

Western Australian Policy Priorities 2023



50 years
For the
community
creators



Developing WA as
the place to live,
work and invest

FROM THE PRESIDENT

There is no doubt the collective energy in the first quarter of 2023 has been positive as we move further away from the critical impact of the global pandemic on our economy and our community.

While Western Australia was somewhat sheltered from the worst of the pandemic, some of the impacts have certainly lingered, with critical skills shortages and land supply bottlenecks remaining.

As an industry, we are at the coal face of delivering the communities and the housing that people call home. We are also critical to the growth and resilience of our state's economy.



COL DUTTON

UDIA WA PRESIDENT

What the pandemic response has shown us, is that when government and industry work together, we can achieve great things. During the pandemic our industry was recognised as critical to the ongoing strength and resilience of the economy and we responded by ramping up and meeting the challenge.

Now we are asking all levels of government to work with us to meet the challenge of delivering a diverse, affordable housing future for our community.

UDIA WA's Policy Priorities for 2023 have been developed in the context of the need to address some of those lingering impacts of the pandemic, while firmly focusing on the future and ensuring sustainable economic growth for the State.

As the community creators, the development industry is integral to the future development of the places that we all live, work and play in. Our capacity to deliver those places is being constrained by outside elements that must be addressed if we are going to keep a lid on housing affordability. We want Perth to remain one of the most affordable capital cities in Australia and we also want to ensure that property remains a strong investment option.

Immediate issues including dire skills and labour shortages need to be addressed, as well as longer term challenges such as further streamlining regulatory processes and reforming outdated taxation regimes.

We also need to work together and bring the community along for the journey toward Perth becoming a more compact and connected city. Without a shared understanding and commitment to that end goal, resistance to future development will continue.

At the crux of our priorities are the core pillars of economy, liveability and environment. Working collaboratively with all levels of government to deliver on these priorities, we believe our industry is ideally placed to play a key role in the continued success and growth of our State for the benefit of all Western Australians.

Alongside my fellow UDIA WA Councillors and Executive, I look forward to working with our members, government stakeholders and the broader community to see our recommendations actioned throughout 2023 as we further develop Western Australia's unique success story.

The Urban Development Institute of Australia (UDIA WA) acknowledges the traditional custodians of the land on which we work, the Whadjuk people of the Noongar Nation. We also acknowledge the Traditional Custodians across Western Australia and their continuing connection to the land and waters where our members operate.

We wish to acknowledge the strength of their continuing culture and offer our respects to Elders past, present, and emerging.

WA DEVELOPMENT INDUSTRY ECONOMIC IMPACT TO THE STATE

Employment

143,300

employees directly employed in the construction sector (as at February 2023) and an additional ~62,000 jobs supported through flow-on activity.¹

11.6%

of WA's total FT Labour Force.

GSP

\$21.0 billion

directly contributed to GSP by the construction sector in 2021-22 or 5% of total contribution to GSP by all industries in WA.²

1.7x

direct GSP contribution of the Finance & Insurance sector in WA.

Tax³

\$3.356 billion

directly contributed by the property sector in property taxes to WA State Government revenues in 2021-22 (inclusive of land tax and stamp duties).

\$9.6 billion

in income (wages & salaries) in 2021-22. 11.6% of total WA employee compensation across all industries and \$5.6 billion in flow on activity.

1.7x

the employment of the Manufacturing sector in WA.

\$14.6 billion

further contributed to WA GSP through flow-on demand for goods and services.

\$35.6 billion

in total direct and indirect contributions to the WA state economy.

29.2%

of all WA State Government taxation received (\$11.476 billion total).

The WA development market context

Following the dramatic spike in housing demand caused by the housing construction stimulus packages in mid-2020, lot sales continued to strengthen throughout the course of 2021 but equalised to pre-COVID levels during 2022.

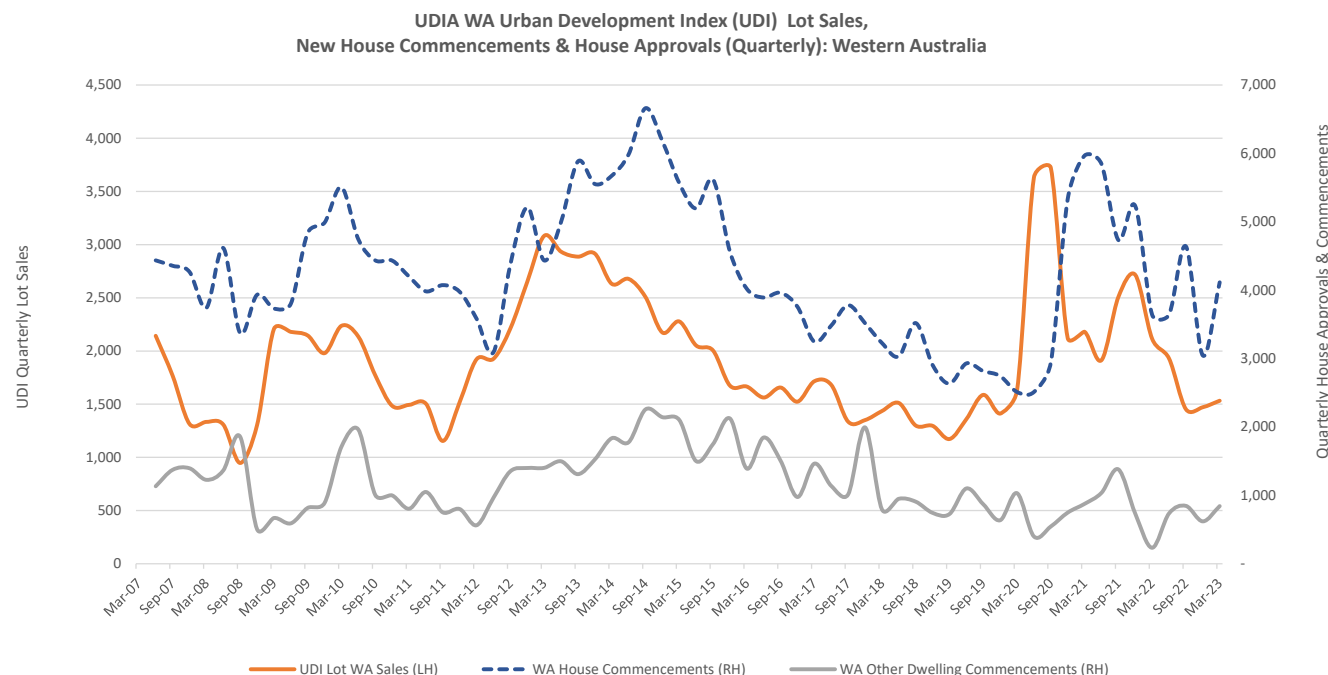
Total lot sales for the year recorded as part of UDIA WA's Urban Development Index totalled 6,388 to March 2023, which was a 31% decline on the previous 12 months. The moderation in lot sales has flowed through to a 21% reduction in detached house commencements in the 12 months to December 2022. Even more alarming trends is evident in infill housing with commencements for semi-detached dwellings and apartments down 34% on the long run annual average.

