



**Legislative Assembly for the
Australian Capital Territory**

Standing Committee on Public Accounts

Inquiry into the Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release

Legislative Assembly for the Australian Capital Territory
Standing Committee on Public Accounts

Approved for publication

Report 11
10th Assembly
October 2022

About the committee

Establishing resolution

The Assembly established the Standing Committee on Public Accounts on 2 December 2020.

The Committee is responsible for the following areas:

- ACT Auditor-General
- Office of the Legislative Assembly
- Accounts of the receipts and expenditure of the ACT and its authorities
- All reports of the Auditor-General which have been presented to the Assembly
- Treasury including taxation and revenue.

You can read the full establishing resolution [on our website](#).

Committee members

Mrs Elizabeth Kikkert MLA, Chair

Mr Michael Pettersson MLA, Deputy Chair

Mr Andrew Braddock MLA

Secretariat

Ms Joanne Cullen, Committee Secretary (from 9 September 2022)

Mr Samuel Thompson, Committee Secretary (to 9 September 2022)

Ms Miriam El-Chami, Assistant Secretary (on secondment from the House of Representatives)

Mr Nick Byrne, Assistant Secretary

Ms Miona Ikeda, Assistant Secretary

Mr Adam Walker, Assistant Secretary

Ms Lydia Chung, Administrative Assistant

Contact us

Mail Standing Committee on Public Accounts
Legislative Assembly for the Australian Capital Territory
GPO Box 1020
CANBERRA ACT 2601

Phone (02) 6205 0435

Email LACommitteePA@parliament.act.gov.au

Website parliament.act.gov.au/parliamentary-business/in-committees

About this inquiry

Under its resolution of establishment, the Standing Committee on Public Accounts examines all reports of the Auditor-General which have been presented to the Legislative Assembly. Specifically, the resolution requires the Committee to inquire into and report on reports of the Auditor-General which have been presented to the Assembly.

Acronyms

Acronym	Long form
ACT	Australian Capital Territory
ACTCOSS	ACT Council of Social Service Inc.
Audit Report	Auditor-General's Report No. 4 of 2020: <i>Residential Land Supply and Release</i>
Committee	Standing Committee on Public Accounts
COVID-19	Coronavirus Disease 2019, caused by the novel coronavirus SARS-CoV-2
EPSDD	Environment, Planning and Sustainable Development Directorate
ILRP	Indicative Land Release Program
MBA	Master Builders Association of the ACT
MLA	Member of the Legislative Assembly
RoGS	Report on Government Services
SLA	Suburban Land Agency

Contents

About the committee	i
Establishing resolution	i
Committee members	i
Secretariat	i
Contact us	i
About this inquiry	ii
Acronyms	iii
Recommendations	vi
1. Introduction	1
Preliminary	1
Acknowledgements	1
2. Conduct of inquiry	2
Referral and decision to further inquire	2
Conduct of inquiry	2
3. Audit background and outcomes	3
Audit background	3
Audit conclusions	3
Governance and administrative arrangements	3
Development of the Indicative Land Release Program	4
Land release achievements	5
Audit recommendations	6
4. Committee comment	9
Recommendation	9
Land supply and release	9
Land speculation and land banking	11
Implication of Commonwealth tax settings	13
ACT Government Taxation Settings	14
Affordable housing	15
Subsidies for community housing providers	19
Ballot registrations	20
Land supply	22
Developer's pipeline	23
Unsold released land	23

5. Conclusion	26
Appendix A: Submissions	27
Appendix B: Witnesses	28
Wednesday 27 April 2022	28
Master Builders Association of the ACT	28
Home Economics	28
ACT Council of Social Service Inc.	28
ACT Government – Environment, Planning and Sustainable Development Directorate	28
Wednesday 12 May 2022	28
ACT Audit Office	28
Appendix C: Questions taken on notice	29
Questions taken on notice	29

Recommendations

Recommendation 1

The Committee recommends that the ACT Government implement all of the Auditor-General's recommendations.

Recommendation 2

The Committee recommends that an external, independent review of the Indicative Land Release Program is conducted. The review should take consideration of, but not be limited to, the following:

- transparency for decisions made in the Indicative Land Release Program including available building envelope and what proportion is allocated to dwellings;
- improving accountability with requiring the ILRP to be debated and passed by the Legislative Assembly as part of each budget; and
- contributes to the achievement of broader Government objectives.

Recommendation 3

The Committee recommends that the ACT Government debate and pass the ILRP in the Legislative Assembly as part of each budget.

Recommendation 4

The Committee recommends that the ACT Land and Property Reports are published no later than 3 months after the reporting period.

Recommendation 5

The Committee recommends that the ACT Government undertake further reforms to address land speculation and land banking, and report back to the Legislative Assembly by the first sitting week of 2023.

Recommendation 6

The Committee recommends that the ACT Government continue to advocate for tax reform from the Commonwealth Government that will support housing affordability.

Recommendation 7

The Committee recommends that the ACT Government undertake tax reform to support housing affordability in the ACT.

Recommendation 8

The Committee recommends that the ACT Government clearly outlines the baseline against which its commitments to increase the number of social and affordable housing dwellings are being measured, and that progress towards these 2025 targets be publicly reported against this baseline on at least an annual basis.

Recommendation 9

The Committee recommends the ACT Government ensure any requirements for a minimum of 15% social and affordable housing for land release are more stringently enforced.

Recommendation 10

The Committee recommends the ACT Government work in partnership with community housing providers to enable them to deliver more affordable and community housing.

Recommendation 11

The Committee recommends that the ACT Government consults with stakeholders to provide a discount on individual plot purchases by community housing providers.

Recommendation 12

The Committee recommends that the ACT Government provide analysis on the number and nature of registrants for recent land ballots and present that analysis to the Assembly by the last sitting day of 2022.

Recommendation 13

The Committee recommends that the ACT Government releases more land.

Recommendation 14

The Committee recommends that the ACT Government re-establish an inventory of serviced land.

Recommendation 15

The Committee recommends that the ACT Government implement the Auditor-General's Recommendation 6 prior to the release of the ACT Land and Property Report encompassing the second half of 2022.

Recommendation 16

The Committee recommends that the ACT Government table, by the last sitting day in 2022, an explanation as to why EPSDD has declined to include reporting in ACT Land and Property reports of land released (including dwelling yield and land not sold) through the Indicative Land Release Program.

Recommendation 17

The Committee recommends that the Indicative Land Release Program provide a clear 'like for like' breakdown of land to be released, by suburb, in the projected reporting period, and for it to include the:

- number of dwellings and the number of blocks for high-density housing; and
- number of dwellings and the number of blocks for detached housing.

Recommendation 18

The Committee recommends that the Indicative Land release program provide clear definitions for different blocks that are referred to in the Program, e.g. definition of 'compact block'.

