Property Council of Australia

Federal Budget Submission:
2011-12 Budget

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Executive Summary

The Property Council supports a Budget that delivers positive outcomes for Australia, which include:

- strong ongoing economic growth of three to four per cent;
- low inflation and low, stable interest rates;
- a public policy reform framework for long-term sustainable growth;
- timely funding and delivery of critical infrastructure; and,
- a clear plan to address the challenges presented by climate change.

The Property Council proposes that the following concepts guide the design of the 2011 Budget:

- key performance indicators – clarity about the measurable goals of all budget programs;
- community capacity building – programs that enhance the ability of individuals, families and firms to make the most of their relative talents and opportunities;
- investing in skills – a focus on building Australia’s skilled workforce, through domestic training measures, higher participation rates and balanced migration levels;
- liveability – a commitment to improving living standards and social capital;
- sustainability – optimising and consolidating existing policies for the long-term benefit of the community;
- a modernised Australian Federation – a clear allocation of the relative responsibilities, powers and accountabilities of the three spheres of government;
- a war on red tape – more efficient regulation, less duplication and minimal conflict of policy settings;
- tax reform – lower taxes achieved through more efficient tax design that also delivers lower compliance costs and promotes a competitive economy;
- infrastructure delivery – prioritising investment for critical infrastructure projects to service continued economic and population growth to meet long-term strategic goals;
- modern policy assessment instruments – adoption of methodologies that better allocate scarce resources (such as capital spending on infrastructure) on a triple bottom line basis and more effectively assess regulatory impacts;
- accounting for spatial implications – an understanding of the spatial consequences of all policy programs; and,
- incentives – the use of incentives to transform market behaviour to meet community goals as an alternative to regulation.
Property Council in Brief

The Property Council represents the property investment sector in Australia. Its members include every major property investor in the country. Members are engaged across the entire property investment universe, which includes all:

- dimensions of property activity (financing, funds management, development, ownership, asset management, transaction and leasing);
- major property types (offices, shopping centres, residential development, industrial, tourism, leisure, aged care, retirement and infrastructure);
- major regions of Australia and international markets; and,
- the four quadrants of investment – public, private, equity and debt.

Some key statistics:

- the market value of all land and buildings in Australia is $4.3 trillion;
- the value of investment grade stock under management is $340 billion;
- more than 11.6 million Australians collectively own major segments of the nation’s most valuable commercial property assets;
- total construction spending in F2012 is forecast to be $117 billion in buildings and $87 billion in infrastructure (total: $204 billion);
- listed property is currently 5.34 per cent of the capitalised value of the ASX;
- 39 per cent of investment grade stock is listed;
- the market value of foreign assets owned by Australians is estimated at $50 billion;
- $113 million flows in to the property sector from super funds in an average week; and,
- $28 billion in property specific taxes are paid annually.
Recommendations

1.0 Nation-Building for the Future

1.1 A National Urban Policy

The Property Council recommends the Federal Government develop a comprehensive National Urban Policy that includes:

- appointing a Minister for Urban Affairs and Population, supported by the Treasury and located in Cabinet;
- performance targets and year-by-year benchmarks for all levels of government;
- a coordinated roll-out of suitable surplus Commonwealth land for housing, to help deal with the chronic shortage of land required to improve housing affordability;
- links between funding for new infrastructure and performance against COAG criteria for effective city planning;
- State government infrastructure payments, tied to performance against COAG’s agreed criteria for effective city planning (adopted in December 2009);
- an independent authority to monitor, assess and report on performance against these criteria;
- integration of land use planning with infrastructure planning;
- a new program to seed fund critical city infrastructure, through Infrastructure Australia, to act as a catalyst for investment and growth;
- innovative funding mechanisms for infrastructure, such as growth area bonds; and,
- a National Centre for Urban Design Excellence to promote better urban design.

1.2 A National Population Strategy

The Property Council recommends the Federal Government develop a comprehensive population strategy to address:

- future population growth areas;
- specific plans for each future growth area, with identifiable 30-year targets and trigger points for action;
- priorities for new economic and social infrastructure needed to support a growing population;
- immigration policy targets to enable clear economic goals, including annual economic growth of at least 3 per cent;
- Australia’s supply of skills and labour in the context of a growing and ageing population;
- the impact of growth on the natural and built environment; and,
- a new dashboard of metrics to measure performance in critical areas of community need.
1.3 Turbo-Charged Infrastructure Investment

The Property Council recommends the Federal Government:

• demonstrate commitment to transforming the Building Australia Fund into Australia’s principal infrastructure funding body, by allocating an annual $5 billion investment for future infrastructure delivery, which can be further leveraged through debt and private sector contributions;
• deliver 30+ year infrastructure programs for Australia’s urban areas, including key milestones and performance indicators that are independently audited each year;
• trial the use of Growth Area Bonds to fund critical urban infrastructure in key urban renewal areas; and,
• make better use of PPPs and other innovative funding mechanisms to accelerate the capitalisation of infrastructure projects.

1.4 Law and Order on Construction Sites

The Property Council recommends the Federal Government commit to retaining the current structures, powers and operations of the Australian Building and Construction Commission, along with the resources to do its job.

1.5 Support the Delivery of Affordable Housing

1.5.1 Create an Efficient System of Housing Supply

The Property Council recommends the Federal Government:

• work with its state and territory counterparts (through COAG) to secure a future for multi-unit residential housing by:
  o recognising that current metropolitan strategies are not being achieved and commit to strategies for growth that deploy measurable, annual targets for the delivery of housing supply;
  o developing a national streamlined process for multi-unit residential development assessment to fast-track the delivery of housing;
  o adopting a harmonised approach to development assessment based on a standard information template that provides the precise data required to assess proposals; and,
  o engaging with key stakeholders to identify ways to better educate the community about the benefits of sustainable urban growth.
• increase the supply of land, by:
  o committing to the ongoing support of the National Housing Supply Council and its pivotal work in identifying the key factors required to improve affordability and delivery of supply;
  o committing to a new round of funding for the Housing Affordability Fund with a focus on projects that streamline the development assessment and planning processes of councils and states to ensure long-term improvements in affordability;
facilitating the development of a harmonised system of data collection by the states (as agreed by COAG) on land supply and ensure that an independent review of the data is undertaken;

- supporting the orderly release of land, synchronised with the provision of infrastructure, to facilitate urban consolidation and reduce the cost of land development;

- setting national, regional and local targets for housing supply which facilitate growth and are tied to demographic indicators;

- recognising the inherent balancing act that must take place in the delivery of housing between greenfield and brownfield sites;

- requiring that states provide 30 year plans that identify both serviced land and future land supply, to accommodate growth projections; and,

- releasing Commonwealth Government Crown land and ensure that it is competitively available for the market.

1.5.2 Support Public Housing and the Growth of the Community Housing Sector

The Property Council recommends the Federal Government, through COAG, work with its state and territory counterparts to:

- continue to increase the supply of affordable housing through continued and increasing funding to both the community and public housing sectors;

- implement sector capacity reform, which will ensure greater national consistency of the social housing sector’s regulatory environment, to allow developers to partner with the community sector to deliver better outcomes;

- recommit to transferring 35% of public housing stock into the community housing sector by 2014 and actively manage the states to ensure these arrangements are put into place; and,

- undertake work to allow for consideration of a national capital growth fund which should be negotiated at the next National Affordable Housing Agreement (NAHA).

1.5.3 Support the Establishment of Finance Mechanisms to Support Home Ownership

The Property Council recommends the Federal Government, through COAG, work with its state and territory counterparts to:

- investigate the success of state programs such as “Key Start” in Western Australia;

- commit to the provision of a financial guarantee for states to aid in the establishment of “Key Start” type programmes; and,

- coordinate a review of the benefits of shared equity schemes and the role of governments in their establishment.
1.6 More Affordable Rental Accommodation

The Property Council recommends the Federal Government:

- halt the raiding of the National Rental Affordability Scheme and restore funding to this programme for a minimum of five years;
- commit to delivering a total of 100,000 homes under the National Rental Affordability Scheme;
- modernise trust rules to remove regulatory barriers to real estate funds that wish to invest in residential property that is offered for rent; and,
- jointly fund a pilot project to demonstrate private sector delivery of affordable rental housing, in order to establish a market for residential property as a viable asset class.

1.7 A More Balanced Response to the Environment

1.1.1 Strive for National Environmental Policy Certainty

The Property Council recommends the Federal Government consolidate the 52 separate building-related Federal Government environmental schemes into one clearly branded eco-efficiency program for the built environment, guided by environmental performance targets.

1.1.2 Revise the Environment Protection and Biodiversity Conservation (EPBC) Act

The Property Council recommends the Federal Government reform the EPBC Act by:

- not overriding state and local planning powers;
- streamlining EPBC review processes for applications, and delegating authority to state jurisdictions;
- providing fair compensation for owners who are disadvantaged by restrictions on their land; and,
- ensuring the same scientific rigour is applied to the listing of species on the threatened species list as there is to removing them.

2.0 More Efficient Taxation

2.1 Minimise Developer Levies and Charges

The Property Council recommends the Federal Government work with the states and territories to:

- increase the use of government borrowing, public-private partnerships, business improvement districts, and growth area bonds to fund infrastructure in preference to inefficient development levies (see section 1.3);
- cap development levies in the short-term and abolish them in the longer-term; and,
- ensure that development levies are directly linked to the projects they are meant to fund.
2.2 Equitable and Consistent Rates and Charges
The Property Council recommends the Federal Government employ the COAG process to:

- charge a specific working party, that includes representatives from government and industry, to develop a modern municipal rating/charges methodology that includes:
  - a definition of statutory value;
  - criteria for exemptions (as necessary);
  - an equitable and consistent basis for determining the incidence, scope and level of local rates;
  - electronic rates collection processes; and,
- link any increase in local government rates to a reduction in development levies where they exist.