The rapid escalation of housing demand, which followed five years of market decline, placed considerable strain on the entire industry and government regulators. Now, we are seeing the flow on effects of this and the ongoing strong competition for local labour across the resources industry and government infrastructure projects. This has adversely impacted the development industry's ability to expand and resize to service demand. As such, Western Australia's (WA's) skills shortage is likely to far exceed the 53,000 jobs currently being advertised⁴ (approximately 3,700 in the construction industry)⁵.

Added to this, increased demand and disruption in the global supply chain has added significant material cost pressures and delayed construction timeframes. According to ABS data for the March 2023 quarter, material input costs for housing construction have risen 12% in the last 12 months (32% since pre pandemic)⁶. Ongoing material delays and increases, together with increased labour costs, has caused the cost of housing construction to rise exponentially.

Additionally, tight margins, a diminished pool of builders and associated cost pressures have posed considerable risks for emerging and future development projects, particularly in the apartment development market.

In the rental market there remains very little capacity, with extremely low vacancy rates continuing throughout 2022 and into the first quarter of 2023. In Perth, it was 0.7% in March 2023 and in some regional cities the situation has been worse with lows of 0.4% in Bunbury and 0.5% in Albany⁷. With a national backlog of 570,000 migration and temporary visas (as at March 2023) still waiting to be processed, the limited rental availability is likely to drive significant housing cost increases and jeopardise WA's longer-term housing affordability and economic competitiveness.



UDIA WA's role in advocating, educating and demonstrating ESG outcomes

We recognise and acknowledge the role of UDIA WA in making meaningful impact across the Environment, Social and Governance (ESG) spectrum, either directly or indirectly through influence and leadership of the development industry.

We are conscious of the significant breadth and depth of ESG, the ambitious nature of many corporate targets and the challenge of operationalising commitments to ensure they cascade throughout organisations and their activities.

Through engagement with the UDIA WA Council, Strategic Committee members and staff, the below have been identified as ESG issues of focus:

- The housing continuum which overarches housing supply, affordability and equity.
- Environmental replacement and enhancement as a key driver.
- Cultural heritage and reconciliation.
- Code of conduct and ethical behaviour, which cuts across all pillars.
- Decarbonisation and circular economy.
- Built form product and design, especially regarding sustainability and affordability.
- Land use and protection.

- Labour market and skills – relating to ability to achieve other ESG priorities from an organisation and membership point of view.
- Fiscal environmental and corporate social responsibility in the supply chain.
- Ethical sourcing of labour and materials.

UDIA WA seeks to advocate, educate and demonstrate a measured approach to ESG challenges facing our industry. We have applied an ESG lens in considering UDIA WA's Policy Priorities, as well as in developing our Corporate Strategy, with these focus issues in mind. We have also been progressing initiatives around our organisational impact, as well as our influence.

There is much we still need to learn in terms of stakeholder expectations of the development industry in demonstrating positive impacts across all three areas. With our diverse membership, we recognise our members are at various places along this ESG journey. As this space evolves, we will remain agile and responsive to the needs of our members, and we will continue to engage with them to ensure we are best supporting the wider industry.



Commitment to reconciliation

UDIA WA has embarked on a journey to develop a 'Reflect' Reconciliation Action Plan (RAP) with guidance from our RAP Working Group, consisting of members from our Council, Diversity Committee, members, and staff.

We strongly believe in providing leadership to the broader urban development industry in respect to reconciliation and more meaningful engagement with the Traditional Owners and Custodians of the lands on which we and our members operate.

Our RAP journey commenced in 2021 and our RAP working group has undertaken extensive education, consultation and engagement with a range of stakeholders. This engagement process will continue in 2023 with a focus on understanding the needs and expectations of Aboriginal Elders and relevant groups with a connection to the land on which we operate. We will continue to listen and learn in order to inform our RAP in partnership with members of the Aboriginal community.

We will proactively engage with our members throughout this ongoing journey.



Supporting diversity and inclusion

UDIA WA is committed to fostering a workplace culture that understands and values diversity and inclusion and sets an example for the wider urban development industry. Our diversity and inclusion in action is led by our Diversity Committee that reports directly to UDIA WA Council.

We believe an inclusive workplace, which embraces diversity, results in positive outcomes both internally through high performing teams as well as externally for members, key stakeholders, and overall profitability.

We adopted our internal Diversity and Inclusion Policy in July 2020, and it is reviewed annually by the Committee. It applies to our Council, Committees, staff, and anyone seeking employment or an official appointment with our organisation.

The policy includes specific goals that aim to ensure UDIA WA is a leader in promoting greater diversity in the urban development industry, such as determining targets for gender balance on all Council, Committees and Standing Advisory Groups.

In acting as a leader to promote greater diversity in the urban development industry, we have created the UDIA WA Diversity Toolkit. Our Toolkit is a resource designed to assist small and medium-sized enterprises in the property industry looking to implement meaningful workplace diversity policies.

We are also working toward the delivery of our first Reconciliation Action Plan.

Promoting sustainable development

UDIA actively promotes sustainable development practices through our EnviroDevelopment certification program.

EnviroDevelopment is an independent, scientifically based, accreditation program for new developments. It measures and promotes sustainability across six elements – water, energy, materials, waste, ecosystems, and community.

The program makes it easier for purchasers to recognise and therefore choose more environmentally sustainable homes and lifestyles. It is also a way to acknowledge and showcase the great projects being delivered, and communities being created, by our members, demonstrating and encouraging good practice across the industry.

