it does today. Some \$30 000 of that community fund was utilised as an incentive payment to attract a doctor to the area. I am sure members know that there are simply not enough doctors and often doctors do not have a strong desire to work in the outer metropolitan areas. That is an example of a clear and tangible benefit that can be brought about by outline development plans, which are agreements between the council and the developer, to ensure that funds are available to support community services. I recommend the report to the House.