2.3 Reform State Property Taxation
The Property Council recommends the Federal Government, through COAG, work with its state and territory counterparts to:

- establish a specific COAG working party that includes representatives from government and industry to develop a strategy for replacing state taxes with efficient broad-based taxes over the next five years;
- set a timetable to eliminate other inefficient business and property taxes based on clear performance milestones and a strict modernisation timetable; and,
- ratify a new Intergovernmental Agreement to give effect to such a tax reform program.

2.4 Consistent and Uniform Property Tax Rules Across Australia
The Property Council recommends the Federal Government, through COAG, work with its state and territory counterparts to:

- adopt a set of uniform rules and definitions for property taxes including the Property Council's proposals for unit trust definitions and corporate reconstruction exemptions;
- set a timetable to implement uniform rules and definitions for property taxes; and,
- ratify a new Intergovernmental Agreement to give effect to COAG's tax reform program.

2.5 Streamline the GST
The Property Council recommends the Federal Government:

- establish a working party including industry, Treasury and the ATO to simplify the GST in line with the Property Council's list of 16 GST issues, starting with:
  - simplifying the margin scheme;
  - clarifying and streamlining the margin scheme valuation regime;
  - ensuring margin scheme refund rules repay tax overpaid;
  - clarifying the meaning of "commercial residential premises";
2.6 **Continue to Modernise the MIT Tax Regime**

To modernise the MIT regime, the Property Council recommends the Federal Government:

- set up a high level consultation body with industry and workshop the latest Treasury MIT proposals to:
  - allow unders and overs to be carried forward and adjusted in a future distribution period and disclosed in a subsequent distribution statement;
  - provide established property MITs with access to the proposed attribution rules;
  - only implement a narrow “arms-length” rule, that does not interfere with the passive investment transactions of a trust;
  - establish federal and state government rollover relief for trust resettlements;
  - align the anticipated consultations over Division 6 design with the MIT reform proposals;
  - set a target implementation date of July 2012.
- retain the classic features of a collective investment vehicle system, such as flow through status, tax deferred income and CGT concessions;
- allow MITs to participate in all forms of investment in property including retirement villages, aged care, seniors housing, hotels, affordable housing, caravan parks and self storage facilities;
- clearly define ineligible investment activities and scrap the outmoded “active/passive” rules;
- allow fund trustees to more efficiently manage capital by retaining a portion of earned income; and,
- enable Australian MITs to provide their unit holders with tax treaty benefits.

2.7 **Maintain Competitive Withholding Tax Rates**

The Property Council recommends the Federal Government continue to reduce withholding tax rates on income distributions from MITs in line with our global competitors.

2.8 **End the Thin Cap Penalty for Property Trusts**

The Property Council recommends the Federal Government:

- change thin capitalisation calculations to allow interest deductions against dividends from a trust’s foreign subsidiaries;
- allow wholly-owned trust groups to apply thin capitalisation rules on a consolidated basis;
- allow stapled groups to apply thin capitalisation rules on a consolidated basis; and,
- ensure thin capitalisation provisions do not apply to partnerships formed in foreign jurisdictions, non-resident trust estates or foreign hybrid entities.
2.9 MIT Access to Foreign Treaty Tax benefits

The Property Council recommends the Federal Government:

• enable Australian MITs to provide their unitholders with tax treaty benefits;
• establish a zero percent interest withholding tax rate for all debt raisings other than related party debt;
• apply treaty dividend articles to A-REIT distributions; and,
• prioritise tax treaty negotiations and regular reviews with countries that are major centres for inbound and outbound funds.

3.0 Greening the Built Environment

3.1 Incentives For Green Developers And Owners

The Property Council recommends the Federal Government:

• ensure that the Tax Breaks for Green Buildings program is well-designed and creates a workable incentive for investment in energy efficiency upgrades;
• implement the Prime Minister’s Task Group’s recommendation to set up an national energy efficiency “white” certificate scheme, which:
  o is given equal priority to the design of the CPRS,
  o is designed by a dedicated, well-resourced liaison group with senior members drawn from the property sector;
  o joins up existing state and territory systems; and,
  o is properly designed and thoroughly tested by the proposed industry liaison group before implementation;
• remove regulatory barriers to green developments, including enabling “green door” development approval processes;
• extend the Green Building Fund by allocating $100 million for additional funding rounds; and,
• implement a National Building Tune-Up and Management Program, which:
  o is developed by a steering committee including property industry representatives;
  o integrates the thinking of current programs, including the Green Building Fund and Australian Carbon Trust; and,
  o incorporates and expands the existing local government-based CitySwitch initiative.

3.2 Better Standards

The Property Council recommends the Federal Government:

• expand MEPS programs to cover HVAC systems, lights, lifts, office appliances and water heating systems; and,
• commission research into optimum energy performance baselines for these equipment types.
3.3 Remove Regulatory Barriers to Micro-generation

The Property Council recommends the Federal Government:

- Appoint a commissioner in charge of coordinating the design and implementation of a green power grid, with responsibilities that include:
  - overseeing an NBN-style roll out of green power infrastructure;
  - removing regulatory barriers to micro-generation at federal, state and local levels, including inconsistent standards;
  - developing a viable market for renewable and distributed energy resources; and,
  - developing a suite of incentives, such as gross feed-in tariffs, to encourage the adoption of such distributed energy solutions.

3.4 Simpler Reporting

The Property Council recommends the Federal Government:

- rationalise sustainability reporting schemes to identify areas that may be streamlined and simplified;
- prioritise an electronic “one stop shop” for compulsory energy and carbon reporting schemes;
- use the information collected from building owners to develop a reliable database of property-related information to inform energy, GHG and broader environmental policy-making;
- introduce a Federal moratorium on additional compulsory reporting requirements for at least two years, pending the outcomes of this streamlining project; and,
- through COAG, encourage state and territory government to abolish their stand-alone reporting schemes.

3.5 Take Climate Change Adaptation Seriously

The Property Council recommends the Federal Government:

- establish a high-level task force to develop an ADAM (adaptation and mitigation) framework which is designed to improve the resilience of the built environment, including cities and regions; and,
- commit to increasing the capacity of Australia’s CIPMA modelling system to specifically address adaptation challenges.

4.0 Encouraging Deeper and More Liquid Debt Markets

4.1 A More Diverse and Liquid Debt Market

The Property Council recommends that the Federal Government:

- guarantee AAA-rated CMBS, to encourage new lenders and boost liquidity in public debt markets (similar to Canada);
- mandate the Australian Office of Financial Management (AOFM) to buy CMBS, to stimulate the CMBS market;
- encourage superannuation fund investment through tax free interest on earnings from debt investments, to inject domestic capital into the market;
• simplify regulations for issuing Corporate Bonds to investors to boost domestic debt investment;
• enable Australian Banks to issue covered bonds to expand their available capital and allow them to write more loans;
• issue infrastructure bonds with tax free interest on earnings to encourage super funds and private sector capital investment; and,
• give Credit Unions and Building societies status as banks and relax APRA tier 1 capital regulations to attract more deposit holders for loans.

The Property Council recognises that the Government has already taken significant steps to address several of these issues.

4.2 Better Banking Policies

The Property Council recommends the Federal Government:
• set up an Ombudsman to end the blame game between the banks and APRA by:
  o ensuring all banks apply logical, evidence-based and transparent aggregation policies;
  o helping banks better risk-weight different property lending categories; and,
• encourage APRA to publicly release board minutes in the same manner as the RBA – as a general rule, ASIC and the ACCC should be encouraged to do the same.

4.3 Liberalise Cross Border Debt Issuance

The Property Council recommends the Federal Government negotiate mutual recognition of property debt issuance with favoured foreign jurisdictions.

5.0 Streamlining Business Regulation

5.1 A National System for Property Law

5.1.1 Real Property Law Reform

The Property Council recommends the Federal Government:
• engage with the Property Law Reform Alliance to discuss its proposed Uniform Torrens Title Act, and commit to the CLERP-style (Corporate law Economic Reform Program) delivery of a nationally consistent property law system;
• host a high-level ministerial meeting with state and territory authorities to discuss mechanisms to create a uniform property law system; and,
• establish a COAG property law reform project for real property along the lines of the personal property law reform initiative.

5.1.2 A National Regulatory Regime for Retirement Villages

The Property Council recommends the Federal Government:
• harmonise disparate retirement village legislation operating in discrete jurisdictions to reduce red tape and deliver one nationally consistent set of rules across the country;
• maintain the separation between retirement village legislation and the regulation of aged care, as recommended by the Productivity Commission;

• review the GST treatment of retirement villages, including the introduction of parity between private and non-profit providers;

• include retirement villages in a review of healthcare sector funding arrangements, to recognise and foster a “continuum of care” approach that relieves burdens on the health system;

• establish a strategic policy framework that ensures sufficient choice in housing will be available to meet the demands of an ageing population – this should consider impacts of planning and zoning policies on retirement villages;

• consider policies that encourage older Australians to move into more appropriate accommodation such as retirement villages – this should include the removal of highly inefficient and inequitable stamp duties which deter older Australians from selling their homes;

• recognise that the National Rental Affordability Scheme can offer an opportunity to help provide affordable housing options to ageing Australians by reinstituting funding to this program; and,

• develop a national planning guide on the development of age-friendly communities, in consultation with industry and local governments.

5.2 Red Tape Reduction

5.2.1 Commit to Targets for Slashing Business Red Tape

The Property Council recommends the Federal Government:

• direct the COAG Business Regulation and Competition Working Group to meet formally and regularly with private sector stakeholders to determine targets for deregulation;

• require all government departments to conduct a stock-take of regulations, identifying an achievable shortlist of priorities for reform - this process should be overseen by the Minister for Finance and Deregulation;

• set compliance cost-reduction targets for each department, which can be measured in annual reports;

• tie departmental funding to the level of reform achieved; and, 

• provide mutual recognition for overseas regulatory regimes, where appropriate.
5.2.2 Reform the Regulatory Impact Statement Assessment Process

The Property Council recommends the Federal Government:

- direct the Business Regulation and Competition Working Group to review, and recommend changes to, the current approach to conducting regulatory impact assessments;
- increase the powers of the OBPR (Office of Best Practice Regulation) and give it responsibility for producing of RISs; and,
- adopt the RIS methodology developed by the Property Council for all new regulation.