Within a certified development, homes are designed and built to support renewable energy, water efficiency, and the use of environmentally responsible materials, for example. Purchasing a new home in an EnviroDevelopment certified development can offer home buyers reduced operating costs of a home, eligibility for rebates and incentives, and a range of other sustainability benefits.

More information [here](#).

Developing WA as the place to live, work and invest

Economy



Ensure a development ready supply pipeline by driving market activity across the housing continuum



Leverage infrastructure to unlock development and create jobs



Develop a construction workforce attraction strategy for Perth and the regions

Liveability



Empower planning to lead a collaborative and integrated approvals framework



Deliver an effective development design approval framework



Provide genuine opportunities for community to effectively engage in the housing response to Perth's population growth

Environment



Develop a planning-led approach to environmental decision-making



Develop a strategic water availability assessment framework



Support industry in responding to climate change

Actions overview

	Priorities	Actions
Economy	Ensure a development ready supply pipeline by driving market activity across the housing continuum	<ul style="list-style-type: none"> Investigate and implement a range of incentives and tax discounts to support the supply of new homes across the housing continuum, e.g.: <ul style="list-style-type: none"> Making the 'off the plan' duty rebate permanent (or at least extend it to 2026-27), increasing the purchase price cap (to \$650,000) and reinstating it for projects under construction (at a 75% rebate prior to construction commencing and 50% until registration of the strata plan). Removing the Foreign Buyers Surcharge. Providing a 50% land tax exemption for Build to Rent projects with a minimum of 20 dwellings and encouraging the Australian Government to amend MIT and GST to support BTR. Exploring incentives for investors who buy and rent out newly constructed homes. Support initiatives to respond to declining home ownership and affordability, e.g., ensuring Keystart eligibility thresholds are maintained by indexing against increases in median house prices and increasing the Urban Connect price cap and extending it to include one-bedroom apartments.
	Leverage infrastructure to unlock development and create jobs	<ul style="list-style-type: none"> Work with industry to prepare a State Infrastructure Program to improve the approach to infrastructure coordination to support a development ready supply pipeline, as well as to increase WA's share of Federal infrastructure spending. <ul style="list-style-type: none"> Leverage UDIA's Development Ready Pipeline project findings. Establish a mechanism for planning-led sub-regional/strategic infrastructure coordination for items under \$100m and provide funding to service authorities for growth assets to support ongoing housing supply. Work collaboratively with local government and industry to establish a simplified delivery model for residential Development Contribution Plans, which ensures a consistent approach across local governments and improves their management, as well as delivery timeframes for community infrastructure..
	Develop a construction workforce attraction strategy for Perth and the regions	<ul style="list-style-type: none"> Through effective Government and industry collaboration, develop and implement a strategy for Perth and the regions to promote the construction and development industry as a career of choice, with an eye on future skills requirements and changes in technology. UDIA WA will support efforts by Industry bodies and Government to negotiate a Construction Industry Labour Agreement.
Liveability	Empower planning to lead a collaborative and integrated approvals framework	<ul style="list-style-type: none"> Re-establish the Department of Planning's leadership role in coordinating development outcomes across different government agencies. Integrate a strategic referrals coordination function into the assessment process, where officers are empowered to balance inputs from referral agencies and resolve conflict in deciding on structure plans and subdivisions. Establish a multi-agency Housing Supply Advisory Group with industry representation, together with a detailed housing supply monitoring program.
	Deliver an effective development design approval framework	<ul style="list-style-type: none"> Through effective Government and industry collaboration, ensure the medium density code and Liveable Neighbourhoods policy are effective across all development settings, encourage innovation and meet housing affordability objectives. Ensure total charges imposed on built strata subdivision (e.g., Public Open Space and public art contributions) are not a barrier to the provision infill development and affordable and diverse dwelling options.
	Provide genuine opportunities for community to effectively engage in the housing response to Perth's population growth	<ul style="list-style-type: none"> UDIA WA will develop a community engagement toolkit, supplementing the information provided by the Department of Planning, Lands and Heritage, to provide more targeted assistance to developers around effective engagement. UDIA WA will undertake a 'Map My Say' engagement project to understand residents' expectations around accommodating Perth's future population growth.
Environment	Develop a planning-led approach to environmental decision-making	<ul style="list-style-type: none"> Work collaboratively with industry on a solution to streamline assessment and approval processes and provide greater certainty by ensuring a planning-led strategic environmental decision-making framework that appropriately balances environmental considerations and land use objectives. Reform the environmental offset framework and provide greater clarity to achieve more efficient and effective outcomes and to align with greenhouse gas emission offset requirements and Federal reforms.
	Develop a strategic water availability assessment framework	<ul style="list-style-type: none"> Develop a strategic water availability mapping and assessment framework across the Perth metropolitan area that balances short term water availability considerations against longer-term land use aspirations. Work collaboratively with industry to undertake a process review, and implement recommendations, to facilitate the efficient trade and transfer of water licenses.
	Support industry in responding to climate change	<ul style="list-style-type: none"> Work collaboratively with industry to ensure a fit-for-purpose Built Environment Sectoral Emissions Reduction Strategy, and for sectoral adaptation planning. UDIA WA will work collaboratively with Local Government and industry to support climate action, including identifying and advocating for a top 10 priority climate action lists for local government adoption and developing education materials/activities to assist members to transition into a low carbon, climate resilient economy. Ensure a fit-for-purpose bushfire and flood prone area planning and risk management framework.

Economy

A strong and resilient economy is the backbone of a successful State and ensures our communities can thrive.

Our primary desires for good health, having a place to call home, access to good education and connections to our family and friends are all underpinned by a successful economy that provides a range of employment opportunities to all. As well as maintaining the health and sustainability of our communities, a strong economy also ensures that our neighbourhoods and town centres are vibrant and attractive places. In turn, this vibrancy is essential to helping WA to retain and attract the brightest talent and drive future economic growth.

Over the past two years, WA's domestic economy has grown by 7.2% since the pandemic – the strongest in the nation⁹. The strength of WA's economic and financial management throughout the pandemic has also resulted in a strong surplus used to set up the State's long-term future, including the cost of living and investment in infrastructure. UDIA WA was pleased that the McGowan Government recognised the importance of the development and construction industry to the WA economy early in the pandemic, introducing the housing construction and stimulus packages in mid-2020.

That said, these measures resulted in rapid growth for housing demand which, combined with constraints in material supply chains and labour and skills shortages, caused significant strain on the entire industry and government regulators. This was followed by a decline in dwelling approvals and commencements during 2022.

