



STANDING COMMITTEE ON PUBLIC ACCOUNTS

Elizabeth Kikkert MLA (Chair), Michael Pettersson MLA (Deputy Chair),
Andrew Braddock MLA

Inquiry into Auditor-General's Report 4 of 2020: Residential Land Supply and Release
ANSWER TO QUESTION TAKEN ON NOTICE
27 April 2022

Asked by Mr Cain on 27 April 2022: Mr Ponton took on notice the following question(s):

Ref: Hansard Transcript 27 April 2022, Page 53-55.

In relation to:

MR PETERSSON: Thank you. The MBA in its submission and its evidence earlier, spoke about concerns regarding land speculation and land banking in the ACT. I was wondering what reforms the government has undertaken? And what further reforms can be undertaken to address this practice in the ACT? And what effect does land banking have on housing affordability in the ACT?

Mr Gentleman: Yes. It is a very good question. A very important question. And I will reflect on my short time in the property industry, in the early 2000's where there was quite a bit of land banking occurring with speculative developers across the ACT. And the government saw the challenges there where some builders would sit on land for some time allowing it to raise its value and then put it back to market at a cost, you know, a large cost to those wanting to enter.

And so the government put in a number of processes there to audit sales and audit in the pre-sale process as well. This is really probably more a matter for SLA. But 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.

So those audits are in place. They take place, I think, prior to sale in the first instance.

Mr Ponton: There is—if I may, minister? So in terms of audits, yes, that is undertaken. So once the land is sold there is monitoring of land that has been sold. But in terms of the reforms that might be available, that were available, certainly the government—and I am just trying to recall exactly when this was, but it was quite a number of years ago, did make changes to what is known as the commencement/complete provisions. And there is currently a relatively modest fee for a proponent to extend the commencing and complete provisions in a crown lease.

The government, in response to some of what the minister was referring to, in terms of those early audits and understanding of how much land was available, introduced changes that related to the rates for the particular parcel. So if you are looking to extend or if you are beyond one year it was one times the rates, two times to rates, three times the rates, five times the rates, for an extension to the commenced complete provisions.

Interesting that the Master Builders Association has made this observation, because as I recall, it was industry that was concerned about that and lobbied government and opposition, and other members of the Assembly, to seek changes to that. And in fact, it was changed after a couple of years. I cannot recall exactly when it was, maybe 2016—2015—no, it would have been before then. And it went back to the more modest arrangement.

So certainly the government did take an approach. And industry particularly was very concerned about that. And through political—appropriate political processes, those changes were made.

I know that there has also been talk about consent provisions. So we have, in recent times, working with the Law Society, tightened up significantly the approach to consent. So this is where a purchaser buys a parcel of land and then they seek to on-sell it, usually relatively quickly for a profit. And that requires the consent of the Planning and Land Authority.

And if you have a look at our website, we have got a statement there around those changes. But it is much tighter now and not as easy for somebody to purchase—in fact, I think now we will not allow the consent—the consent is not granted prior to settlement. So I think the first purchaser—and I am to be corrected if I am wrong, but as recall, we will need to proceed with the sale—because that is what we were seeing, is people were buying and then selling before they needed to settle. And that was having an impact. So that has all been tightened up. And that occurred in the last 12 months, and working with the Law Society, as I said.

MR CAIN: A supplementary on that. And I was going to ask what percentage of these conveyances show that there is a different title owner compared to a different contractor in the first instance? But you have obviously said that is being addressed. It has been identified.

So prior to it being identified, what percentage of title holders—of conveyances, were the title holder different from the original purchaser?

Mr Ponton: I do not have that figure at hand. I can check with my team to see if that is readily available. And if it is, I can certainly provide that to you, Mr Cain.

MR CAIN: Take that on notice for the committee.

Mr Ponton: Certainly.

MINISTER GENTLEMAN: The answer to the Member's question is as follows:—

The independent planning and land authority (the Authority) is responsible for the administration of section 298 of the *Planning and Development Act 2007* (the Planning Act). This provision relates to the transfer of land subject to building and development provisions.

On 27 May 2021, the Authority clarified the operation of the transfer of land process by posting information on its website (https://www.planning.act.gov.au/leasing-and-titles/dealing-with-crown-leases/lease_transfer), as well as informing the Law Society.

In the period 20 May 2020 to 27 May 2021 the Authority received 810 applications under section 298 of the Planning Act. Of these applications, 369 were made under section 298(4). This category of transfer (being 'first transfers') involved the developer building the infrastructure on the land and then obtaining a lease for each block before making application to the Authority under section 298 of the Planning Act.

The remaining 441 applications were made under section 298(2) of the Planning Act ('second transfers').

Approved for circulation to the Standing Committee on Public Accounts.

Signature:



Date: 18/5/2022

By the Minister for Planning and Land Management, Mick Gentleman MLA