5.2.3 A Uniform Planning and Development Assessment System

The Property Council recommends the Federal Government:

- finalise the commitments made by COAG in July 2009 on planning reform including:
  - harmonising national codes for:
    - single dwelling residential developments;
    - multi-unit residential developments;
    - commercial developments; and,
  - further commitment to a national code for industrial developments;
- work with jurisdictions to ensure that by June 2012, at least 50 percent of all applications lodged in each local government area fall within the tracks of “exempt”, “self assessable”, or “code assessable” (Principle 4);
- finalise national performance measures for Australia’s development assessment framework;
- require mandatory annual public reporting of development assessment regimes in all jurisdictions against these performance – this is already overdue with the first report originally slated for June 2010;
- develop a model template for track-based assessment to be adopted nationally by 2012, in consultation with all jurisdictions and industry;
- set a timeline for the implementation of the DAF Leading Practice Model for Development Assessment in each state and territory, with financial incentives for completion of each identified tranche of reforms;
- ensure that the Electronic Development Assessment (eDA) roll-out is completed in Australia’s 20 largest local municipalities by 2013, and that information on the councils currently participating is publicly available; and,
- increase the resourcing of the DAF Secretariat so that it is serviced by at least one full-time project manager and has sufficient funds available for applied research and engagement with relevant stakeholders.
5.2.4 **Streamline and Rationalise Building Rules**

The Property Council recommends the Federal Government:

- ensure that planning rule changes that impact upon building regulations are subject to a rigorous regulatory impact assessment; and,
- expand the National Construction Code to cover all aspects of building and construction and ensure consistent standards are maintained across Australia.

5.2.5 **Deliver Simpler and Fairer Rules for Insurance**

The Property Council recommends the Federal Government:

- allow continued access to the Australian market by foreign insurers, provided they are licensed in a jurisdiction with a comparable prudential regime or with which Australia has a double tax treaty;
- exempt single parent captive insurers from APRA regulation, because they only have one client:
  - APRA’s prudential regime should only be applied to premiums that require a prospectus; and,
  - wholesale insurance should automatically be exempt;
- review current state and territory approaches to insurance and compensation, particularly:
  - the retention of the key elements of the 2002 tort law reforms, including proportionate liability and the legal defence of contributory negligence;
  - aggregating taxes and levies on insurance premiums into a single charge; and,
  - the establishment of a sensible, risk-based approach to fire services levies.
- amend the Terrorism Insurance Act to allow for reviews of the Act every ten years, rather than every three – current deductible rates should be retained until this new review date has been reached;
- commit to jointly funding flood mapping with the insurance industry to better assess risk to flood, coastal surge and inundation; and,
- commit to examining potential models for a national disaster relief scheme.

5.3 **Simpler Documentation and Processes**

The Property Council recommends the Federal Government:

- establish a working party that includes industry and Treasury to:
  - develop a simple PDS (Product Disclosure Statement) for the property funds industry; and,
  - implement the Financial Centre Task Force recommendation for a regional funds passport.
5.4 Fairer Rules for Business

5.4.1 Create Nationally Consistent OHS Rules

The Property Council recommends the Federal Government:

- continue to work with Safe Work Australia and state and territory regulators to ensure model OHS legislation that delivers a clear, fair and equitable system is implemented;
- ensure that the onus of proof for any incident is always placed on the plaintiff, not on the defendant;
- clarify the responsibilities of duty holders under the model Safe Work Act 2009;
- ensure that responsibilities of duty-holders are clearly defined;
- amend penalties for minor breaches of the Act to more appropriate levels; and,
- give legal standing to industry codes of practice.

5.4.2 Liberalise Shopping Centre Trading Hours

The Property Council recommends the Federal Government apply competition policy penalties to jurisdictions that refuse to liberalise retail trading hours.
A Guide to Reading this Submission

This submission provides recommendations on policy topics grouped by five broad themes:

- Nation-Building for the Future
- More Efficient Taxation
- Greening the Built Environment
- Encouraging Deeper and More Liquid Debt Markets
- Streamlining Business Regulation

This submission focuses on policy issues with implications for the F2012 budget.
In general, one to two pages of commentary and recommendations are provided for each topic.
The Property Council of Australia can provide considerably more detail for each subject area, including extensive research reports prepared by Australia’s leading independent consultants and academics.
We are keen to share these resources with the Australian Government.
1.0 Nation-Building for the Future

Outcomes:

1.1 A national urban policy
1.2 A national population strategy
1.3 Turbo-charged infrastructure investment
1.4 Law and order on construction sites
1.5 Housing delivery
1.6 More affordable rental accommodation
1.7 A uniform planning and development assessment system
1.8 A balanced response to the environment
1.1 A National Urban Policy

Deliver a long-term plan for the ongoing growth and prosperity of Australia’s urban centres.

Why it’s Important

The Property Council welcomes the Federal Government’s commitment to develop a National Urban Policy, and the release of the discussion paper Our Cities - building a productive, sustainable and liveable future.

A national approach to the future planning and development of Australian cities is vital to create productive, liveable and sustainable communities.

National leadership on urban issues will drive Australia’s nation-building agenda and provide a platform for future growth.

The forthcoming policy should be closely linked to the COAG cities agenda and the Sustainable Population strategy.

The Property Council has developed a 10 Point Plan (Appendix 1) that summarises the industry’s vision for a comprehensive approach to urban growth management across the nation.

Key Recommendations

The Property Council recommends the Federal Government develop a comprehensive National Urban Policy that includes:

- appointing a Minister for Urban Affairs and Population, supported by the Treasury and located in Cabinet;
- performance targets and year-by-year benchmarks for all levels of government;
- a coordinated roll-out of suitable surplus Commonwealth land for housing, to help deal with the chronic shortage of land required to improve housing affordability;
- links between funding for new infrastructure and performance against COAG criteria for effective city planning;
- State government infrastructure payments, tied to performance against COAG’s agreed criteria for effective city planning (adopted in December 2009);
- an independent authority to monitor, assess and report on performance against these criteria;
- integration of land use planning with infrastructure planning;
- a new program to seed fund critical city infrastructure, through Infrastructure Australia, to act as a catalyst for investment and growth;
- innovative funding mechanisms for infrastructure, such as growth area bonds; and,
- a National Centre for Urban Design Excellence to promote better urban design.
1.2 A National Population Strategy

Plan for population growth to maintain Australia’s economic competitiveness and living standards.

Why it’s Important

The Property Council applauds the Government’s commitment to developing a population strategy to manage the future growth of Australia.

When properly managed, population growth enhances Australia’s economic competitiveness and leads to better living standards.

It is the job of Government to communicate these benefits to the community and overcome the misinformation that currently dominates the population debate.

A National Population Strategy must identify how and where new residents will be housed, educated, cared for and employed.

This strategy requires a framework and principles to manage future population growth, backed by metrics to measure performance.

The strategy should be regularly updated in conjunction with the Intergenerational Report, and inextricably linked to the proposed National Urban Policy.

Key Recommendations

The Property Council recommends the Federal Government develop a comprehensive population strategy to address:

- future population growth areas;
- specific plans for each future growth area, with identifiable 30-year targets and trigger points for action;
- priorities for new economic and social infrastructure needed to support a growing population;
- immigration policy targets to enable clear economic goals, including annual economic growth of at least 3%;
- Australia’s supply of skills and labour in the context of a growing and ageing population;
- the impact of growth on the natural and built environment; and,
- a new dashboard of metrics to measure performance in critical areas of community need.
1.3 Turbo-Charged infrastructure investment

Develop a sustainable model for increased spending on new infrastructure to cater for future economic growth.

Why it’s Important

Infrastructure delivery is vital to the task of improving Australia's liveability and prosperity.

The Federal Government (and COAG) needs to overhaul public finance methodologies in order to better meet the goals of forthcoming urban and population policies.

Dedicated, ongoing funding for future infrastructure projects should be provided through the Building Australia Fund (BAF).

Transforming the BAF into a sovereign wealth fund would help capitalise critical infrastructure priorities, as determined by Infrastructure Australia.

Other valuable models for infrastructure delivery include:

- continued use of Public-Private Partnerships (PPPs);
- use of Growth Area Bonds (GABs) - this model, employed successfully in the United States and Europe for decades, involves appropriating increases in tax revenue arising from an investment in infrastructure to amortise the cost of providing it.

*Figure 1: The Basic Growth Area Bond Model*

Key Recommendations

The Property Council recommends the Federal Government:

- demonstrate commitment to transforming the Building Australia Fund into Australia’s principal infrastructure funding body, by allocating an annual $5 billion investment for future infrastructure delivery, which can be further leveraged through debt and private sector contributions;
- deliver 30+ year infrastructure programs for Australia’s urban areas, including key milestones and performance indicators that are independently audited each year;
- trial the use of Growth Area Bonds to fund critical urban infrastructure in key urban renewal areas; and,
- make better use of PPPs and other innovative funding mechanisms to accelerate the capitalisation of infrastructure projects.
1.4 Law and Order on Construction Sites

*Maintain the powers of the Australian Building and Construction Commission (ABCC) as the “fair” cop on the beat on construction sites.*

**Why it’s Important**

The Cole Royal Commission demonstrated that without proper safeguards the commercial construction industry is at risk of lawlessness.

Despite significant opposition from construction unions, the ABCC has successfully reduced unlawful behaviour within the sector and improved industry efficiency.

Industry reforms have resulted in:

- an estimated increase in labour productivity by 9.4 per cent;
- a 0.6 per cent increase in the national GDP; and,
- a decrease in unlawful practices within the construction sector.