The limited supply of rental properties also presents additional challenges in our bid to

attract new workers to WA to fill the skills and labour shortages, posing a serious threat to our future economic growth.

There is a need to urgently stimulate investor activity, and address constraints and infrastructure coordination for development-ready land supply, to facilitate the timely delivery of housing supply across the continuum.

The UDIA National Development Ready Pipeline (DRP) project was initiated to collaboratively establish a shared understanding and robust picture of the state of play of land availability and readiness for residential development across Australia's major housing markets over the next 10 years. Initial insights from the Perth and Peel Pilot highlight substantial challenges in unlocking urban zoned land and potential future urban land. Working collaboratively to enhance coordination and delivery of strategic infrastructure and development will be essential to overcome this.

While our economy has performed well, it is undeniably linked to the strength of the resources sector and global demand for commodity exports, which is highly cyclical and sensitive to changing external factors. Diversifying the economy will be critical to mitigating potential economic shocks of future disruptions. As well as already being a significant local employer, the development industry is well placed to support the diversification of the economy by leveraging and complementing the State Government's infrastructure investment program to create vibrant and attractive places to live and work. We encourage the Government to work with us and our members to ensure that WA maximises its return on investment by providing the right infrastructure in the right places, helping to ensure that WA can attract and retain the brightest talent to ensure our future prosperity.

118

Average Weekly Lot Sales – Perth Metro
in March 2023

5% up on March 2023⁹

15,940

Dwelling Approvals – WA Rolling 12
Month Volume to February 2023

House approvals down 32%

**Semi-detached stock
approvals down 17%**

**Apartment approvals
down 21%**

compared with February 2022¹⁰

Strategic Goals

- Strengthen the resilience of our economy through diversified expansion.
- Ensure the economy helps WA to retain and attract the brightest talent.
- Leverage infrastructure investment to drive economic efficiencies.
- Ensure WA is well positioned to attract Federal infrastructure funding.
- Build our supply of homes for ownership and rent to support the economy.

Economy – Key Priorities



Ensure a development ready supply pipeline by driving market activity across the housing continuum

The number of homes listed for rent has fallen steadily since mid-2017, however the rate of decline has increased dramatically since the start of the pandemic.

The lack of rental properties is driving demand and consequently rental listing prices, with rent prices rising 15% over the past year, creating greater housing affordability pressures. While WA's population rose by 1.1% in the year to March 2022, it continued to be well below the long-term average net growth per annum, demonstrating the root cause of the issue is the declining pool of private rental properties.

A multi-pronged approach is needed to ensure sufficient social and affordable housing to help ensure adequate supply for rental and ownership. The State Government's Housing Diversity Pipeline will go some way in helping improve the quality and accessibility of social housing and housing choice for our communities but Government must identify further evidence-based and viable initiatives which can be implemented in the short and longer term to help people transition along the housing continuum.

This should include changes to KeyStart products for example. While Keystart had enabled over 120,000 Western Australians to get into their own home by February 2022, and the Urban Connect loan pilot announced in July 2022 was welcomed to support ownership in priority infill areas, more needs to be done to address barriers to uptake. Further, with the National Rental Affordability Scheme (NRAS) ending in 2026, more needs to be done to support Community Housing Providers (CHPs) and private organisations to build at-scale housing developments that rent at a 20% discounted rate to the market.

The loss of investors in WA negatively impacted all segments within the Perth property market but has disproportionately affected built-form developers who are heavily reliant on pre-sales to commence projects. With the labour and materials shortages leading to cost escalations, new apartment projects have and will continue to be impacted through 2023 with no

new projects being formally launched in November 2022 and pre-sales having dropped significantly¹¹. This will further deter investors, as well as owner-occupiers, from purchasing new builds.

The 'off-the-plan' rebate scheme introduced in 2019 and extended to October 2023, along with the introduction of the 100% rebate for dwellings up to \$500,00 with a sliding scale to \$600,000, was welcomed. The rebate has been successful in assisting new apartment projects to get off the ground and in creating more jobs. However, more needs to be done in both the short and longer term to attract institutional and smaller scale investors to build the rental housing capacity that Perth and the regions urgently need.

Permanency of the scheme, increasing the purchase price cap and extending it to projects under construction would provide greater certainty in attracting investors and consequently, help in addressing the critical shortage of housing for ownership and rental.

Build-to-rent (BTR) also offers an effective, sustainable solution to many of the existing and long-term rental challenges. However, current taxation settings deter investment to this sector. A review of property taxes including Managed Investment Trusts, Land Tax and GST should be carried out to level the playing field and encourage delivery of affordable BTR.

While immediate taxation incentives are also required to address the current rental crisis, a holistic review of property tax settings is needed to ensure that property taxes provide a sustainable revenue base for Government whilst encouraging private sector investment that supports the government's housing and infill development objectives.

Actions

- Investigate and implement a range of incentives and tax discounts to support the supply of new homes across the housing continuum, e.g.:
 - Making the 'off the plan' duty rebate permanent (or at least extend it to 2026-27), increasing the purchase price cap (to \$650,000) and reinstating it for projects under construction (at a 75% rebate prior to construction commencing and 50% until registration of the strata plan).
 - Removing the Foreign Buyers Surcharge.
 - Providing a 50% land tax exemption for Build to Rent projects with a minimum of 20 dwellings and encouraging the Australian Government to amend MIT and GST to support BTR.
 - Exploring incentives for investors who buy and rent out newly constructed homes.
- Support initiatives to respond to declining home ownership and affordability, e.g., ensuring Keystart eligibility thresholds are maintained by indexing against increases in median house prices and increasing the Urban Connect price cap and extending it to include one-bedroom apartments.