1. Introduction

Preliminary

- 1.1. Reports of the Auditor-General form a significant part of the Committee's work. The Committee has an important role to follow-up on the reports and recommendations of the Auditor-General.
- 1.2. Where the Committee determines a report of the Auditor-General requires further examination by the Committee, it may conduct a formal inquiry into the matter. This may include calling for written submissions, hearing from witnesses, and preparing a written report for presentation to the Legislative Assembly.

Acknowledgements

- 1.3. The Committee acknowledges those who contributed to its inquiry, including the Auditor-General and staff from the ACT Audit Office, Master Builders Association of the ACT, Home Economics, ACT Council of Social Service, and the ACT Government's Environment, Planning and Sustainable Development Directorate.

2. Conduct of inquiry

Referral and decision to further inquire

- 2.1. Auditor-General's Report No. 4 of 2020: *Residential Land Supply and Release* (the Audit Report) was presented to the Legislative Assembly on 2 July 2020.¹
- 2.2. The Audit Report considered the effectiveness of the processes for land release and supply for residential purposes in delivering the Government's housing strategy goals under the *ACT Housing Strategy* (2018). Specifically, the audit reviewed the processes used to develop the ACT Government's Indicative Land Release Program and the delivery of the program against agreed targets and timeframes.
- 2.3. In accordance with the resolution of establishment of the Standing Committee on Public Accounts (the Committee), the Audit Report was referred to the Committee for examination.
- 2.4. On 28 July 2021, the Committee resolved to establish an inquiry into the Audit Report.
- 2.5. The Government Response to the Audit Report was presented to the Assembly on 2 December 2020.²

Conduct of inquiry

- 2.6. On 15 July 2021, the Committee received a briefing from the Auditor-General in relation to the Audit Report.
- 2.7. On 27 April 2022, the Committee heard evidence from the Master Builders Association of the ACT, Home Economics, ACT Council of Social Service, and the Minister for Planning and Land Management and officials from the Environment, Planning and Sustainable Development Directorate.
- 2.8. On 12 May 2022, the Committee heard evidence from the ACT Auditor-General and his staff.
- 2.9. On 7 September, 14 September 2022 and 6 October 2022 the Committee met to consider the Chair's draft report on its inquiry.
- 2.10. On 6 October 2022 the Committee adopted the Report on its inquiry for presentation to the Legislative Assembly.

¹ ACT Legislative Assembly, *Minutes of Proceedings*, No 134, 2 July 2020, p 2019.

² ACT Legislative Assembly, *Minutes of Proceedings*, No 2, 2 December 2020, p 22.

3. Audit background and outcomes

- 3.1. This chapter presents an overview of the Audit Report including its findings and recommendations.

Audit background

- 3.2. The Audit Report considered the effectiveness of the processes for land release and supply for residential purposes in delivering the Government's housing strategy goals under the *ACT Housing Strategy* (2018) and the annual Indicative Land Release Program (ILRP). The Audit Report stated that:

The [*ACT Housing Strategy*] has a ten-year timeframe and 'provides a roadmap for housing in the ACT for the next decade'. The Indicative Land Release Program is an annual rolling four-year program that accompanies the ACT Budget. The program sets out the Government's intended land releases including the supply of residential land. The Environment, Planning and Sustainable Development Directorate (EPSDD) is responsible for preparing the program in consultation with other ACT Government Directorates. The Suburban Land Agency and City Renewal Authority deliver the programmed land releases.³

- 3.3. Specifically, the Audit Report 'reviewed the processes used to develop the ACT Government's Indicative Land Release Program and the delivery of the program against agreed targets and timeframes.'⁴

Audit conclusions

Governance and administrative arrangements

- 3.4. In relation to governance and administrative arrangements for the development and delivery of the ILRP, the Audit Report stated that:

The Environment, Planning and Sustainable Development Directorate, in conjunction with the Suburban Land Agency and City Renewal Authority, is in the process of implementing improved governance arrangements for the development and delivery of the Indicative Land Release Program. The improved governance arrangements include cross-agency working groups (the ILRP Steering Committee and ILRP Working Group) and policy and procedural guidance.⁵

³ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 1.

⁴ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 1.

⁵ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 1.

- 3.5. The Audit Report commended that the ILRP Steering Committee and ILRP Working Group have ‘effectively facilitated improved cross-agency relationships and communication in relation to land supply and release’ since their commencement in 2019. However, the Audit Report concluded that:

[...] policy and procedural guidance to inform the development and delivery of the Indicative Land Release Program is not yet effective. The majority of policy and procedural guidance remains in draft (despite being developed as early as 2018) and evaluation mechanisms explicitly identified in the draft guidance have not been implemented.⁶

Development of the Indicative Land Release Program

- 3.6. In relation to the development of the ILRP, the Audit Report commended ACT Government agencies on their implementation of effective processes which include ‘modelling of housing demand and supply against different scenarios and cross-agency collaboration and input.’ The Audit Report, however, concluded that:

The modelling of housing supply can be improved, [...] by taking into account actual data on dwellings in the developers’ and builders’ pipelines (as opposed to the use of estimates).⁷

- 3.7. The Audit Report also commended the ability of the ILRP to change ‘according to different circumstances and changes to assumptions and inputs to decision-making’, stating that:

In recent years the Indicative Land Release Program has varied and changed considerably across the years, including the total number of dwellings expected to be provided for by land releases over each four-year period as well as specific year’s land releases. This demonstrates the adaptability of the program to change [...]. Most recently the amount released has exceeded anticipated demand. In advice to Government in relation to the *2019-20 Indicative Land Release Program*, this approach was taken ‘[as] an affordability measure for both home buyers and renters and to establish an inventory of serviced land’. This directly aligns with and supports some of the ACT Government’s key principles for land supply strategy (*Deliver housing diversity and affordable housing choice and An inventory of land in the planning, development and building pipeline*).⁸

- 3.8. Nonetheless, the Audit Report stated that ‘ACT Land and Property Reports, which are expected to inform the development of the ILRP and inform the community on land supply and development activities, are not effective.’⁹ The Audit Report added that:

⁶ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 1.

⁷ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 1.

⁸ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, pp 1–2.