**Key Recommendation**

The Property Council recommends the Federal Government commit to retaining the current structures, powers and operations of the Australian Building and Construction Commission, along with the resources to do its job.

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1 *Economic Analysis of Building and Construction Industry Productivity: 2010* (KPMG Econtech/Master Builders Australia), July 2010
1.5  Support the Delivery of Affordable Housing

1.5.1  Create an Efficient System of Housing Supply

*Address the issue of housing affordability through systematic reforms at all levels of Government.*

**Why it’s Important**

Housing affordability is slipping from the reach of many Australians.

The prerequisites for improving housing affordability are:

- increased release of zoned and serviced land (greenfields and infill);
- more efficient development assessment;
- the elimination of inefficient developer charges; and,
- better synchronised infrastructure delivery, based on strategic objectives.

**Key Recommendations**

The Property Council recommends the Federal Government:

- work with its state and territory counterparts (through COAG) to secure a future for multi-unit residential housing by:
  - recognising that current metropolitan strategies are not being achieved and commit to strategies for growth that deploy measurable, annual targets for the delivery of housing supply;
  - developing a national streamlined process for multi-unit residential development assessment to fast-track the delivery of housing;
  - adopting a harmonised approach to development assessment based on a standard information template that provides the precise data required to assess proposals; and,
  - engaging with key stakeholders to identify ways to better educate the community about the benefits of sustainable urban growth.

- increase the supply of land, by:
  - committing to the ongoing support of the National Housing Supply Council and its pivotal work in identifying the key factors required to improve affordability and delivery of supply;
  - committing to a new round of funding for the Housing Affordability Fund with a focus on projects that streamline the development assessment and planning processes of councils and states to ensure long-term improvements in affordability;
  - facilitating the development of a harmonised system of data collection by the states (as agreed by COAG) on land supply and ensure that an independent review of the data is undertaken;
  - supporting the orderly release of land, synchronised with the provision of infrastructure, to facilitate urban consolidation and reduce the cost of land development;
  - setting national, regional and local targets for housing supply which facilitate growth and are tied to demographic indicators;
  - recognising the inherent balancing act that must take place in the delivery of housing between greenfield and brownfield sites;
- requiring that states provide 30 year plans that identify both serviced land and future land supply, to accommodate growth projections; and,
- releasing of Commonwealth Government Crown land and ensure that it is competitively available for the market.
1.5.2 Support Public Housing and the Growth of the Community Housing Sector

Provide housing choice for all Australians.

Why it’s Important

The government has commitment to tackling the chronic shortage of housing supply – in particular public and community housing – that exists in Australia. However, this requires increases in both funding and ongoing support including the creation of governance and accreditation systems to help the sector flourish.

Key Recommendations

The Property Council recommends the Federal Government, through COAG, work with its state and territory counterparts to:

• continue to increase the supply of affordable housing through continued and increasing funding to both the community and public housing sectors;
• implement sector capacity reform, which will ensure greater national consistency of the social housing sector’s regulatory environment, to allow developers to partner with the community sector to deliver better outcomes;
• recommit to transferring 35 per cent of public housing stock into the community housing sector by 2014 and actively manage the states to ensure these arrangements are put into place; and
• undertake work to allow for consideration of a national capital growth fund which should be negotiated at the next National Affordable Housing Agreement (NAHA).
1.5.3 Support the Establishment of Finance Mechanisms to Support Home Ownership

*Introduce shared equity and other measures to assist the bottom quartile of Australians to purchase their own homes.*

**Why it’s Important**

Housing has long been viewed as a path to improving social health and wellbeing. As housing prices continue to rise, more Australians are locked out of the marketplace.

The Government needs to redouble its efforts to deliver innovative housing solutions to address the current housing demand.

**Key Recommendations**

The Property Council recommends the Federal Government, through COAG, work with its state and territory counterparts to:

- investigate the success of state programs such as "Key Start" in Western Australia;
- commit to the provision of a financial guarantee for states to aid in the establishment of "Key Start" type programmes; and,
- coordinate a review of the benefits of shared equity schemes and the role of governments in their establishment.
1.6 More Affordable Rental Accommodation

*Restore and expand the National Rental Affordability Scheme and introduce investment reforms to create a new residential property asset class.*

**Why it’s Important**

Australian housing and rental affordability continue to deteriorate because we fail to supply enough housing to meet demand.

The total housing shortfall is now surpassing 204,000 houses. With annual construction of housing unable to meet the 155,000 home annual target, this gap will continue to grow.

This delivery failure increases the demand for rental accommodation and puts pressure on rent rates.

We need more housing, delivered faster, to take the pressure off rents and prices.

Large scale institutional investment in housing can efficiently deliver more rental accommodation, and will foster a new residential property asset class.

**Key Recommendations**

The Property Council recommends the Federal Government:

- halt the raiding of the National Rental Affordability Scheme and restore funding to this programme for a minimum of five years;
- commit to delivering a total of 100,000 homes under the National Rental Affordability Scheme;
- modernise trust rules to remove regulatory barriers to real estate funds that wish to invest in residential property that is offered for rent; and,
- jointly fund a pilot project to demonstrate private sector delivery of affordable rental housing, in order to establish a market for residential property as a viable asset class.
1.7 A Balanced Response to the Environment

1.7.1 Strive for National Environmental Policy Certainty

*Review and rationalise the myriad Commonwealth environmental schemes into a single, clearly-branded eco-efficiency program for the built environment.*

**Why it’s Important**

There are 52 separate building-related Federal Government environmental schemes.

This disconnected multiplicity of public policy approaches creates significant uncertainty for industry stakeholders and reduces potential environmental benefits.

An integrated framework should be designed to meet specific energy efficiency and greenhouse abatement targets for the built environment to:

- mobilise industry action;
- streamline administrative processes; and,
- improve environmental outcomes.

**Key Recommendation**

The Property Council recommends the Federal Government consolidate the 52 separate building-related Federal Government environmental schemes into one clearly branded eco-efficiency program for the built environment, guided by environmental performance targets.
1.7.2 Revise the Environment Protection and Biodiversity Conservation (EPBC) Act

*Deliver a fair and common sense approach to environmental decision-making that balances environmental outcomes and need.*

**Why it’s Important**

The EPBC Act is not delivering balanced responses to environmental challenges. Extensive delays add to the cost burden created by this poorly administered legislation.

The Property Council urges the Government to take a logical and even-handed approach to implementing the recommendations of the Hawke Review.

**Key Recommendations**

The Property Council recommends the Federal Government reform the EPBC Act by:

- not overriding state and local planning powers;
- streamlining EPBC review processes for applications, and delegating authority to state jurisdictions;
- providing fair compensation for owners who are disadvantaged by restrictions on their land; and,
- ensuring the same scientific rigour is applied to the listing of species on the threatened species list as there is to removing them.
2.0 More Efficient Taxation

Outcomes:
2.1 Minimised developer levies and charges
2.2 Equitable and consistent rates and charges
2.3 State property tax reform
2.4 Consistent and uniform property tax rules
2.5 A streamlined GST
2.6 A modernised MIT regime
2.7 Competitive withholding tax rates
2.8 No Thin Cap penalty for property trusts
2.9 MIT access to foreign treaty tax benefits
2.1 Minimise Developer Levies and Charges

Adopt a uniform framework to minimise developer charges in favour of other types of funding.

Why it’s Important

Councils increasingly rely on up-front development levies to supplement their income. These charges are being used to fund everything from local swimming pools to library books.

Levies are charged in an ad hoc and opportunistic manner by state, territory and local governments without establishing a nexus with specific infrastructure needs.

The heavy reliance on development levies instead of strategic government borrowing is artificially inflating the cost of housing.

High levies are restricting development activity, unfairly burdening first home buyers who can least afford such imposts and are a volatile revenue stream for government.

There is no doubt that the current approach to development levies violates core tax reform principles including:

1. **Consistency** - at present, there is no consistent policy approach to determine the size and use of development levies. This inconsistency is not just occurring between states, but within them;

2. **Efficiency** - development levies distort consumption decisions through their significant impact on affordability and development costs;

3. **Transparency** - it is impossible for business to understand and anticipate the levies because there is no consistent process for establishing these charges;

4. **Equity** - it is inequitable to charge a small group (mostly first home buyers) of property owners to pay for widely used community infrastructure; and,

5. **Simplicity** - development levies are applied inconsistently and create confusion and complexity for property developers. In line with good tax principles, in law there should be a direct nexus between a development levy and the specific public infrastructure it is capitalising.

Key Recommendations

The Property Council recommends the Federal Government work with the states and territories to:

- increase the use of government borrowing, public-private partnerships, business improvement districts, and growth area bonds to fund infrastructure in preference to inefficient development levies (see section 1.3);

- cap development levies in the short-term and abolish them in the longer-term; and,

- ensure that development levies are directly linked to the projects they are meant to fund.
2.2 Equitable and Consistent Rates and Charges

*Adopt a uniform framework for equitable and consistent local rates and charges.*

**Why it’s Important**

There is no consistency between councils about the methods used to calculate levies, rates and charges.

Local Government rate revenue has increased more than 80 per cent since 2000. ² Local government rates and charges add significantly to the cost of a property.

Industry recognises that funding of local core services is essential.

However, there is no justification to employ an inefficient and inequitable tax regime to fund community services.

**Key Recommendations**

The Property Council recommends the Federal Government employ the COAG process to:

- charge a specific working party, that includes representatives from government and industry, to develop a modern municipal rating/charges methodology that includes:
  - a definition of statutory value;
  - criteria for exemptions (as necessary);
  - an equitable and consistent basis for determining the incidence, scope and level of local rates;
  - electronic rates collection processes; and,
- link any increase in local government rates to a reduction in development levies where they exist.

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² *Taxation Revenue in Australia, 2008-09* (Australian Bureau of Statistics), April 2010
2.3 Reform State Property Taxation

Replace stamp duty on commercial conveyances and other inefficient property taxes with a broad-based, efficient tax.