Economy – Key Priorities



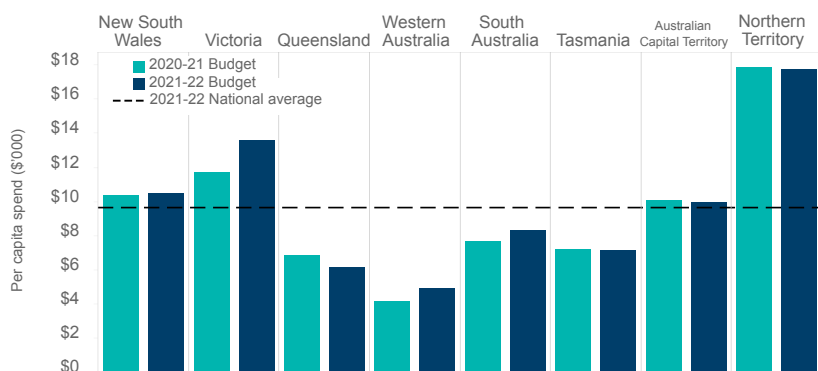
Leverage infrastructure to unlock development and create jobs

As greenfield land parcels become increasingly fragmented and with infill development constrained by infrastructure capacity challenges, delivering development together with appropriate infrastructure is becoming increasingly difficult. It is crucial that constraints on undeveloped urban zoned and potential future urban land are successfully addressed where feasible, and infrastructure coordination and delivery aligns with development pipeline intentions to deliver much needed homes, and support economic competitiveness and liveability.

UDIA WA acknowledges that Infrastructure WA (IWA) is yet to produce its 10-year infrastructure plan, however the failure to set out key strategic infrastructure projects early has meant WA has consistently not received its fair share of Federal infrastructure funding.

UDIA WA was pleased to participate in the IWA Market Capacity Reform review in late 2022, instructed by the Premier. We support the recommendations around the development of a pipeline of significant projects and programs, and a supply and demand data tool.

Australian State and Territory per capita infrastructure funding



Source: Infrastructure Partnerships Australia analysis of 2020-21 and 21-22 Budgets

While recent planning reforms and the Infrastructure Development Fund commitment were also welcomed, a mechanism and mandate within State Government is needed to drive the desired outcomes. Leveraging UDIA's DRP project, the establishment of some form of WAPC-led taskforce (with representation from the infrastructure/service and environmental approvals agencies, Treasury, IWA and industry) to undertake a sub-regional infrastructure coordination pilot could be invaluable.

Local governments have often exclusively relied on developers to fund community infrastructure through Development Contribution Schemes (DCS). While State Planning Policy 3.6 Infrastructure Contributions has been amended to ensure these schemes do not undermine housing affordability and to improve transparency and local government reporting, there remains a lack of consistency in the administration of schemes across local governments and uncertainty regarding delivery timeframes. Administering these schemes is complex, and duplication across local government reduces efficiency of managing them. In September 2022, the State Government committed to establishing a dedicated team within the Department of Planning, Lands and Heritage (DPLH). This was in response to call from UDIA WA and others for a Central Co-ordinating Agency to deliver 'scaled up' efficiencies and enable timely infrastructure delivery. This is welcomed and ensuring appropriate resourcing and remit will be essential.

Alongside this, a simplified residential DCS delivery model developed in collaboration with local government and industry is needed to improve scheme management. Further, with the existing development contributions framework being poorly designed and ill-equipped to tackle the challenges of upgrading existing and aging infrastructure in infill situations, a new funding model is needed to support infill development.

Actions

- Work with industry to prepare a State Infrastructure Program to improve the approach to infrastructure coordination to support a development ready supply pipeline, as well as to increase WA's share of Federal infrastructure spending.
 - Leverage UDIA's Development Ready Pipeline project findings.
- Establish a mechanism for planning-led sub-regional/strategic infrastructure coordination for items under \$100m and provide funding to service authorities for growth assets to support ongoing housing supply.
- Work collaboratively with local government and industry to establish a simplified delivery model for residential Development Contribution Plans, which ensures a consistent approach across local governments and improves their management, as well as delivery timeframes for community infrastructure.

Economy – Key Priorities



Develop a construction workforce attraction strategy for Perth and the regions

WA has a long history of taking advantage of overseas and interstate migration to supplement our local skills base to help grow and diversify our economy to the benefit of all Western Australians. While the closing of the international border and tight interstate travel restrictions helped protect our economy during the pandemic, this has contributed to our growing local skills shortfall. The strong demand for labour and skills across various industries, the stimulus investment, and concurrent major Government infrastructure projects have collectively constrained the development industry from expanding to meet demand for housing. This has added significant cost pressures and extending delivery timeframes.

UDIA WA welcomed recent Government commitments, including the State and Federal governments injecting \$112 million into the skills and training sector in WA to provide fee-free TAFE and more vocational education places, and \$3 million for TAFE scholarships to attract women into construction. However, attracting and retaining interstate and overseas migrants will continue to be imperative in addressing the labour and skills shortage.

WA must remain competitive with the rest of Australia in attracting the skills we desperately need. Australia is facing increasing global competition in attracting migrants, with many of our traditional 'source countries' also experiencing aging populations and our qualification eligibility requirements being a constraint for migrants from other countries currently. This is something state and national migration policy will need to grapple with.

The temporary change to WA's State Nominated Migration program to include construction occupations was supported. IWA's recent Market Capacity Review also makes several reform recommendations, including a WA Skilled Construction

Worker Registration and Licencing Scheme, and a Construction Labour Agreement to support the mutual recognition of qualifications and skills. The latter is supported as an immediate, short-term solution until recommendations arising from the Federal government's migration review are accepted and implemented.

We need a coordinated strategy to promote the construction and development industry as a career of choice and the opportunities we can offer as a place to live, work and invest. This also needs to be supported by regional infrastructure to address the challenges that are magnified in our regions.



Actions

- Through effective Government and industry collaboration, develop and implement a strategy for Perth and the regions to promote the construction and development industry as a career of choice, with an eye on future skills requirements and changes in technology.
- UDIA WA will support efforts by industry bodies and Government to negotiate a Construction Industry Labour Agreement.

Liveability

The development industry helps grow local economies and build prosperous communities, enhancing the liveability of our neighbourhoods, towns, and cities. Alongside access to community services and infrastructure, the liveability of communities is underpinned by access to affordable housing.

In the past, Perth has benefited from a consistent supply of large greenfield housing estates which has kept a lid on housing price pressures during periods of peak demand caused by rapid changes in economic conditions. These master-planned estates have enabled Perth to remain one of the most affordable capital cities in Australia. However, many of these land estates are now reaching their full development capacity and will not be replaced as future greenfield land becomes increasingly fragmented and constrained by environmental challenges. This, together with the difficulty of providing infill development efficiently and at scale will severely undermine the development industry's ability to respond quickly to heightened levels of housing demand in the future.