⁹ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

While the reports provide some useful information on land and property issues in the ACT, the publication of the reports on an annual basis, more than six months after the quarter to which it relates, diminishes their value. The reports do not provide useful information on forecasts or projections and are not effective in informing the community on contemporaneous issues associated with land release and development in the ACT.¹⁰

Land release achievements

3.9. In relation to land release achievements, the Audit Report concluded that ‘the Suburban Land Agency (and its predecessor the Land Development Agency) has released land for up to 12,420 dwellings’ – exceeding land release targets in 2016-17 and 2017-18 – ‘but did not meet the target in 2018-19.’¹¹

3.10. The Audit Report concluded that ‘greater clarity and transparency’ is needed when reporting on land released but not sold in ACT Land and Property Reports, to ‘provide more transparency to the community on ACT Government land supply achievements.’ The Audit Report stated that:

Land has been released for residential dwelling purposes across all of Canberra, thereby contributing to diversity in choice and location for potential buyers, as well as in infill locations, thereby contributing to urban revitalisation and environmental and sustainability objectives. While this land has been counted as ‘released’, because it has been offered to the market, it may not necessarily have been sold. As at May 2020 the Suburban Land Agency has land for 1,549 dwellings available for sale across a range of locations and land for 886 dwellings relating to the former Northbourne Flats (Braddon and Turner) remains unsold after its release in June 2018.¹²

3.11. The Audit Report stated that the Suburban Land Agency identified that the financial implications of not selling land for residential purposes as expected was ‘lower revenues received from lower land sales.’ The Audit Report added that:

The Suburban Land Agency’s *2018-19 Statement of Performance* identified revenue from land sales of \$483.0 million against a target of \$701.0 million (a shortfall of \$218.0 million (31 percent). Expectations for land sales in 2019-20 are expected to remain subdued and have latterly been further impacted by the COVID-19 pandemic.¹³

3.12. The Audit Report concluded that there have been ‘delays to key land releases in the program’:

¹⁰ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

¹¹ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

¹² ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

¹³ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

A key action of the *ACT Housing Strategy* (2018) is to ‘dedicate at least 15 percent of the Indicative Land Release Program each year to affordable, community and public housing’. Targets that were set for community housing were substantially exceeded in 2018-19. However, the targets for affordable housing have not been met in 2017-18 and 2018-19 and the target for public housing was not met in 2017-18.¹⁴

- 3.13. In addition, the Audit Report concluded that, to date, there has been ‘poor take-up’ by the ACT community of affordable housing land releases:

Only 16 of the of the 86 affordable housing dwellings offered to the market so far have proceeded to purchase. This is likely to be a reflection of affordable housing land releases thus far being primarily 1- or 2-bedroom units, while the majority of eligible purchasers are seeking 3-bedroom dwellings and single houses on compact blocks. The supply of affordable housing dwellings through the Affordable Home Purchase Program has not met the market’s preferences.¹⁵

Audit recommendations

- 3.14. The Audit Report made seven recommendations, provided in the table below. The right column of the table indicates the position the ACT Government adopted for the relevant recommendation in its response to the Audit Report.

Audit Report Recommendation ¹⁶	Government Position ¹⁷
R1—Policy and Procedural Guidance	a) Agreed.
The Environment, Planning and Sustainable Development Directorate should:	b) Agreed.
a) finalise and endorse for use draft policy and procedural guidance relating to land release and supply; and	
b) implement review and evaluation processes as described in the draft policy and procedural guidance.	

¹⁴ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, pp 2–3.

¹⁵ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 3.

¹⁶ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, pp 13–14.

¹⁷ ACT Government, *Government Response to the Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, tabled 2 December 2020, pp 5–9.

<p>R2—ACT Land and Property Reports</p> <p>The Environment, Planning and Sustainable Development Directorate should improve the utility of the ACT Land and Property Report to the ACT community by:</p> <ul style="list-style-type: none"> a) producing the report on a six monthly-basis, as quickly as possible after the quarter to which it relates; b) including historical information and trend data for different parts of the report, including dwellings in the planning, developers' and builders' pipelines; and c) including future projections for housing demand and supply. 	<ul style="list-style-type: none"> a) Agreed. b) Agreed in principle. c) Not agreed.
<p>R3—Residential Supply and Demand Model</p> <p>The Environment, Planning and Sustainable Development Directorate should improve the utility of the Residential Supply and Demand Model by using actual figures of dwellings in the developers' and builders' pipelines to inform the future new housing supply.</p>	<p>Agreed in principle.</p>
<p>R4—Indicative Land Release Program Dwelling Type</p> <p>The Environment, Planning and Sustainable Development Directorate should provide greater information and transparency on land supply to the ACT market by identifying the nature of dwellings expected to be yielded through the Indicative Land Release Program, i.e., detached housing or multi-unit developments.</p>	<p>Agreed.</p>
<p>R5—Affordable House Siting Criteria</p> <p>The Environment, Planning and Sustainable Development Directorate should develop policy guidance and criteria for the identification and allocation of affordable housing across the Indicative Land Release Program land releases.</p>	<p>Agreed in principle.</p>
<p>R6—ACT Land and Property Reports</p> <p>The Environment, Planning and Sustainable Development Directorate should include reporting in ACT Land and Property Reports of land released (including dwelling yield) through the Indicative Land Release Program that has not been sold.</p>	<p>Not agreed.</p>
<p>R7—Affordable Home Purchase Program</p> <p>The Environment, Planning and Sustainable Development Directorate, Suburban Land Agency and City Renewal Authority should:</p> <ul style="list-style-type: none"> a) review and amend the nature and type of affordable housing dwellings offered to the market through the Affordable Home Purchase Program in order to better meet market demand; and 	<ul style="list-style-type: none"> a) Agreed. b) Agreed.

- b) following these changes, plan for an evaluation of the Affordable Home Purchase Program to review the effectiveness of the program in meeting affordable housing policies and objectives of the Territory.

4. Committee comment

Recommendation

Recommendation 1

The Committee recommends that the ACT Government implement all of the Auditor-General's recommendations.

Land supply and release

- 4.1. In its submission to the inquiry, Master Builders Association of the ACT (MBA) stated that builders are 'greatly impacted' by the ACT Government's land release program. The submission goes on to state that:

[...] the supply of new residential land helps sustain the local building industry. Land is generally released in the ACT with little to no control over who the land is sold to. In the case of land being purchased by builders, there is little to no assessment of a builder's financial capacity to settle on the purchase, capacity to deliver a quality finished house, or whether the company is a local builder.

Given the ACT Government has set priorities to improve building quality, support local contractors, and support the local economy, we recommend that the land sales process should be reviewed to ensure these policies of Government are implemented through the land release program.¹⁸

- 4.2. The MBA's submission also put their view that the structure in which the ACT Government as the 'dominant land developer' is 'fundamentally flawed', stating that:

The ACT system means the Government undertakes the strategic role of zoning, setting housing policy, and determining a land release program, while also playing the role of land developer, including designing new suburbs, seeking development approval, engaging contractors to construct new suburbs, and completing the marketing and sales process for new land.

Importantly, the ACT Government sets the price of new residential land. It does this by creating legislation which establishes a process used by the Suburban Land Agency to set land price. This Agency then actually sets the prices according to the Government's legislation. Because of the ACT Government's dominance in the residential land market, the price set by the ACT Government for land it sells effectively becomes the market price which other developers follow.¹⁹

¹⁸ Master Builders Association of the ACT, *Submission 1*, p 4.

¹⁹ Master Builders Association of the ACT, *Submission 1*, p 2.