Why it’s Important

Australian business is weighed down by an inefficient and overly complex tax system.

There are 125 taxes but ten taxes raise 90 per cent of all tax revenue.

There is a critical over-reliance on state property taxes which has grown since the introduction of the GST.

The Treasury “Red Book” notes that the removal of inefficient state taxes offers an effective path to increasing Australia’s competitiveness.

It recommends that States abolish stamp duty on housing, insurance, commercial property and motor vehicles. It further recommends that payroll and land tax should be replaced or reformed.

It is time to take Treasury’s advice and overhaul the system.

Replacing inefficient business taxes with superior revenue sources is a crucial step towards improving economic prosperity.

Commercial conveyancing duty is one of the most inefficient jurisdictional taxes, however it is a key feature of most state and territory budgets.

The Henry Review recommended abolishing commercial conveyancing duty and replacing it with an efficient tax such as a broad-based progressive land tax.

The Property Council contends there is a stronger case for replacing commercial conveyancing duty with a flat rate, broad-based property tax.

Modelling undertaken by KPMG Econtech for the Property Council shows that a flat rate model delivers greater community dividends than the Henry Report’s “progressive” (dollars per square metre of statutory land value) approach.

Key Recommendations

The Property Council recommends the Federal Government, through COAG, work with its state and territory counterparts to:

- establish a specific COAG working party that includes representatives from government and industry to develop a strategy for replacing state taxes with efficient broad-based taxes over the next five years;
- set a timetable to eliminate other inefficient business and property taxes based on clear performance milestones and a strict modernisation timetable; and,
- ratify a new Intergovernmental Agreement to give effect to such a tax reform program.
2.4 Consistent and Uniform Property Tax Rules Across Australia

*Adopt standard rules and definitions for all property taxes across Australia.*

**Why it’s Important**

Some states are missing out on investment dollars because of costly and complex state property taxes.

Stamp duty and land tax on property are collected by all major states but these imposts vary significantly between jurisdictions.

Property owners who invest across Australia incur substantial legal and administrative costs to comply with multiple and complex state tax rules.

A coherent and uniform property tax framework will encourage investment across jurisdictions by reducing complexity and compliance costs.

**Key Recommendations**

The Property Council recommends the Federal Government, through COAG, work with its state and territory counterparts to:

- adopt a set of uniform rules and definitions for property taxes including the Property Council’s proposals for unit trust definitions and corporate reconstruction exemptions;
- set a timetable to implement uniform rules and definitions for property taxes; and,
- ratify a new Intergovernmental Agreement to give effect to COAG’s tax reform program.
2.5 Streamline the GST

Streamline and improve the operation of the GST.

Why it’s Important

The GST regime creates considerable cost and compliance burdens for taxpayers due to:

• unnecessary administrative complexity;
• numerous inconsistencies; and,
• unclear provisions.

Attempts to fix these problems over the years have created a complex “patch-work” of amendments.

Government needs to devise wholesale changes to the GST rules that will provide simple, clear rules for taxpayers.

Simplifying the current GST provisions is the easiest way to improve administrative efficiency and reduce compliance costs.

Key Recommendations

The Property Council recommends the Federal Government:

• establish a working party including industry, Treasury and the ATO to simplify the GST in line with the Property Council’s list of 16 GST issues, starting with:
  o simplifying the margin scheme;
  o clarifying and streamlining the margin scheme valuation regime;
  o ensuring margin scheme refund rules repay tax overpaid;
  o clarifying the meaning of “commercial residential premises”;
  o clarifying the rules for retirement villages; and,
  o cleaning up nuisance issues that unnecessarily burden the industry.
2.6 Continue to Modernise the MIT Tax Regime

Ensure managed investment trusts (MITs) can undertake new forms of property investment while retaining tax flow-through status.

Why it’s Important

Australia needs to modernise its MIT framework.

Reform is necessary to keep up with developments in global markets. Modernisation will also foster new institutional property asset classes that increase the supply and quality of affordable housing, retirement villages and aged care facilities.

Industry supports a simple regime that expands the allowable investment activities of MITs.

Key Recommendations

To modernise the MIT regime, the Property Council recommends the Federal Government:

- set up a high level consultation body with industry and workshop the latest Treasury MIT proposals to:
  - allow unders and overs to be carried forward and adjusted in a future distribution period and disclosed in a subsequent distribution statement;
  - provide established property MITs with access to the proposed attribution rules;
  - only implement a narrow “arms-length” rule, that does not interfere with the passive investment transactions of a trust;
  - establish federal and state government rollover relief for trust resettlements;
  - align the anticipated consultations over Division 6 design with the MIT reform proposals;
  - set a target implementation date of July 2012.
- retain the classic features of a collective investment vehicle system, such as flow through status, tax deferred income and CGT concessions;
- allow MITs to participate in all forms of investment in property including retirement villages, aged care, seniors housing, hotels, affordable housing, caravan parks and self storage facilities;
- clearly define ineligible investment activities and scrap the outmoded “active/passive” rules;
- allow fund trustees to more efficiently manage capital by retaining a portion of earned income; and,
- enable Australian MITs to provide their unit holders with tax treaty benefits.
2.7 Maintain Competitive Withholding Tax Rates

Continue to reduce withholding tax rates on income distributions from MITs to maintain global competitiveness.

Why it’s Important

The move to a 7.5 per cent withholding tax on A-REIT distributions to foreign investors vastly improved an A-REIT’s ability to raise investment capital globally.

Maintaining the flow of global investment capital will help transform Australia into a leading funds management hub in the Asia Pacific region and beyond.

More than 24 countries have introduced a REIT regime and they all compete for global investment capital.

In the fight for global capital, Australia must maintain competitive withholding tax rates to retain its investment advantage.

Key Recommendations

The Property Council recommends the Federal Government continue to reduce withholding tax rates on income distributions from MITs in line with our global competitors.
2.8 End the Thin Cap Penalty for Property Trusts

*Allow interest deductions against dividends from a trust’s foreign subsidiary.*

**Why it’s Important**

At present thin capitalisation rules aim to stop organisations allocating excessive debt to Australian entities by disallowing debt interest deductions.

Unfortunately, these rules deny interest deductions against foreign subsidiary dividends even where the dividend is assessable.

This disadvantages trusts because their foreign subsidiary dividends are taxable.

Companies do not have this problem because their foreign subsidiary dividends are treated as exempt income, so it is appropriate to deny the debt interest deductions.

This is a significant problem for A-REITs using debt funding to invest in a foreign subsidiary.

Australia’s thin capitalisation calculations can potentially reduce the debt funding capacity of a trust to zero.

Trust groups and stapled groups are also disadvantaged because, unlike company groups, they cannot consolidate their thin capitalisation calculation.

They must instead work out individual calculations for each trust within a wholly owned group.

**Key Recommendations**

The Property Council recommends the Federal Government:

- change thin capitalisation calculations to allow interest deductions against dividends from a trust’s foreign subsidiaries;
- allow wholly-owned trust groups to apply thin capitalisation rules on a consolidated basis;
- allow stapled groups to apply thin capitalisation rules on a consolidated basis; and,
- ensure thin capitalisation provisions do not apply to partnerships formed in foreign jurisdictions, non-resident trust estates or foreign hybrid entities.
2.9 MIT Access to Foreign Treaty Tax benefits

Enable Australian MITs to provide foreign investment treaty benefits to their unit holders.

Why it’s Important

At present, foreign investment treaty benefits are only available to companies and individuals.

This means that investors in A-REITs are unfairly disadvantaged.

Under the 2008 OECD model treaty, foreign portfolio investors are entitled to withholding tax rates agreed between treaty countries. This does not apply to direct REIT investors, but should.

Australia needs to adopt the OECD model treaty in tax negotiations.

Key Recommendations

The Property Council recommends the Federal Government:

• enable Australian MITs to provide their unitholders with tax treaty benefits;
• establish a zero percent interest withholding tax rate for all debt raisings other than related party debt;
• apply treaty dividend articles to A-REIT distributions; and,
• prioritise tax treaty negotiations and regular reviews with countries that are major centres for inbound and outbound funds.
3.0 Greening the Built Environment

Outcomes:

3.1 Incentives for green developers and owners
3.2 Better standards
3.3 A viable market for distributed generation
3.4 Simpler reporting
3.5 A sensible approach to climate change adaptation
3.1 Incentives For Green Developers And Owners

Implement smart incentives to encourage investment in building energy efficiency.

Why it’s Important

There are 330 million square metres of non-residential property stock in Australia, the majority of which is more than 25 years old.

Retrofitting existing stock with modern energy efficient technology can achieve significant emissions abatement.

However, there is a significant timing gap between original capital investment outlays and a return (pay back) on investment.

To overcome this critical barrier, step change programs should focus on reducing the timing gap between investment and return.

The Property Council welcomes the Federal Government’s announcement of the Tax Breaks for Green Buildings scheme.

However, more can be done.

A national energy efficiency ("white") certificate scheme was one of the leading recommendations of the Prime Minister’s Task Group on Energy Efficiency.

White certificate schemes provide a retail, customer-based mechanism for emissions reduction by valorising energy efficiency.

A well designed white certificate program must involve the built environment, and should join up existing state schemes to create a single national system.

Other effective incentives include:

- continuation of the successful Green Building Fund and Australian Carbon Trust programs, including funding for a range of asset types;
- "green door" development assessment, which would speed up assessments for buildings meeting minimum standards of efficiency; and,
- a National Building Tune-Up and Management Program – similar to the South Australian building tune-up model, that would improve the performance of buildings which are not due for retrofitting by ensuring buildings are efficiently managed.