Looking forward, we also face the prospect of further increases in inflation, growing cost of living pressures and population increases forecast above the long-term average, as well as implications of a potential recession. These factors combined will only further exacerbate the housing supply challenges being felt by Western Australians when it comes to the basic human need and right for affordable housing.

For Perth to maintain its housing affordability, accurately monitoring housing supply and demand will be increasingly important. Meanwhile, despite the Government setting ambitious infill targets, successfully navigating local government development approval processes remains challenging, uncertain and slow. This is best demonstrated by the success of the temporary State Development Assessment Unit (SDAU) pathway in supporting project clearances which directly invested billions into our suburbs, supporting tens of thousands of jobs across the economy. Recent planning reforms such as changes to the Development Assessment Panel (DAP) system – which will be a game changer for the industry – and the permanent pathway for significant development proposals are steps in the right direction but more needs to be done to support the industry in fulfilling the Government's infill aspirations and enhancing liveability through housing choice and affordability.

Similarly, local governments need to be better supported in helping to achieve this. While there is some community appetite for increasing the variety of housing options available within their local neighbourhoods, a community education and engagement campaign on how Perth could look, and the role of the development industry as community creators, is needed to foster broader support around the importance of urban consolidation, and housing diversity and choice in different situational contexts.

Improving the liveability of our urban areas and regional centres is crucial to supporting the sustainability of our communities and our future economic prosperity.

Strategic Goals

- Ensure Perth remains one of Australia's most affordable capital cities.
- Enable and de-risk private sector investment to expand the choice of housing options available.
- Ensure security of housing supply to maintain housing affordability.
- Encourage good urban design and foster innovation in our built environment.



Liveability – Key Priorities



Empower planning to lead a collaborative and integrated approvals framework

Re-establishing the leadership role of planning in bringing relevant government agencies together to deliver on the aspirations of Perth and Peel @3.5m will be crucial to accommodate sustainable population growth and ensure a more vibrant and connected city.

Planning reform initiatives announced in September 2022 included extension of the temporary SDAU pathway, incorporating a centralised referrals approach for district/regional structure plans where areas are strategically important or have fragmented ownership. This was welcomed to build upon the initial success of the temporary SDAU pathway, as were the reform announcements this February which included a permanent pathway with statutory timeframes albeit only for significant development proposals.

However, for the assessment of and decision on structure plans and subdivisions, there is a need for an integrated strategic referrals coordination function to empower officers to resolve conflict between agencies. This would streamline and improve effectiveness of the process to better support timely provision of housing supply and achievement of Government infill targets.

We also believe the establishment of a Housing Supply Advisory/Coordination Group with representatives of industry such as UDIA WA, as well Government and infrastructure agencies, will be vital in ensuring we can maintain sufficient housing supply across the continuum to meet market demand and safeguard housing future affordability.

It is important that this group is informed by robust information around housing supply, and this underpins resultant actions. There is currently no consolidated, frequently undertaken housing supply report for the Perth and Peel Regions. A live-tracking evidence base is essential to ensure that our planning policy and strategic planning frameworks are effective in delivering the State's strategic planning objectives and environmental, social and economic goals. East coast models of housing supply forecasts, such as Queensland's Residential land supply and development reporting system, provide excellent examples that the WA State Government could learn from.

Actions

- Re-establish the Department of Planning's leadership role in coordinating development outcomes across different government agencies.
- Integrate a strategic referrals coordination function into the assessment process, where officers are empowered to balance inputs from referral agencies and resolve conflict in deciding on structure plans and subdivisions.
- Establish a multi-agency Housing Supply Advisory Group with industry representation, together with a detailed housing supply monitoring program.



Liveability – Key Priorities



Deliver an effective development design approval framework

Driven by changing socio-demographics, our communities and their housing needs continue to rapidly evolve. The experience of the pandemic further highlighted the importance of well-designed homes and neighbourhoods, with a renewed focus on liveability and improvements to the built environment of our local community. Despite this, development controls (particularly for infill situations) have failed to expand the choice of available housing options.

Urgent reform is needed to ensure the efficient and cost-effective delivery of quality infill development and thoughtful master-planned development that provides a range of quality housing options across different land-tenure options.

UDIA WA welcomed the long-anticipated finalisation of the State Government's Medium Density Housing Code. It seeks to strike the right balance between affordability, amenity and accessibility in the future design of medium density housing, providing a clear framework for the development industry to operate within. However, as with any new public policy, it is crucial that the State Government does not 'set and forget' and the industry is engaged throughout the implementation journey. Furthermore, it is crucial the Liveable Neighbourhoods operational policy is finalised as a priority.

Tight margins, a diminished pool of builders and associated cost pressures have posed considerable risks for emerging and future development projects, particularly in Perth's apartment development market. With this, the comparatively high cost of land and insufficient price point differentiation with other housing products and land tenure options, the industry is facing challenges in making medium and higher density projects stack up, even in METRONET station precincts. The multiple layers of costs being imposed on built form development in infill locations is compounding this and putting the delivery of dwellings at risk.