- 4.3. The MBA suggests that there be ‘an external independent review of the structure of land release in the ACT’ to ‘identify ways the ACT Government can add value to the land release program (such as concentrating on release of public and affordable housing, or demonstration housing), and areas where the private sector can add value to the land release program (such as greater involvement in land development, release and sales).’²⁰
- 4.4. At the public hearing on 27 April 2022, Mr Michael Hopkins, Chief Executive Officer of MBA, reiterated his view that there is a need for the land release program to improve building quality and support local builders and the economy, stating:
- With some greater confidence that there was a forward supply of land, it would allow builders to better plan their future pipeline of work, better manage their resources, better plan for ordering building materials and the like, which would make that system more efficient for them.
- [...] land is a scarce resource, so if the commonwealth government owns land within the ACT which is surplus to its needs and it can release it for residential land development, we would encourage that and welcome that. It would give them a great opportunity to do it under certain conditions where they could prioritise local involvement, support local builders, engage local consultants and work with local communities.²¹
- 4.5. The Committee is of the view that an external review of the ILRP take place, to ensure that building quality is improved, and the local building industry and economy is supported.

Recommendation 2

The Committee recommends that an external, independent review of the Indicative Land Release Program is conducted. The review should take consideration of, but not be limited to, the following:

- transparency for decisions made in the Indicative Land Release Program including available building envelope and what proportion is allocated to dwellings;
- improving accountability with requiring the ILRP to be debated and passed by the Legislative Assembly as part of each budget; and
- contributes to the achievement of broader Government objectives.

Recommendation 3

The Committee recommends that the ACT Government debate and pass the ILRP in the Legislative Assembly as part of each budget.

²⁰ Master Builders Association of the ACT, *Submission 1*, pp 2–3.

²¹ Mr Michael Hopkins, Chief Executive Officer, MBA, *Committee Hansard*, 27 April 2022, pp 8–9.

- 4.6. During the hearing, the Committee heard from the ACT Government that the Land and Property Reports for January to June 2021 and July to December 2021 were respectively published and due to be published at least 5 months after the reporting period.²²
- 4.7. This was echoed by Mr Michael Harris, the ACT Auditor-General, in which timeliness of the release of those reports was a key issue:

They were annual reports, they were released more than 6 months after the time of data collection. So the relevance of that information was questionable, considering the amount of time that had passed between and the publication of those reports.²³

- 4.8. Home Economics also commented in their submission that the timeliness of reporting was ‘too slow and not transparent enough to enable efficient response.’²⁴
- 4.9. The Minister and senior Directorate staff noted that, in their view, the delay in the release of the Land and Property Reports did not have much of an impact on the Directorate itself or stakeholders. The Committee is of the view however that 5 months is too long a delay in the release of such reports, and that they should be published no later than 3 months after the reporting period.²⁵

Recommendation 4

The Committee recommends that the ACT Land and Property Reports are published no later than 3 months after the reporting period.

Land speculation and land banking

- 4.10. In its submission, the MBA raised that the Audit Report does not, in their view, ‘address the practice of land speculation by purchasers of residential land.’²⁶ The MBA stated that land speculation occurs:

... because of the significant under supply of new land. Land can be purchased by individuals with no intention of building a new home. These individuals can re-sell (with Ministerial approval) prior to settlement and make a windfall-gain. This practice puts further upward pressure on land prices and denies genuine purchasers the opportunity to purchase residential land in the ACT. We note that

²² Dr Erin Brady, Deputy Director-General, Planning and Sustainable Development, EPSDD, *Committee Hansard*, 27 April 2022, pp 23-24.

²³ Mr Michael Harris, ACT Auditor-General, ACT Audit Office, *Committee Hansard*, 12 May 2022, p 55.

²⁴ Home Economics, *Submission 2*, p 1.

²⁵ Mr Mick Gentleman MLA, *answer to QTON No. 3*, 27 April 2022 (received 18 May 2022), p 1; Dr Erin Brady, Deputy Director General, Planning and Sustainable Development, EPSDD, *Committee Hansard*, 27 April 2022, p 24.

²⁶ Master Builders Association of the ACT, *Submission 1*, p 4.

while legislative steps were taken to make this process more difficult in 2021, but feedback received from MBA members indicates this continues to happen.²⁷

- 4.11. Mr Brett Stanton, Assistant Auditor-General, Performance Audit, told the Committee that the blanket assumption that land released through the ILRP will yield dwellings to the market in two years' time will be affected by land banking.²⁸ Mr Stanton stated that:

Land banking, if it occurs, clearly means that those dwellings are not on the market within that two-year period. That is where more accuracy and more information about what is in the builders' and developers' pipelines, trying to go away from that blanket assumption, will perhaps highlight very real and accurate examples of land banking or otherwise, or what is being held back from the market.²⁹

- 4.12. During the Committee's public hearing on 27 April 2022, the Minister for Planning and Land Management, Mr Mick Gentleman MLA, put that in the early 2000s 'there was quite a bit of land banking occurring with speculative developers across the ACT', stating that:

[...] some builders would sit on land for some time, allowing its value to rise, and then put it back to market at a large cost to those wanting to enter.³⁰

- 4.13. The Minister stated that audits were put in place to 'make sure that those people that are identifying as possible purchasers are genuine purchasers and not simply purchasing for a builder or a developer to sit on for the future.'³¹

- 4.14. Mr Ben Ponton, Director-General of EPSDD, added that 'there is currently a relatively modest fee for a proponent to extend the commencing and complete provisions in a crown lease'.³² Mr Ponton stated that:

If you are looking to extend or if you are beyond one year, it was one times the rates, two times the rates, three times the rates or five times the rates, for an extension to the commence and complete provisions.

I know that there has also been talk about consent provisions. We have in recent times, and working with the Law Society, tightened up significantly the approach to consent. This is where a purchaser buys a parcel of land and they seek to on-sell it, usually relatively quickly, for a profit. That requires the consent of the planning and land authority.³³

²⁷ Master Builders Association, *Submission 1*, p 4.

²⁸ Mr Brett Stanton, Assistant Auditor-General, Performance Audits, ACT Audit Office, *Committee Hansard*, 12 May 2022, p 58.

²⁹ Mr Brett Stanton, Assistant Auditor-General, Performance Audits, ACT Audit Office, *Committee Hansard*, 12 May 2022, p 59.

³⁰ Mr Mick Gentleman MLA, Minister for Planning and Land Management, *Committee Hansard*, 27 April 2022, p 45.

³¹ Mr Mick Gentleman MLA, Minister for Planning and Land Management, *Committee Hansard*, 27 April 2022, p 45.

³² Mr Ben Ponton, Director-General, EPSDD, *Committee Hansard*, 27 April 2022, p 45.

³³ Mr Ben Ponton, Director-General, EPSDD, *Committee Hansard*, 27 April 2022, p 47.

- 4.15. The Committee is of the view that the ACT Government should review and revise its current policies which address land speculation and land banking, to ensure that these practices are not ongoing into the future.

Recommendation 5

The Committee recommends that the ACT Government undertake further reforms to address land speculation and land banking, and report back to the Legislative Assembly by the first sitting week of 2023.