Key Recommendations

The Property Council recommends the Federal Government:

- ensure that the Tax Breaks for Green Buildings program is well-designed and creates a workable incentive for investment in energy efficiency upgrades;
- implement the Prime Minister’s Task Group’s recommendation to set up an national energy efficiency "white” certificate scheme, which:
  - is given equal priority to the design of the CPRS,
  - is designed by a dedicated, well-resourced liaison group with senior members drawn from the property sector;
  - joins up existing state and territory systems; and,
  - is properly designed and thoroughly tested by the proposed industry liaison group before implementation;
- remove regulatory barriers to green developments, including enabling "green door" development approval processes;
• extend the Green Building Fund by allocating $100 million for additional funding rounds; and,
• implement a National Building Tune-Up and Management Program, which:
  o is developed by a steering committee including property industry representatives;
  o integrates the thinking of current programs, including the Green Building Fund and Australian Carbon Trust; and,
  o incorporates and expands the existing local government-based CitySwitch initiative.
3.2 Better Standards

*Remove poorly performing building equipment from the market.*

**Why it’s Important**

Minimum Energy Performance Standards (MEPS) ensure that buildings are retrofitted with efficient equipment.

MEPS has been successfully implemented for consumer appliances in Australia, but its application to equipment used for commercial purposes has been limited.

MEPS for commercial plant and equipment represents a low-cost strategy that ensures inefficient equipment is phased out during regular refurbishment cycles.

**Key Recommendations**

The Property Council recommends the Federal Government:

- expand MEPS programs to cover HVAC systems, lights, lifts, office appliances and water heating systems; and,
- commission research into optimum energy performance baselines for these equipment types.
3.3 Remove Regulatory Barriers to Micro-generation

Help build a low GHG “green” power grid that complements Australia’s “brown” carbon-based grid.

Why it’s Important

CSIRO research has shown that, in the short to medium term, distributed energy is one of the more cost-effective options for GHG abatement.

Distributed generation represents an effective strategy to complement the traditional brown grid with a green grid of locally generated precinct power that takes on an increasingly renewable form, such as co/tri-generation technology.

According to the CSIRO these reforms would “buy” emissions savings of 18Mt by 2020.

A “green grid” would mitigate flaws in traditional electricity production, particularly large transmission losses.

The development of a “green grid” will also reduce the cost of expanding and retrofitting the infrastructure associated with traditional power generation.

Key Recommendations

The Property Council recommends the Federal Government:

- Appoint a commissioner in charge of coordinating the design and implementation of a green power grid, with responsibilities that include:
  - overseeing an NBN-style roll out of green power infrastructure;
  - removing regulatory barriers to micro-generation at federal, state and local levels, including inconsistent standards;
  - developing a viable market for renewable and distributed energy resources; and,
  - developing a suite of incentives, such as gross feed-in tariffs, to encourage the adoption of such distributed energy solutions.
3.4 Simpler Reporting

Promote common sense reporting of energy and GHG in business enterprises.

Why it’s Important

Property owners and occupants are subject to a range of compulsory reporting requirements. At a federal level, this includes:

- the National Greenhouse and Energy Reporting System (NGERS);
- the Energy Efficiency Opportunities Act (EEO); and,
- the National Australian Built Environment Rating System (NABERS) and Building Energy Efficiency Certificates (BEECs) as part of mandatory disclosure commitments from 2010.

These regimes are operated by different government agencies, and apply varying reporting methodologies.

Property Council members also report under voluntary schemes such as the Carbon Disclosure Project.

Under each of these reporting regimes, companies must commit resources to measuring and collecting data utilising different methodologies.

Data collected for one reporting regime does not generally complement the methodologies employed by other regimes.

An electronic, “one form” system would ease the reporting burden.

A streamlined approach would also lead to a database that can be used to build a comprehensive environmental performance profile of buildings, precincts and cities.

Key Recommendations

The Property Council recommends the Federal Government:

- rationalise sustainability reporting schemes to identify areas that may be streamlined and simplified;
- prioritise an electronic “one stop shop” for compulsory energy and carbon reporting schemes;
- use the information collected from building owners to develop a reliable database of property-related information to inform energy, GHG and broader environmental policy-making;
- introduce a Federal moratorium on additional compulsory reporting requirements for at least two years, pending the outcomes of this streamlining project; and,
- through COAG, encourage state and territory government to abolish their stand-alone reporting schemes.
3.5 Take Climate Change Adaptation Seriously

Create resilient Australian communities by integrating adaptation and mitigation strategies.

Why it’s Important

Tackling the likely impacts of climate change on buildings, infrastructure, and Australian communities will require a nationally coordinated approach.

Adaptation and mitigation strategies must be given equal attention, and they should be complementary.

This Adaptation and Mitigation (ADAM) policy concept is being applied successfully in Europe and Canada.

Directly connecting adaptation and mitigation programs will foster a more strategic approach to improving the resilience of cities, towns and regions.

Australia’s well-established critical infrastructure protection (CIP) framework offers a model for the identification of vulnerabilities arising from climate change, a framework for assessing risks and a path to developing nationwide action plans.

Key Recommendations

The Property Council recommends the Federal Government:

• establish a high-level task force to develop an ADAM (adaptation and mitigation) framework which is designed to improve the resilience of the built environment, including cities and regions; and,

• commit to increasing the capacity of Australia’s CIPMA modelling system to specifically address adaptation challenges.
4.0 Encouraging Deeper and More Liquid Debt Markets

Outcomes:
4.1 Diversified markets
4.2 Better banking policies
4.3 Liberalised cross border debt issuance
4.1 A More Diverse and Liquid Debt Market

Initiate reforms to reboot the CMBS market, boost superannuation fund investment in debt assets, stimulate bond markets and increase bank competition.

Why it’s Important

The domestic banking system cannot supply the level of debt needed to fund future refinancing obligations and capitalise sustainable levels of investment growth.

Australian companies are sourcing more overseas debt to overcome funding shortfalls.

Other domestic debt sources such as regional banks, and the Commercial Mortgage Backed Securities (CMBS) market, remain constricted, making it difficult for companies to diversify debt sources.

Australian superannuation funds are the largest pool of domestic savings but are underweight in debt investments compared to global pension funds (14 per cent compared to 40 per cent overseas).

Funds for construction and investment have dramatically declined as a result of the global financial crisis. The industry now faces a situation where it is unable to meet continued and increasing demand for residential and commercial development without access to further finance.

Key Recommendations

The Property Council recommends that the Federal Government:

- guarantee AAA-rated CMBS, to encourage new lenders and boost liquidity in public debt markets (similar to Canada);
- mandate the Australian Office of Financial Management (AOFM) to buy CMBS, to stimulate the CMBS market;
- encourage superannuation fund investment through tax free interest on earnings from debt investments, to inject domestic capital into the market;
- simplify regulations for issuing Corporate Bonds to investors to boost domestic debt investment;
- enable Australian Banks to issue covered bonds to expand their available capital and allow them to write more loans;
- issue infrastructure bonds with tax free interest on earnings to encourage super funds and private sector capital investment; and,
- give Credit Unions and Building societies status as banks and relax APRA tier 1 capital regulations to attract more deposit holders for loans.

The Property Council recognises that the Government has already taken significant steps to address several of these issues.
4.2 Better Banking Policies

Ensure that banks deploy logical and transparent aggregation policies and a more scientific approach to rating property risk.

Why it’s Important

Large organisations are being refused bank debt based on aggregation policies that are not published or well understood.

Under aggregation rules, debts from an organisation are grouped to identify a bank’s exposure to default risk. In some cases, debt has been attributed to head corporations where there is no legal recourse to them for payment.

Organisations cannot effectively address aggregation issues without a detailed understanding of the banking community’s rules.

Many organisations are paying higher debt costs due to their bank’s risk weighting for property. These organisations consider the weighted interest rates are out of step with the actual risk of default.

Key Recommendations

The Property Council recommends the Federal Government:

- set up an Ombudsman to end the blame game between the banks and APRA by:
  - ensuring all banks apply logical, evidence-based and transparent aggregation policies;
  - helping banks better risk-weight different property lending categories; and,
- encourage APRA to publicly release board minutes in the same manner as the RBA – as a general rule, ASIC and the ACCC should be encouraged to do the same.
4.3 Liberalise Cross Border Debt Issuance

*Negotiate mutual recognition of debt instruments with foreign jurisdictions.*

**Why it’s Important**

Issuing debt across foreign jurisdictions can be made more efficient and cheaper by removing administrative hurdles.

Australian businesses need access to foreign debt, but must spend considerable time and money complying with different regulatory requirements in foreign jurisdictions.

Issuing debt globally should be as simple and efficient as possible.

Mutual recognition of debt instruments that are approved in favoured jurisdictions will improve access to well priced debt.

**Key Recommendation**

The Property Council recommends the Federal Government negotiate mutual recognition of property debt issuance with favoured foreign jurisdictions.
5.0 Streamlining Business Regulation

Outcomes:

5.1 A national system for property law
5.2 Red tape reduction
5.3 Simpler documentation and processes
5.4 Fairer rules for business
5.1 A National System for Property Law

5.1.1 Real Property Law Reform

*Adopt a corporations law-style approach to reforming real property law.*

**Why it’s Important**

Business is being held back by an antiquated legal system governing the sale and lease of property.

While corporate entities are regulated by nationally consistent legislation, their property transactions are beset by markedly different state-based regimes – regardless of whether they are purchasing or leasing space.

Despite moves to enable lawyers and other professionals to operate across state borders, differing property laws across jurisdictions will prevent efforts to forge a "seamless national economy".

A CLERP-style (Corporate law Economic Reform Program) approach to property law reform will reduce costs and transaction timeframes for vendors, purchasers, lessors and lessees, as well as remove inefficiencies.

**Key Recommendations**

The Property Council recommends the Federal Government:

- engage with the Property Law Reform Alliance to discuss its proposed *Uniform Torrens Title Act*, and commit to the CLERP-style (Corporate law Economic Reform Program) delivery of a nationally consistent property law system;

- host a high-level ministerial meeting with state and territory authorities to discuss mechanisms to create a uniform property law system; and,

- establish a COAG property law reform project for real property along the lines of the personal property law reform initiative.
5.1.2 A National Regulatory Regime for Retirement Villages

Establish a single regulatory framework for retirement villages.