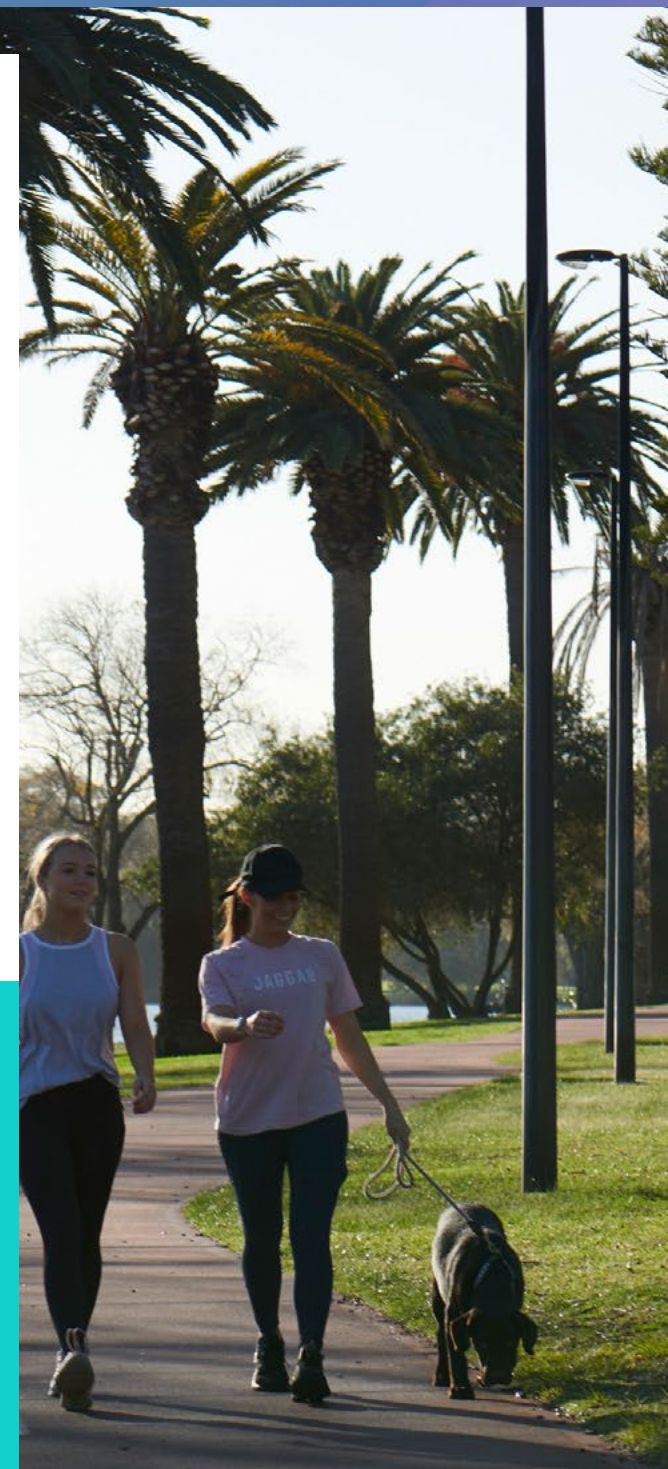
While the WAPC's policy requiring 10% Public Open Space (POS) is a well-established principle for sub-divisions in semi-urban areas, it is not appropriate when sub-divisions occur within areas in well-established precinct plans for example. However, it is being applied by some local governments to Built Strata sub-division as a cash-in-lieu requirement after DA approval and building permits, without a needs analysis or demonstrating how funds will be spent to increase POS in the area.

This is not protecting against POS loss or increasing provision necessarily and is resulting in project delays due to dispute resolution, and financial risks for developers. This is just one of several charges (e.g., contributions for public art, development contribution plan items, headworks, etc.) which add up and act as a barrier to / impact the viability of infill projects – which are supporting Government targets for a more compact and connected city.

The development industry is aligned and committed to working collaboratively to create more liveable, sustainable homes for decades to come.

Actions

- Through effective Government and industry collaboration, ensure the medium density code and Liveable Neighbourhoods policy are effective across all development settings, encourage innovation and meet housing affordability objectives.
- Ensure total charges imposed on built strata subdivision (e.g., Public Open Space cash-in-lieu requirements and public art contributions) are not a barrier to the provision infill development and affordable and diverse dwelling options.



Liveability – Key Priorities



Provide genuine opportunities for community to effectively engage in the housing response to Perth's population growth

Through the ambitious infill housing targets set by the Perth and Peel @3.5m regional frameworks and the roll out of METRONET, the State government has established a clear agenda around a more compact and connected city form.

However, to date the community has not effectively been taken on the 'journey' toward this more compact city, with many local community members resisting change and perhaps not clearly understanding the ultimate benefits of urban consolidation. It is important that as a broader community we all understand what the vision is for Perth's urban growth so that we can work toward that, together.

Therefore, to support the successful delivery of the State Government's policy aspirations, and to ensure positive outcomes for local communities, UDIA WA has identified the need for government and industry to work more collaboratively on community consultation, engagement, and education in this context.

A clear understanding within the community about the need to consolidate urban growth, deliver housing choice and maintain housing affordability can lead to greater acceptance of the changes and new development that is happening throughout the metropolitan area.

As a first step, UDIA WA has developed a Community Consultation, Education and Engagement Strategy that will aim to ensure the broader community understands the role of the development industry in delivering sustainable communities for the future.

We are also committed to supporting our members in their community engagement processes, through delivering tools and information that will assist them with meaningful community engagement. These items will complement any tools and information that the government has already produced, such as the DPLH Planning Engagement Toolkit.

Our goal is to share the information we gain through meaningful community engagement so that we can work with the State Government and relevant stakeholders toward a shared vision for Perth that the broader community also embraces.

This work will encourage and facilitate a more positive dialogue between stakeholders around planning for new and existing areas and deliver mutually beneficial development outcomes that will provide the diversity of housing needed for future generations.

Actions

- UDIA WA will develop a community engagement toolkit, supplementing the information provided by the Department of Planning, Lands and Heritage, to provide more targeted assistance to developers around effective engagement.
- UDIA WA will undertake a 'Map My Say' engagement project to understand residents' expectations around accommodating Perth's future population growth.



Environment

WA's natural environment is one of our greatest assets. Amongst the 8,000 plant species in WA's south-west, half are found nowhere else. As well as seeking to protect our natural assets, we will also seek to enhance and maximise our environment, helping to improve the health and well-being of our communities and grow the economy. The development industry is well placed to help achieve this with a collaborative approach in partnership with relevant Government agencies.

Despite the opportunities, the current regulatory approval process is complex and inefficient, with little coordination between government agencies. Land identified for development purposes by State Government is increasingly constrained by environmental and water availability considerations. This, together with the absence of a strategic

environmental and water decision making and approval framework, causes uncertainty and delays that significantly add to the cost of providing homes and land for other development purposes. The lack of a strategic framework and an effective off-sets framework also means that opportunities to enhance biodiversity and maximise carbon farming are missed.

Responding to climate change and taking proactive climate action is also a critical priority for future proofing our industry and our communities. Many of our members already have plans in place to transition towards net zero carbon emissions.

The Government's Low-Carbon Future Transition Plan identifies opportunities including the electrification of transport, maximising and better sharing common electricity infrastructure, reducing emissions from the built environment and carbon farming. With effective collaboration and the adoption of a regulatory framework that supports innovation, the development industry can accelerate the achievement of these goals. This must include industry involvement in the development of sectorial emission reduction strategies and adaptation planning by Government.

Strategic Goals

- Provide greater certainty regarding environmental and development outcomes for all stakeholders and ensure a balanced approach to support sustainable growth.
- Integrate and align environment, water and land use planning objectives and approval processes.
- Work towards ensuring the regulatory framework champions innovation, best practice and raised standards across industry.
- Promote greater understanding and action around the role and opportunities of the development industry in supporting carbon emission reduction and responding to climate change.