Implication of Commonwealth tax settings

- 4.16. At the public hearing, Minister Gentleman put that ‘there are other taxation levers that the [Commonwealth] Government can use’ which would support housing affordability, stating:

Indeed, if you look at some of the recent reports from leading economist agencies there are suggestions that indeed federal government levers can be changed to make housing more affordable, not just for Canberra but right across Australia.³⁴

- 4.17. The Minister also added that how people are fundamentally viewing housing has affected the market, stating:

There has been a strong change in the way people look at housing over the last 20 or 30 years as a growth in wealth opportunity rather than putting a roof over your head. That is a change that Australia has seen and that we have to combat. We have to make sure that we can provide housing for Canberrans into the future in the levers that we hold. But, of course, there are other levers that could be used as well.

I have suggested before that I think some changes need to be made to the way in which the federal government does taxation and incentives and whether or not Canberrans and Australians want to move away from your home, being your wealth creation, to a house and a roof over your head.

- 4.18. The Committee is of the view that the ACT Government should continue to advocate for federal tax reform to support housing affordability and rebalance the demand for housing.

Recommendation 6

The Committee recommends that the ACT Government continue to advocate for tax reform from the Commonwealth Government that will support housing affordability.

³⁴ Mr Mick Gentleman MLA, Minister for Planning and Land Management, *Committee Hansard*, 27 April 2022, p 37.

ACT Government Taxation Settings

- 4.19. The Committee also heard from Home Economics that a factor affecting housing affordability was increased housing-related costs.
- 4.20. Mr Hubbard from Home Economics outlined in oral evidence to the Committee that housing-related cost increases over the last 10 years have outstripped increases in wages:

When you look at things like rates, general rates have gone up by 300 per cent. The fire and emergency services levy has gone up by 300 per cent, land tax has increased by 300 per cent over the time, rents have gone up by 50 per cent, house prices have increased by almost 100 per cent, and the average loan size required to purchase a family sized home has gone up by 65 per cent. Importantly, the cost of a square metre of land in the ACT has gone up by 70 per cent. ... Utilities, of course, have gone up by about 70 per cent as well, with electricity having gone up by about 100 per cent in that time.³⁵

- 4.21. More specifically, Mr Hubbard contends that with respect to the land release program, the goals set by the Government have resulted in the Suburban Land Agency prioritising profit maximisation from land release.³⁶ This has had the effect of increasing the per-square-metre cost of land, which impacts the cost of the rates and land tax (which is calculated using the per-square-meter value of the land), which itself may have flow on effects to the cost of rent.³⁷
- 4.22. For Mr Hubbard, these costs are ‘forcing a lot of people out of affordable housing. They just cannot afford it.’³⁸ He suggests that the ACT Government can and should put downward pressure on housing costs, by examining the costs involved that are controlled by the ACT Government and aligning any increases in those costs to be more in line with the wage price index.³⁹
- 4.23. The Committee is of the view that given the key and unique role the ACT Government plays in land release and development, the ACT Government should examine how its taxation settings impact on housing affordability across the Territory, and where possible, should reduce costs.

Recommendation 7

The Committee recommends that the ACT Government undertake tax reform to support housing affordability in the ACT.

³⁵ Mr Ian Hubbard, Home Economics, *Committee Hansard*, 27 April 2022, p 10.

³⁶ Mr Ian Hubbard, Home Economics, *Committee Hansard*, 27 April 2022, p 10.

³⁷ Mr Ian Hubbard, Home Economics, *Committee Hansard*, 27 April 2022, p 11.

³⁸ Mr Ian Hubbard, Home Economics, *Committee Hansard*, 27 April 2022, p 10.

³⁹ Mr Ian Hubbard, Home Economics, *Committee Hansard*, 27 April 2022, p 10.

Affordable housing

- 4.24. One of the recurring themes throughout the Committee's inquiry was the issues surround housing affordability. The Audit Report identifies the ACT Government's policy to address housing affordability noting that:

A key action of the *ACT Housing Strategy* (2018) is to dedicate at least 15 percent of the Indicative Land Release Program each year to affordable, community and public housing.⁴⁰

- 4.25. The Audit Report also stated, however, that 'the supply of affordable housing dwellings through the Affordable Home Purchase Program has not met the market's preferences.'⁴¹ The Audit Report stated that:

Only 16 of the of the 86 affordable housing dwellings offered to the market so far have proceeded to purchase. This is likely to be a reflection of affordable housing land releases thus far being primarily 1- or 2-bedroom units, while the majority of eligible purchasers are seeking 3-bedroom dwellings and single houses on compact blocks.⁴²

- 4.26. Mr Michael Harris, ACT Auditor-General, stated at the public hearing on 12 May 2022 that 'there seemed to be a mismatch between the stock that was available and what the market wanted', adding that:

... the majority of people looking for this type of housing had larger families and required more than one or two bedrooms. And because they frequently would have had younger children, a unit probably was not the most suitable form of accommodation for them. That a freestanding house with a small area of land would have been a more suitable type of accommodation.⁴³

- 4.27. The Affordable Home Purchase Program Register allows eligible homebuyers to register to be included in ballots for an affordable dwelling in those developments that have an affordable dwelling requirement.⁴⁴ The Affordable Home Purchase webpage on EPSDD's website states that:

The 2019-20 affordable home purchase target of 488 dwellings will be released across eight suburbs including, Gungahlin Town Centre, Taylor, Coombs, Whitlam, Strathnairn, Belconnen Town Centre, City and Phillip.⁴⁵

⁴⁰ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

⁴¹ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

⁴² ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, pp 2–3.

⁴³ Mr Michael Harris, ACT Auditor-General, ACT Audit Office, *Committee Hansard*, 12 May 2022, p 55.

⁴⁴ EPSDD, *Affordable Home Purchase*, <https://www.planning.act.gov.au/urban-renewal/affordable-housing/affordable-home-purchase>, accessed 14 July 2022.

⁴⁵ EPSDD, *Affordable Home Purchase*, <https://www.planning.act.gov.au/urban-renewal/affordable-housing/affordable-home-purchase>, accessed 14 July 2022.

- 4.28. As part of its Audit, the ACT Audit Office collected a sample of 89 new registrations and summarised their findings. The tables below display the Affordable Home Purchase Program registrants' housing preferences by bedroom and by dwelling type.