Why it’s Important

The Intergenerational Report 2010 reveals that by 2050, one quarter of the population will be over the age of 65, compared to 13 per cent today.

Australia's ageing population will require a range of services and infrastructure to meet community needs, which will include suitable housing choice and increasing provision of specialist care.

Urgent modernisation of Australia’s outmoded policy approach to the retirement living sector is required.

Key Recommendations

The Property Council recommends the Federal Government:

• harmonise disparate retirement village legislation across jurisdictions to reduce red tape and deliver one nationally consistent set of rules across the country;

• maintain the separation between retirement village legislation and the regulation of aged care, as recommended by the Productivity Commission;

• review GST treatment of retirement villages, including the introduction of parity between private and non-profit providers;

• include retirement villages in a review of healthcare sector funding arrangements, to recognise and foster a “continuum of care” approach that relieves burdens on the health system;

• establish a strategic policy framework that ensures sufficient housing choices will be available to meet the demands of an ageing population – this should consider impacts of planning and zoning policies on retirement villages;

• consider policies that encourage older Australians to relocate to more appropriate accommodation such as retirement villages – including the removal of highly inefficient and inequitable stamp duties which deter older Australians from selling their homes;

• recognise that the National Rental Affordability Scheme can help provide affordable housing options to ageing Australians by reinstating funding to this program; and,

• develop a national planning guide on the development of age-friendly communities, in consultation with industry and local governments.
5.2 Red Tape Reduction

5.2.1 Commit to Targets for Slashing Business Red Tape

*Reduce the regulatory burden on business by ensuring the streamlining or removal of inefficient and unnecessary regulation.*

**Why it’s Important**

Australia’s regulatory burden has increased significantly over the past 20 years. Much of this is the result of inadequate policy development and a poor regulatory review processes.

Promises have been made to reform regulation, but this modernisation agenda is producing few practical efficiency dividends.

A complete rethink about the way regulation is designed, assessed and implemented is overdue.

Unnecessary regulation is stifling growth by making it harder to do business.

**Key Recommendations**

The Property Council recommends the Federal Government:

- direct the COAG Business Regulation and Competition Working Group to meet formally and regularly with private sector stakeholders to determine targets for deregulation;
- require all government departments to conduct a stock-take of regulations, identifying an achievable shortlist of priorities for reform - this process should be overseen by the Minister for Finance and Deregulation;
- set compliance cost-reduction targets for each department, which can be measured in annual reports;
- tie departmental funding to the level of reform achieved; and,
- provide mutual recognition for overseas regulatory regimes, where appropriate.
5.2.2 Reform the Regulatory Impact Statement Assessment Process

*Streamline regulatory impact assessment processes.*

**Why it’s Important**

The current approach to assessing regulation is insufficient to ensure Australia remains competitive.

The quality of regulatory impact statements (RIS) is consistently poor.

No department should prepare its own RIS. The process should be assigned to the Office of Best Practice Regulation (OBPR).

Only by taking an "arms-length" approach to regulatory impact analysis can Government ensure that RISs are accurate, meaningful, fair and independent.

**Key Recommendations**

The Property Council recommends the Federal Government:

- direct the Business Regulation and Competition Working Group to review, and recommend changes to, the current approach to conducting regulatory impact assessments;
- increase the powers of the OBPR (Office of Best Practice Regulation) and give it responsibility for producing RISs; and,
- adopt the RIS methodology developed by the Property Council for all new regulation.
5.2.3 A Uniform Planning and Development Assessment System

Work with state, territory, and local governments through COAG to achieve greater reform of planning and development assessment.

Why it’s Important

Good planning and development assessment processes will improve Australia’s competitiveness and liveability.

The Development Assessment Forum’s (DAF) Leading Practice Model for Development Assessment outlined ten elements of an efficient development assessment process (See Appendix 2).

DAF is now creating a leading practice model for planning systems reform.

Key Recommendations

The Property Council recommends the Federal Government:

• finalise the commitments made by COAG in July 2009 on planning reform including:
  o harmonising national codes for:
    ▪ single dwelling residential developments;
    ▪ multi-unit residential developments;
    ▪ commercial developments; and,
  o further commitment to a national code for industrial developments;

• work with jurisdictions to ensure that by June 2012, at least 50 percent of all applications lodged in each local government area fall within the tracks of “exempt”, “self assessable”, or “code assessable” (Principle 4);

• finalise national performance measures for Australia’s development assessment framework;

• require mandatory annual public reporting of development assessment regimes in all jurisdictions against these performance – this is already overdue with the first report originally slated for June 2010;

• develop a model template for track-based assessment to be adopted nationally by 2012, in consultation with all jurisdictions and industry;

• set a timeline for the implementation of the DAF Leading Practice Model for Development Assessment in each state and territory, with financial incentives for completion of each identified tranche of reforms;

• ensure that the Electronic Development Assessment (eDA) roll-out is completed in Australia’s 20 largest local municipalities by 2013, and that information on the councils currently participating is publicly available; and,

• increase the resourcing of the DAF Secretariat so that it is serviced by at least one full-time project manager and has sufficient funds available for applied research and engagement with relevant stakeholders.
5.2.4 Streamline and Rationalise Building Rules

Deliver nationally consistent planning systems reform, clarify the demarcation between planning and building regulation, and reduce regulatory burden for practitioners.

Why it’s Important

The built environment is the nation’s productivity platform.

Planning and building control shape the communities and structures in which Australians live and work.

Metropolitan strategies, local environment plans, development control plans and the Building Code of Australia (BCA) all operate to determine what can be built, where it can be built, and how it will be built.

However, variations and inconsistencies mean that these regulatory instruments often contradict each other.

The introduction of the initial stages of the National Construction Code is a first step to a rational regulatory framework, but this needs to be expanded if it is to be effective.

Substantial savings can be made through the implementation of national standards which would end the high cost of unnecessary local variations.

Key Recommendations

The Property Council recommends the Federal Government:

- ensure that planning rule changes that impact upon building regulations are subject to a rigorous regulatory impact assessment; and,

- expand the National Construction Code to cover all aspects of building and construction and ensure consistent standards are maintained across Australia.
5.2.5 Deliver Simpler and Fairer Rules for Insurance

Overhaul Australia’s insurance system to provide greater support for policy holders and reduce premiums.

Why it’s Important

Australia’s insurance system is bureaucratic, costly and unworkable. Regulations put in place to protect private citizens have been extrapolated to large corporations, adding to compliance costs and a plethora of reporting requirements. Reforms to date have delivered some benefits, but there is constant pressure by vested interests to overturn them.

The costs of premiums, already high, are significantly inflated by a raft of federal, state and territory taxes as well as inconsistent regulatory regimes. Reforms to this market will encourage individuals and businesses to commit to appropriate levels of insurance.

Key Recommendations

The Property Council recommends the Federal Government:

• allow continued access to the Australian market by foreign insurers, provided they are licensed in a jurisdiction with a comparable prudential regime or with which Australia has a double tax treaty;

• exempt single parent captive insurers from APRA regulation, because they only have one client:
  o APRA’s prudential regime should only be applied to premiums that require a prospectus; and,
  o wholesale insurance should automatically be exempt;

• review current state and territory approaches to insurance and compensation, particularly:
  o the retention of the key elements of the 2002 tort law reforms, including proportionate liability and the legal defence of contributory negligence;
  o aggregating taxes and levies on insurance premiums into a single charge; and,
  o the establishment of a sensible, risk-based approach to fire services levies.

• amend the Terrorism Insurance Act to allow for reviews of the Act every ten years, rather than every three – current deductible rates should be retained until this new review date has been reached;

• commit to jointly funding flood mapping with the insurance industry to better assess risk to flood, coastal surge and inundation; and,

• examine potential models for a national disaster relief scheme.
5.3 Simpler Documentation and Processes

Create simpler, more meaningful capital raising documentation for the property industry.

Why it’s Important

Retail investors deserve shorter, plain-English documents to better make investment decisions and compare product offers. Issuers need simpler compliance and targeted liability rules.

Most average investors will not read past the first few pages of a Product Disclosure Statement (PDS).

A short form PDS would improve engagement and understanding by retail investors and their advisers.

In addition, Australia should streamline and simplify the marketing of investments across jurisdictions. This will reduce costs, improve market efficiency and help transform Australia into a leading financial services hub.

This can be achieved by agreeing to the mutual recognition of regulatory documents between favoured jurisdictions to reduce time to market, costs and red tape.

Last year, the Financial Centre Task Force recommended developing an Asian regional funds passport to simplify the marketing of eligible funds across jurisdictions.

Stage one would be mutual recognition of regulatory documents, and stage two would be a multilateral passport regime.

A regional funds passport will allow eligible funds to market their products quickly and efficiently across numerous approved jurisdictions without significantly modifying their documentation.

This will reduce time to market, boost foreign investment, reduce costs and red tape.

Key Recommendations

The Property Council recommends the Federal Government:

- establish a working party that includes industry and Treasury to:
  - develop a simple PDS for the property funds industry; and,
  - implement the Financial Centre Task Force recommendation for a regional funds passport.
5.4 Fairer Rules for Business

5.4.1 Create Nationally Consistent OHS Rules

*Deliver a national system for occupational health and safety.*

**Why it’s Important**

A nationally consistent approach to OHS is critical to fostering safer workplaces. As the owners, managers and developers of most of Australia’s workplaces, the property sector has a profound interest in the national drive for OHS reform. Reforms must deliver a simpler, more equitable system that provides appropriate protections and reasonable opportunities for defence.

