

Dear ERA

This Development Commission is greatly concerned regarding your recommendation that the Government's Uniform Pricing Policy for development charges be abandoned.

Our research shows that currently the Standard Headworks Water Contribution of \$3,378 ea. applies per new lot on subdivision or increases in water demands of 20 litres/minute increments for commercial redevelopments; or additional new housing units applies throughout WA where Water Corporation services are provided.

If this recommendation was to be approved by the WA Government, we understand that the Standard Headworks Charge of \$3,378 could be replaced by a location specific headworks charge which in Kalgoorlie could be in the order of \$40,000 per new lot created.

If this proves to be correct, such a charging regime would act as a strong disincentive for new land development or redevelopment and would, in all likelihood, make future developments in Kalgoorlie and the Goldfields a rarity.

As a direct consequence of this policy change, growth in regional centres would be stifled and regional economies would suffer as a flow-on effect.

The affordability of new land releases and the lengthy time delays in bringing new developments onto the market are already proving to be highly contentious issues in regional centres such as the City of Kalgoorlie-Boulder and Esperance. Your recommended policy change, if implemented, would make a bad situation worse and also intolerable in terms of regional development.

We seek your feedback, as a matter of urgency, on this critical issue.

Regards

Ray Ciantar

Manager Infrastructure and Planning



Goldfields Esperance Development Commission

Dear ERA

Further to our concerns of last Friday; we also wish to make the following points (which can also be posted on your website):

- The assertion on page 20 of the draft report “When assessing the costs and benefits of subsidising a development in a regional town, these must be compared to the costs and benefits of the next best alternative use of government revenue” is applicable to all government expenditure. Governments make funding decisions not solely based on the criteria of a cost-benefit analysis.
- It can be argued that your distinction between “private and public benefits” is a false dichotomy, which you seem to acknowledge to some degree in your number 14 footnote on page 20. To give an example:

If the government was to decide to abolish all forms of subsidies relating to the development of land in regional centres, it's fair to say that the cost of the land will become more costly to the purchaser. Development Commissions are required to pursue sustainable development objectives for their respective regions, mainly through the attraction of population and investment. The Goldfields-Esperance Development Commission (GEDC) and local government are continuously trying to counter the growing prevalence and negative impacts of “fly in/fly out” operations upon their communities.

One strategy to encourage people to work and reside in the region is to make the purchase of land and construction of a house more affordable, compared to the more heavily populated areas. In “The West Australian” dated the 21 May, 2008 on page 6, is the headline ‘New house cost to rise \$16,000’ within a few months. Rule of thumb is that it generally costs between 20% to 25% more to build a house in Kalgoorlie-Boulder than a comparable one in Perth.

It is currently virtually impossible to buy a residential block in Kalgoorlie or Esperance below \$150,000. The City of Kalgoorlie-Boulder is investing the feasibility of bringing land onto the market for around \$100,000 per block so as to cater for the housing needs of lower income earners. Obviously any additional development costs will make this objective harder to achieve. However, for every worker who decides to live and work locally rather than “fly in/fly out”, there are important “private and public” benefits in the form of reduced carbon dioxide emissions into the atmosphere from commercial aircraft; as reported in the “WA Business News” of May 15, 2008 on page 12 ‘Resources sector drives rise in aircraft emissions’.

- Retaining and improving the UPP for developer charges also has the advantages of keeping the system simple and predictable; while helping to lessen the economic disadvantages currently suffered by those living and working in regional WA. It needs to be remembered that these are the workers and citizens whose efforts continue to make regional WA the “economic power house of the State and nation”.
- In “The West Australian” dated the 22 May, 2008 on page 10 is the following headline ‘Homes less affordable in rural WA than Perth’ and a comment by Mr. John Dastlik, HIA WA Executive Director – “But at the same time there was the threat of developer contributions fees that would drive up the cost of land for new housing”.

Regards

Robert Hicks
CEO