Table 1 - Affordable Home Purchase Program registrants' housing preferences by room

Room	Number of first preferences
3 bedrooms	61
2 bedrooms	14
1 bedroom	8
1 bedroom + study	6
Total	89

Table 2 - Affordable Home Purchase Program registrants' housing preferences by dwelling type

Dwelling type	Number of first preferences
Single House (Compact Block)	61
Apartment	16
Townhouse / Terrace	12
Total	89

- 4.29. Another one of the Audit Office's findings was that in the *Review of the ACT Government's Affordable Housing Action Plans*, 'an expansion of the criteria in 2012 to include smaller high-density housing [...] has resulted in an increased number of 1-bedroom units and lack of diversity'.⁴⁶

- 4.30. In its submission to the inquiry, Home Economics stated that 'the [ACT] Government is not very good at supplying affordable housing', citing evidence from the Audit Report that:

In 2017-18 only 16 of the 86 affordable housing land releases were sold. This was due to the land being for 1- or 2-bedroom units, whereas the purchasers were seeking 3-bedroom dwellings and single houses on compact blocks. The housing market must be one of the few where the supplier does not produce what the market wants.⁴⁷

- 4.31. The Committee is of the view that the ACT Government should not mandate the specific number of bedrooms an affordable housing dwelling must have, to ensure that there is a greater diversity of affordable housing dwellings which meet market demand.

⁴⁶ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 78.

⁴⁷ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, cited in Home Economics, *Submission 2*, p 1.

- 4.32. In its submission to the inquiry the ACT Council of Social Service (ACTCOSS) stated that under the ACT Housing Strategy and the Parliamentary and Governing Agreement, ‘there is a lack of clarity and transparency [...] in relation to the baseline against which commitments to increasing the number of social and affordable housing dwellings will be assessed.’⁴⁸
- 4.33. The need for greater clarity and transparency about baselines and targets is highlighted by the Commonwealth Government Productivity Commission’s *Report on Government Services* (RoGS) data on social housing.⁴⁹ According to the 2022 RoGS, as of 30 June 2021:
- there were 10,859 public housing dwellings and 690 community housing dwellings in the ACT—a total of 11,549 social housing dwellings;⁵⁰
 - the number of public housing dwellings in 2021 (10,859) is below the number in 2012 (10,950) and the peak in 2018 (11,181)—i.e., there were 91 fewer public housing dwellings than in 2012 and 322 fewer than in 2018;⁵¹
 - the number of community housing dwellings (690) is the highest since 2012 when there were 500—i.e., there were 190 more community housing dwellings than in 2012, but is still very low as a proportion of social housing (about 0.5% of total social housing stock);⁵² and
 - there were almost 100 more social housing dwellings in the ACT in 2021 (11,549) than in 2012 (11,450), though there were over 300 fewer social housing dwellings than in 2018 (11,858).⁵³
- 4.34. The Audit Report indicates that EPSDD are in the process of drafting an *Affordable, Community and Public Housing Targets Implementation Policy*, which seeks to ‘set out the policy position in relation to implementation of the ACT Government’s annual affordable, community and public housing targets (the affordable housing targets).’⁵⁴
- 4.35. The Audit Report states that the *Affordable, Community and Public Housing Targets Implementation Policy* is intended to include ‘attachments with detailed standard operating procedures for the implementation of the affordable, community and public housing targets’ and its implementation is intended to be evaluated annually.⁵⁵
- 4.36. As of 1 August 2022, the *Affordable, Community and Public Housing Targets Implementation Policy* has not yet been finalised or endorsed, and there has not been a formal annual evaluation of the effectiveness of the affordable housing targets policy.

⁴⁸ ACTCOSS, *Submission 4*, pp 3–4.

⁴⁹ Australian Government, *Report on Government Services 2022, Part G, Section 18, Housing*, June 2022, p 1.

⁵⁰ Australian Government, *Report on Government Services 2022, Part G, Section 18, Housing*, June 2022, p 1.

⁵¹ Australian Government, *Report on Government Services 2022, Part G, Section 18, Housing*, June 2022, p 1.

⁵² Australian Government, *Report on Government Services 2022, Part G, Section 18, Housing*, June 2022, p 1.

⁵³ Australian Government, *Report on Government Services 2022, Part G, Section 18, Housing*, June 2022, p 1.

⁵⁴ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 4.

⁵⁵ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 4.

- 4.37. The Committee is of the view that the ACT Government should clearly outline how it is tracking its progress against its commitments to increase the number of social and affordable housing dwellings. To ensure there is sufficient transparency and accountability, the progress towards these 2025 targets should be publicly reported on at least an annual basis.

Recommendation 8

The Committee recommends that the ACT Government clearly outlines the baseline against which its commitments to increase the number of social and affordable housing dwellings are being measured, and that progress towards these 2025 targets be publicly reported against this baseline on at least an annual basis.

- 4.38. A key action of the ACT Housing Strategy 2018 was to ‘dedicate at least 15 percent of the ILRP each year to affordable, community and public housing’ and ‘set an annual target to increase affordable home purchase opportunities as part of the commitment to dedicate 15% of the ILRP to public, community and affordable housing.’⁵⁶
- 4.39. ACTCOSS’s submission to the inquiry states that ‘when land is sold to for-profit developers, the requirements for social and affordable housing must be much more stringent and enforced’. ACTCOSS added that:
- This would mean that private, for-profit developers would be required to ensure a certain percentage of dwellings sold are affordable. It is critical to ensure that the quality of these dwellings and the amenities attached to or located nearby these properties are adequate. It is also important that the ACT Government ensure that what is promised by developers is delivered.
- 4.40. ACTCOSS also put that past performance of developers (e.g., around building quality and affordability of housing) should determine their chances of success in future purchases of land:
- As outlined under the Parliamentary and Governing Agreement, the successful bidder should be chosen not only on price but on the quality of the offering. This must include its contribution to achieving the minimum 15% target for affordable, community, and public housing.
- 4.41. The Committee is of the view that, given the social and economic importance of affordable and community housing, the ACT Government should more strictly enforce its policies and agreements around contributing a minimum of 15% of the ILRP to social and affordable housing target.

⁵⁶ ACT Audit Office, *ACT Auditor-General’s Report No. 4 of 2020: Residential Land Supply and Release*, p 78.

Recommendation 9

The Committee recommends the ACT Government ensure any requirements for a minimum of 15% social and affordable housing for land release are more stringently enforced.

- 4.42. The Committee is also of the view that the ACT Government should work in partnership with community housing providers to enable them to deliver more affordable and community housing.

Recommendation 10

The Committee recommends the ACT Government work in partnership with community housing providers to enable them to deliver more affordable and community housing.

Subsidies for community housing providers

- 4.43. In its submission, ACTCOSS suggested that ‘more land be released for community housing – including Build-to-Rent land releases – ensuring that land is offered to community housing providers at an affordable and/or subsidised price and is located near amenities, transport links and public services.’⁵⁷
- 4.44. When asked by the Committee whether the current percentage of land released for community housing (1%) is sufficient or not, Mr Adam Poulter, Deputy Chief Executive Officer of ACTCOSS said at the public hearing:

We do not believe it is [sufficient]. If we look at the situation of people on low incomes who cannot afford to find rentals in the private housing market, then community housing providers provide a really important service to them. At least where supported, they have a diversity of housing options and they provide tailored support to people, taking into account their situation.

