

22 June 2018

Michael Baker
Secretary, Legislative Council Committees
Department of the Legislative Council
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

By email: landusevic@parliament.vic.gov.au

Dear Michael,

Environment and Planning Committee, Legislative Council
Inquiry into the proposed long-term lease of the land titles and registry functions of Land Use Victoria

The Victorian division of the Urban Development Institute of Australia (UDIA Victoria) welcomes the opportunity to respond to the proposed long-term lease of the land titles and registry functions of Land Use Victoria (LUV).

UDIA Victoria is the peak industry body for the urban development sector, representing the views of over 320 member companies across the state. Our members include developers, consultants, financial institutions, suppliers, government authorities and utility companies. Together we drive industry discussion which informs ongoing engagement with all levels of government and key regulators to achieve successful planning, infrastructure, affordability and environmental outcomes.

UDIA Victoria broadly supports partial privatisation of LUV, with profits of the long-term lease intended to go towards state infrastructure spending. However, we strongly caution the Government against proceeding with the commercialisation arrangements at the expense of alternative policy considerations.

The industry's primary concern is that privatisation would give rise to an uncompetitive, poorly regulated environment for the titles and registry functions. Recognising the role of the planning system in facilitating the efficient and cost-effective delivery of new homes, it is critically important to ensure partial privatisation of LUV does not have adverse effects on the time or cost associated with the land titles and registry functions of the planning system. This is particularly important in the context of the production of new housing and communities, and Victoria's housing affordability.

Since 2012, house prices have risen by 50 per cent in Melbourne¹. The median Melbourne house price is greater than \$900,000² and is now almost 10 times higher than the median household

¹ Grattan Institute Housing Affordability: Re-imagining the Australian Dream, March 2018

² Domain Group State of the Market, February 2018

income, making us the fifth “least affordable” city in the world³. It has never been so pertinent to ensure that Government actions prioritise housing affordability.

UDIA Victoria urges the State Government to establish robust, long-term accountability measures that will cap price increases, drive efficiency, increase transparency and ensure service standards across the commercialised functions of LUV do not decline.

UDIA Victoria is further concerned that the proposed financial arrangements of the sale, as well as the demonstrated cost and benefit of those arrangements, may not achieve maximum benefit for Victoria in the long term.

Given that revenue from the land titles and registry functions of LUV is proposed to contribute funds for investment in state infrastructure, an evidence-based review is required to demonstrate that the proposed arrangements are not focussed on short term benefits at the expense of long term funding for infrastructure.

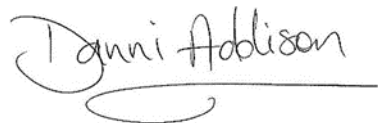
With consideration to the above, UDIA Victoria recommends that:

- a) Any final privatisation arrangements are based off robust regulatory and accountability measures that minimises potential for commercialisation to result in increased costs and declining service levels that would place upwards pressure on house prices; and
- b) The final arrangement must contemplate short, medium and longer-term infrastructure investment priorities and publicly demonstrate how the arrangements benefit Victoria.

UDIA Victoria welcomes the conversation that this inquiry has begun. We eagerly anticipate the proper economic analysis and evaluation of the implications on housing affordability and benefits for the state, with safeguards implemented to address any unintended consequences that could arise, which we would expect as part of a fully formed decision.

Please contact Hyatt Nidam, Advocacy and Communications Manager at hyatt@udiavic.com.au or on 9832 9600 to discuss further.

Yours sincerely,



Danni Addison
Victorian Chief Executive Officer
Urban Development Institute of Australia

³ 14th Annual Demographia International Housing Affordability Survey, 2018