**Key Recommendations**

The Property Council recommends the Federal Government:

- continue to work with Safe Work Australia and state and territory regulators to ensure model OHS legislation that delivers a clear, fair and equitable system is implemented;
- ensure that the onus of proof for any incident is always placed on the plaintiff, not on the defendant;
- clarify the responsibilities of duty holders under the model *Safe Work Act 2009*;
- ensure that responsibilities of duty-holders are clearly defined;
- amend penalties for minor breaches of the Act to more appropriate levels; and,
- give legal standing to industry codes of practice.
5.4.2 Liberalise Shopping Centre Trading Hours

*Remove outdated restrictions on retail trading hours.*

**Why it’s Important**

Most Australians take for granted the benefits of seven day shopping.

In those states and territories that allow Sunday trading, this day has become the second most popular trading period of the week.

Customers are the lifeblood of retailing and the industry is keen to allow families to shop at their convenience.

This is particularly important now that traditional retailers are facing severe competition from on-line retailing (which has no restriction on when it can conduct its business).

Yet, there are still places in Australia where stores are closed on Sundays and most public holidays - namely suburban Perth, most parts of regional Western Australia and some areas of regional Queensland.

Inconsistent trading hours between suburbs in the one city disadvantage retailers as customers take their business to locales where they can shop when it is convenient to them.

Selective changes to weekday trading hours, as occurred recently in Perth, highlight a lack of commitment to liberalised trading hours at a state government level.

There is no justification for governments to continue to dictate when and how citizens can shop.

**Key Recommendation**

The Property Council recommends the Federal Government apply competition policy penalties to jurisdictions that refuse to liberalise retail trading hours.
## Appendix 1 – Urban Policy: Draft 10 Point Plan

<table>
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<tr>
<th>Reform Program</th>
<th>Description</th>
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| 1 Targets                       |   • Joining-up mechanism  
     • Targets summarise the shared vision  
     • All Australian Governments need to set economic, social/liveability and environmental performance targets  
     • The targets are effectively promises to deliver critical community services – health, education, energy, water, transport, aged care, child care etc.  
     • The targets should also address goals for the natural environment, including biodiversity (and food production).  
     • Targets will help join-up policy goals. They need to be backed by partnership programs that join-up program implementation. |
| 2 Metro Strategies              |   • Metro strategies are the mechanism for meeting targets for specific places at specific times.  
     • Metro strategies should identify 30 years+ infrastructure priorities and land release/compact city priorities for housing, jobs and social activities, as well as reserve infrastructure/connectivity corridors.  
     • Metro strategies should be devised following extensive community consultation and recalibrated following each five-year IGR – Intergenerational Report. |
| 3 Metro Authority               |   • A metropolitan delivery authority should be placed in charge of implementing each metro strategy. It should have the power to override fiefdoms at all levels of government where they block or seek to trump the metro strategy.  
     • The metro authority should be a statutory entity that reports to Cabinet.  
     • A regional development or state-wide planning commission (similar to WA) may also be warranted. |
| 4 DAF – Development Assessment Forum |   • All state/territory governments should implement the DAF model: clear rules upfront, with independent expert panels to assess major developments against the rules.  
     • This will depoliticise the development assessment process. |
<p>| 5 Performance Reporting         |   • Governments should report on performance against targets annually. The audit process should be conducted by an independent commission. |</p>
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<tr>
<th></th>
<th>Public Finance</th>
<th>Governments should employ infrastructure bonds, growth area bonds and PPPs. Australia should establish a sovereign wealth fund that invests in nation-building infrastructure.</th>
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</table>
| 2 | Community/Civic Engagement | Governments should radically improve community consultation based on four dimensional software appraisal systems.  
Citizens need to be able to visualise the future in order to provide their input. |
| 3 | Capacity Building | Australia needs world class urban information databases and decision-making tools to improve strategic planning, consultation and implementation.  
The Federal Government’s CIPMA database provides a platform for this new system.  
The federal government should commit to a partnership program that builds our nation and community building skills capacity. |
| 4 | Federal Government Leadership | The Federal Government should implement a national competition policy style model (NCP), driven by an intergovernmental agreement and an independent Sustainable Cities Commission, to develop (and re-develop) our cities. An NCP approach will provide carrots and sticks based on COAG’s nine criteria.  
The proposed Sustainable Cities Commission should implement sustainable communities principles that guide Federal government policy-making. All relevant grant programs should be tied to these principles.  
The commission should report to a Minister for Sustainable Communities or the Built Environment.  
We also need a new ‘Better Cities’ program to seed fund demonstration projects that trial, test and roll out innovative nation building projects.  
The five-yearly IGR should assess the implications of demographic trends on community service targets at all levels of government. |
| 5 | Design | The quality of Australian design and construction can be improved by fostering centres of excellence, such as the U.K.’s Centre for the Advancement of the Built Environment (CABE) and Constructing Excellence.  
BIM should be encouraged. Australia also needs an R&D framework that rewards innovation. |
Appendix 2 – The DAF Leading Practice Model

Stage 1: Policy

1. Effective policy development
   Elected representatives should be responsible for the development of planning policies. This should be achieved through effective consultation with the community, professional officers and relevant experts.

2. Objective rules and tests
   Development assessment requirements and criteria should be written as objective rules and tests that are clearly linked to stated policy intentions. Where such rules and tests are not possible, specific policy objectives and decision guidelines should be provided.

3. Built-in improvement mechanisms
   Each jurisdiction should systematically and actively review its policies and objective rules and tests to ensure that they remain relevant, effective, efficiently administered, and consistent across the jurisdiction.

Stage 2: Assessment

4. Track-based assessment
   Development applications should be streamed into an assessment ‘track’ that corresponds with the level of assessment required to make an appropriately informed decision. The criteria and content for each track is standard.

   A track-based assessment approach provides greater certainty for all stakeholders. The rationale for the different tracks should remain consistent with the model if used.

5. A single point of assessment
   Only one body should assess an application, using consistent policy and objective rules and tests.

   Referrals should be limited only to those agencies with a statutory role relevant to the application. A referral authority should only be able to give direction where this avoids the need for a separate approval process.

   Referral agencies should specify their requirements in advance and comply with clear response times.

6. Notification
   Where assessment involves evaluating a proposal against competing policy objectives, opportunities for third-party involvement may be provided.

7. Private sector involvement
   Private sector experts should have a role in development assessment, particularly in:
   - Undertaking pre-lodgement certification of applications to improve the quality of applications.
   - Providing expert advice to applicants and decision makers.
   - Certifying compliance where the objective rules and tests are clear and essentially technical.
   - Making decisions under delegation.
Stage 3: Determination

8. Professional determination for most applications

Most development applications should be assessed and determined by professional staff or private sector experts. For those that are not, either:

Option A – Local government may delegate determination power whilst retaining the ability to call-in any application for determination by council.

Option B – An expert panel determines the application.

Ministers may have call-in powers for applications of state or territory significance provided criteria are documented and known in advance.

Stage 4: Appeals

9. Applicant appeals

An applicant should be able to seek a review of a discretionary decision.

A review of a decision should only be against the same policies and objective rules and tests as the first assessment.

10. Third-party appeals

Opportunities for third-party appeals should not be provided where applications are wholly assessed against objective rules and tests.

Opportunities for third-party appeals may be provided in limited other cases.

A review of a decision should only be against the same policies and objective rules and tests as the first assessment.

Source:

A Leading Practice Model for Development Assessment in Australia, Development Assessment Forum (March, 2005)
## Appendix 3 – Greening the Built Environment - 10

**Version 1.1: 20 October, 2010**

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<td>• Set a 2030 GHG reduction target of 80 Mt CO₂-e for buildings</td>
<td>• Adopt a standards setting and assessment framework for improving sustainability regulation (the National Buildings Framework).</td>
<td>• Improve the mandatory disclosure scheme.</td>
<td>• Conduct a public, independent review of the NABERS suite of rating tools and the governance behind it.</td>
<td>• Collaborate with state and territory governments to deliver a realistic green lease schedule for government-occupied buildings.</td>
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<td>• Target to be achieved by a complementary mix of carbon price signal, energy efficiency resources, and renewable power.</td>
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<td>• Fix NGERS and EEO reporting.</td>
<td>• Collaborate with the Green Building Council to develop a precinct tool.</td>
<td>• Conduct a public, independent review of the Commonwealth Green Lease Schedule.</td>
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<td>• Finalise and launch the Corporate Responsibility template and benchmark corporate responsibility performance.</td>
<td>• Conduct a survey of energy efficiency in the built environment.</td>
<td>• Develop guidelines and KPIs for improving government procurement practices.</td>
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<td>• Modernise energy utility billing processes.</td>
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<td></td>
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<td>• Establish an integrated property performance profile database.</td>
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<td>• Expand MEPS to cover appliances used in commercial buildings.</td>
<td>• Implement policies that encourage distributed generation.</td>
<td>• Expand the Green Building Fund, including additional grants to industry.</td>
<td>• Deliver a commercial building investment allowance scheme.</td>
<td>• Develop a national adaptation framework for the built environment.</td>
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<tr>
<td>• Fix the HVAC high efficiency systems strategy and deliver tools to assist service providers.</td>
<td>• Introduce a gross feed-in tariff for distributed generation.</td>
<td>• Establish fairer rules that encourage R&amp;D in the built environment.</td>
<td>• Promote sustainable retrofits in collaboration with the Australian Carbon Trust.</td>
<td>• Obtain funds for a national vulnerability audit of the built environment.</td>
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<td>• Develop targets and programs for water capture and reuse, waste mining, and electric vehicles.</td>
<td>• Develop courses on sustainability with the Property Council PD team.</td>
<td>• Roll out a Green Precincts Fund.</td>
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<td>• Work with ASBEC partners to pilot test net zero energy home opportunities.</td>
<td>• Establish a CRC for the Built Environment.</td>
<td>• Introduce national and state-based building tune-ups programs. Deliver the Property Council’s Green Building Fund project – digitising the Existing Buildings Survival Strategies.</td>
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<td>• Establish a BIM/IPD Alliance.</td>
<td>• Collaborate with the CCCLM to roll out CitySwitch across the country.</td>
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<td>• Establish Construction Excellence.</td>
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<td>• Endorse CABE Down Under.</td>
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