[...] the community housing providers are really facing challenges to deliver the housing without that subsidy, and the Community Housing Industry Association has provided further information about this, including in their budget submission to the ACT government for this year. That provides the financials behind this, including that if they were given a subsidy of between \$100,000 and \$150,000, they could purchase the land, they could leverage private finance and they could deliver housing and they would deliver it for the long term for those kinds of people.⁵⁸

⁵⁷ ACTCOSS, *Submission 4*, p 5.

⁵⁸ Mr Adam Poulter, Deputy Chief Executive Officer, ACTCOSS, *Committee Hansard*, 27 April 2022, p 20.

- 4.45. The Committee is of the view that one percent of total land releases being provided for community housing is not satisfactory and would like for land offered to community housing providers to be affordable. Community housing needs a greater subsidy, and there are opportunities to discount the price paid by community housing providers for land released through the scheme.

Recommendation 11

The Committee recommends that the ACT Government consults with stakeholders to provide a discount on individual plot purchases by community housing providers.

Ballot registrations

- 4.46. During the public hearing on 27 April 2022, Dr Erin Brady, Deputy Director-General of the Planning and Sustainable Development Unit at EPSDD, took a question on notice in relation to balloted land release registrations, after there was criticism on whether there has been any screening or analysis undertaken on recent ballot registrations.⁵⁹
- 4.47. The response to the Question Taken on Notice stated that the Suburban Land Agency (SLA) have several ballot sales conditions in place:

The Suburban Land Agency (SLA) ballot sales conditions include that if the SLA's legal provider deems a registrant to have met the definition of a related party, and the registrant has not provided a statutory declaration declaring that they are not a related party, then they will be removed from the ballot process.

The smart form used as part of the ballot process identifies duplicates based on a range of registration information such as ABN, license number, passport number and email address. In addition, the SLA legal providers conduct related party checking on ranked registrants, which includes company directors and shareholders. For the administrative efficiency, based on an allocation of up to 250 sales appointments, the first 400-600 ranked registrants are typically subjected to this process.⁶⁰

- 4.48. The response to the Question Taken on Notice also contained an example of the ballot process from the most recent Whitlam Ballot (2021-22):

[...] there were a total of 12,417 registrations allowed into the final ballot draw. 225 duplicate entries were removed via the smart form process from the ballot prior to the draw being undertaken. Following the ballot draw, 29 related parties were removed from the top 400-600 ranked registrants.⁶¹

⁵⁹ Mr Peter Cain MLA, *Committee Hansard*, 27 April 2022, p 34.

⁶⁰ Mr Mick Gentleman MLA, *answer to QTON: Analysis of land release ballots*, 27 April 2022 (received 19 May 2022), p 2.

⁶¹ Mr Mick Gentleman MLA, *answer to QTON: Analysis of land release ballots*, 27 April 2022 (received 19 May 2022), p 2.

- 4.49. However, Mr Michael Hopkins from the MBA put that more pre-screening of registrants, especially builders, should be implemented. Mr Hopkins stated that:

One thing that we see commonly is that the system of land release does not prequalify or condition in any way who buys the land. If we think only about builders, not about the general community here, and think about builders that might go in those ballots for new land, there is no screening done on the history of those builders: whether they have the financial capacity to deliver the amount of land that they have bought, whether we can have confidence that they are going to deliver a quality product and whether they have safe workplace practices.

[...] we could end up with a situation where, through the government land release system, a builder might be able to buy two or three blocks of land, if they are lucky, without any checks or due diligence done on that particular builder. They could actually be an individual who is not a genuine builder but just happens to hold a builder's licence. We do not know anything about their workplace safety practices, their building quality practices or their financial capacity to deliver.⁶²

- 4.50. Mr Michael Hopkins suggested alternative measures be put in place, such as builders needing to demonstrate their financial stability and building capabilities, prior to purchasing a block of land:

[...] there are a whole range of measures which could be looked at there to make sure that what we know is a scarce resource, land, is going to those builders who are going to deliver a safe, quality product that meets those other objectives of government, not only its land release objectives.⁶³

- 4.51. The Committee is of the view that whilst there is work being done to analyse the ballot registrations, more proactive measures should be put in place to filter non-compliant registrations. The number and nature of registrants for ballots should be monitored more scrupulously, to ensure that legitimate registrants are able to have confidence in the system.

Recommendation 12

The Committee recommends that the ACT Government provide analysis on the number and nature of registrants for recent land ballots and present that analysis to the Assembly by the last sitting day of 2022.

⁶² Mr Michael Hopkins, Chief Executive Officer, MBA, *Committee Hansard*, 27 April 2022, p 5.

⁶³ Mr Michael Hopkins, Chief Executive Officer, MBA, *Committee Hansard*, 27 April 2022, p 5.

Land supply

4.52. During the public hearing on 27 April 2022, the Committee heard from the ACT Government that the ILRP shows the plan for future releases and current releases for at least the next four years. It was also stated that the Government has a 70:30 policy as outlined in the ACT Planning Strategy 2018, with 70 percent of new housing to be built within the existing urban footprint.⁶⁴

4.53. Mr Michael Harris, ACT Auditor-General, observed at the public hearing on 12 May 2022, that the Government uses a residential supply and demand model, stating that:

This is an Excel workbook. All sorts of inputs go into that. It has got all sorts of parameters or assumptions that you can change or tweak to test the flexibility of it or the variational tolerance of it. There were quite valid and rational inputs that went into that Excel model.

What we are talking about there is that there was just a blanket assumption—this was covered in paragraph 3.68 [of the report]—that land released through the ILRP would yield dwellings to the market in two years time. That is the assumption that was put into the model: “Land for 3,000 dwellings released this year. In two years time those dwellings will be on the market.”⁶⁵

4.54. Mr Michael Hopkins observed that the lack of land supply is an issue, noting that:

...the period after the Auditor-General’s report, from 2020 through to current times—land seems to be in particularly severe shortage, to the point, as I am sure everybody knows, where the most recent land releases had in the order of 100 people for every one block of land registered for them. That, I think, in anyone’s definition of land supply, has got to equal a problem with our system here in the ACT.⁶⁶

Recommendation 13

The Committee recommends that the ACT Government releases more land.

⁶⁴ ACT Government, *ACT Planning Strategy 2018*, p 5.

⁶⁵ Mr Michael Harris, ACT Auditor-General, ACT Audit Office, *Committee Hansard*, 12 May 2022, p 58.

⁶⁶ Mr Michael Hopkins, Chief Executive Officer, MBA, *Committee Hansard*, 27 April 2022, p 2.

Developer's pipeline

- 4.55. The *ACT Land and Property Report* for December 2018 states that 'land being serviced' means land that is 'being physically cleared and landscaped in preparation for dwelling construction, or where new roads and utility infrastructure are being constructed'.⁶⁷ Land that is undergoing estate design or is being serviced is said to be in the 'developers' pipeline'.⁶⁸
- 4.56. In relation to the 2019-20 ILRP, there was advice to the ACT Government to establish an inventory of serviced land as an affordability measure for both home buyers and renters.⁶⁹ This directly aligns with and supports ACT Government's key principles for land supply strategy, such as 'deliver housing diversity and affordable housing choice' and 'an inventory of land in the planning, development and building pipeline'.⁷⁰
- 4.57. The Committee is of the view that keeping an inventory of serviced land would be beneficial from a land supply strategy perspective, as supply can then be controlled to mitigate over-supplying and under-supplying of land.

Recommendation 14

The Committee recommends that the ACT Government re-establish an inventory of serviced land.

Unsold released land

- 4.58. The Committee endorses all seven of the recommendations in the Auditor-General's Report No. 4 of 2020: *Residential Land Supply and Release*. This includes recommendation 6 of the Audit Report, which states '*The Environment, Planning and Sustainable Development Directorate should include reporting in ACT Land and Property Reports of land released (including dwelling yield) through the Indicative Land Release Program that has not been sold*'.⁷¹ In its Government response, EPSDD did not agree to the recommendation, and no further action was taken on the matter.⁷²

⁶⁷ ACT Government, *ACT Land and Property Report – a quarterly analysis of land and property indicators in the ACT*, December 2018, p 8.

⁶⁸ ACT Government, *ACT Land and Property Report – a quarterly analysis of land and property indicators in the ACT*, December 2018, p 8.

⁶⁹ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

⁷⁰ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 2.

⁷¹ ACT Audit Office, *ACT Auditor-General's Report No. 4 of 2020: Residential Land Supply and Release*, p 13.

⁷² ACT Government, *Submission 3*, pp 3–5.

- 4.59. At the public hearing, Mr Brett Stanton, Assistant Auditor-General at the ACT Audit Office, told the Committee that ‘for transparency, it would be beneficial to (a) put in the information on what is being released, the land that has been released, and (b) highlight what has not been sold’⁷³ in ACT Land and Property Reports:

At the time of the audit, in early 2020, we were aware that approximately 500 blocks in Taylor were so-called “on the counter” and available to be sold. So that was 500 there.

We talked earlier about Macarthur House. I think there are some figures in this report, and a table, about the number of dwellings that were anticipated to be released through the sale of the Macarthur House site. We are talking about quite a few hundred—maybe a thousand or more. To the extent that in the order of a thousand dwellings have been reported as released that are still on the shelf, or still available and not sold, we think that that is information that might be relevant and useful to the community.⁷⁴

- 4.60. The Committee is of the view that EPSDD should report on land released (including dwelling yield) through the ILRP that has not been sold, for transparency and oversight of the scheme. This would make the market and the community (individuals, households, builders, and developers) more informed in their decisions.

Recommendation 15

The Committee recommends that the ACT Government implement the Auditor-General’s Recommendation 6 prior to the release of the ACT Land and Property Report encompassing the second half of 2022.

Recommendation 16

The Committee recommends that the ACT Government table, by the last sitting day in 2022, an explanation as to why EPSDD has declined to include reporting in ACT Land and Property reports of land released (including dwelling yield and land not sold) through the Indicative Land Release Program.

⁷³ Mr Brett Stanton, Assistant Auditor-General for Performance Audit, ACT Audit Office, *Committee Hansard*, 12 May 2022, p 60.

⁷⁴ Mr Brett Stanton, Assistant Auditor-General for Performance Audit, ACT Audit Office, *Committee Hansard*, 12 May 2022, p 60.

Recommendation 17

The Committee recommends that the Indicative Land Release Program provide a clear 'like for like' breakdown of land to be released, by suburb, in the projected reporting period, and for it to include the:

- number of dwellings and the number of blocks for high-density housing; and
- number of dwellings and the number of blocks for detached housing.

Recommendation 18

The Committee recommends that the Indicative Land release program provide clear definitions for different blocks that are referred to in the Program, e.g. definition of 'compact block'.

5. Conclusion

- 5.1. The Committee is of the view that the Auditor-General's audit report into *Residential Land Supply and Release* was important in identifying the effectiveness of the processes for land release and supply for residential purposes in delivering the Government's housing strategy goals under the *ACT Housing Strategy 2018* and the annual Indicative Land Release Program.
- 5.2. The Committee endorses all seven of the Auditor-General's recommendations.
- 5.3. The Committee has made eighteen recommendations in relation to its inquiry into the Auditor-General's Report No. 4 of 2020.

Mrs Elizabeth Kikkert MLA
Chair, Standing Committee on Public Accounts
6 October 2022

Appendix A: Submissions

No.	Submission by	Received	Published
1	Master Builders Association of the ACT	17/03/22	04/04/22
2	Home Economics	24/03/22	04/04/22
3	ACT Government	28/03/22	04/04/22
4	ACT Council of Social Service Inc.	29/03/22	04/04/22

Appendix B: Witnesses

Wednesday 27 April 2022

Master Builders Association of the ACT

- **Mr Michael Hopkins**, Chief Executive Officer

Home Economics

- **Mr Ian Hubbard**

ACT Council of Social Service Inc.

- **Mr Adam Poulter**, Deputy Chief Executive Officer
- **Mr Geoff Buchanan**, Senior Policy Officer, Research and Data

ACT Government – Environment, Planning and Sustainable Development Directorate

- **Mr Mick Gentleman MLA**, Minister for Planning and Land Management
- **Mr Ben Ponton**, Director-General, EPSDD
- **Ms Erin Brady**, Deputy Director-General, Planning and Sustainable Development, EPSDD
- **Mr Geoffrey Rutledge**, Deputy Director-General, Environment, Water and Emissions Reduction EPSDD
- **Ms Carolyn O'Neill**, Executive Group Manager, Planning and Urban Policy, EPSDD

Wednesday 12 May 2022

ACT Audit Office

- **Mr Michael Harris**, ACT Auditor-General
- **Mr Brett Stanton**, Assistant Auditor-General, Performance Audit

Appendix C: Questions taken on notice

Questions taken on notice

No.	Date	Asked of	Subject	Response received
1	27/04/22	Mr Poulter	Jurisdictions with 5 percent release of community housing	06/05/22
2	27/04/22	Dr Brady	Reason for data delay	19/05/22
3	27/04/22	Minister Gentleman	Impact on stakeholders delay of the ACT land and property report	19/05/22
4	27/04/22	Mr Ponton	Number of people to contribute to survey	19/05/22
5	27/04/22	Dr Brady	Analysis of land release ballots	19/05/22
6	27/04/22	Mr Ponton	Land left on shelf and building inventory	19/05/22
7	27/04/22	Mr Ponton and Dr Brady	Sale status of Macarthur House and land in Braddon	19/05/22
8	27/04/22	Mr Ponton	15 percent target	19/05/22
9	27/04/22	Mr Ponton	Percentage of conveyances	19/05/22
10	27/04/22	Mr Ponton	Land release delays	19/05/22