Environment – Key Priorities



Develop a planning-led approach to environmental decision-making

Land identified for development by the State Government is becoming increasingly constrained by a range of environmental considerations. The lowering of environmental assessment thresholds mean that certainty of development outcomes is rapidly diminishing, even for urban zoned land. Meanwhile, the piecemeal assessment of individual land use and development proposals provides little certainty of environmental outcomes and prevents opportunities for holistic environmental management responses. It also places significant strains on the state's offset framework, with the process of finding, assessing, and securing offsets increasingly slow and uncertain.

The aim of the Strategic Assessment of the Perth and Peel Regions (SAPPR) was to accommodate population growth and protect our environment. With the Government abandoning the SAPPR in December 2022, there remains an urgent need for an improved strategic, planning-led approach to environmental decision making.

This is crucial to appropriately balance environmental and land use outcomes, aligned with supporting government

endorsed strategies and policies to facilitate the timely delivery and affordability of crucial housing supply. This must also align with work around the establishment of a Federal Environmental Protection Agency and the environmental offsets reform.

Recent planning reform initiatives, as well as the recommendations coming out of the Department of Water and Environmental Regulation (DWER) Agency Capability Review aligned with Streamline WA, are a welcomed start to support greater collaboration and integration between DPLH, DWER and the WA Environmental Protection Authority.

However, only through a coordinated and collaborative strategic response to environmental assessments, developed with industry involvement, will we find a long term and productive solution to our environmental and housing supply challenges, and deliver more efficient and enhanced environmental, economic, and social outcomes. Opportunities also exist to streamline the environmental assessment and approvals processes in the interim to deliver quick wins in ensuring development-ready land supply.

Actions

- Work collaboratively with industry on a solution to streamline assessment and approval processes and provide greater certainty by ensuring a planning-led strategic environmental decision-making framework that appropriately balances environmental considerations and land use objectives.
- Reform the environmental offset framework and provide greater clarity to achieve more efficient and effective outcomes and to align with greenhouse gas emission offset requirements and Federal reforms.



Environment – Key Priorities



Develop a strategic water availability assessment framework

Water available for non-potable use is reducing and becoming increasingly variable. With future climate projections predicting decreased rainfall with longer and more severe droughts, and increasing demands from population growth, the security of water sources in Perth and across WA's south-western coast are increasingly at risk. Declining groundwater availability for such uses also creates risks for urban development and liveability.

In 2020, Perth and south-western coast water security was added to the Infrastructure Australia (IA) Infrastructure Priority List, recognising that this is an issue of national significance. It is imperative that a strategic water availability assessment framework feeds into work by the Department of Water and Environmental Regulation on a Stage 2 Assessment of potential investment options for submission to IA.

The efficient, trade, transfer and leasing of water licenses is important in managing our scarce water resources while facilitate development and the provision of crucial housing supply in fully allocated resource areas. There are currently challenges with this and an opportunity exists to review the process to ensure it is efficient and effective.

Without appropriate planning for these challenges and with allocations for groundwater no longer available in many of Perth's growth corridors, our communities could face severe water shortages or restrictions, as well as limited access to high quality public open / recreation spaces unless urgent action is taken.

Actions

- Develop a strategic water availability mapping and assessment framework across the Perth metropolitan area that balances short term water availability considerations against longer-term land use aspirations.
- Work collaboratively to undertake a process review, and implement recommendations, to facilitate the efficient trade and transfer of water licenses.



Environment – Key Priorities



Support industry in responding to climate change

Findings of the IPCC's Sixth Assessment Report (2021) indicate that emissions from human activities are responsible for approximately 1.1°C of warming since 1850–1900, and unless there are immediate, large-scale reductions in greenhouse gas emissions it will be impossible to limit warming to less than 1.5°C over the next 20 years. Equally concerning is the claim that if greenhouse gas emissions were reduced to zero immediately, warming will continue over the coming centuries and result in long-term changes in the climate system.

Significant changes to WA's climate over the last century and future predicted changes need consideration in urban development. The development of affordable, climate resilient housing is key. Significant changes to the development and built form industry are expected over the next 30 years as we move towards net zero. It is likely to affect all aspects of the industry, including construction, design, planning, and built form.

UDIA WA acknowledges climate change as a pressing global issue that presents challenges and opportunities for

the development industry. We are committed to working in collaboration with our members and stakeholders to respond to the challenges of climate change, while minimising the impact on housing affordability. Working together, our industry can create climate resilient developments and new and regenerated communities to enable thriving, sustainable places.

Government should work collaboratively with industry to ensure the Sectoral Emissions Reduction Strategies, and adaptation planning, is fit-for-purpose and brings industry on the journey. UDIA WA also has an important role to play in helping to inform, educate and advocate to support industry in responding to climate change.

Planning and risk management in regards to bushfire and flood prone areas must be cognisant of the implications of climate change, and ensure balanced outcomes to support the Government's plan to accommodate Perth and Peel's population growth.

Actions

- Work collaboratively with industry to ensure a fit-for-purpose Built Environment Sectoral Emissions Reduction Strategy, and for sectoral adaptation planning.
- UDIA WA will work collaboratively with Local Government and industry to support climate action, including identifying and advocating for a top 10 priority climate action lists for local government adoption and developing education materials/activities to assist members to transition into a low carbon, climate resilient economy.
- Ensure a fit-for-purpose bushfire and flood prone area planning and risk management framework.



Endnotes

- 1 ABS, March 2023. Cat. 6291 Labour Force, Australia. <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia-detailed/latest-release>. Estimation of indirect employment based on a multiplier from NHFIC, 2021. Building Jobs; How residential construction drives the economy. [Building jobs: How residential constructions drives the economy | The National Housing Finance & Investment Corporation \(NHFIC\)](#)
- 2 WA Department of Jobs, Tourism, Science and Innovation, April 2023. Western Australian Economic Profile – March 2023. <https://www.wa.gov.au/government/publications/western-australias-economy-and-international-trade>
- 3 WA Department of Treasury, 2022. Taxation Revenue Forecasts. 2021-22 Estimated Actuals. <https://www.wa.gov.au/system/files/2022-05/taxation-revenue-forecasts.pdf>
- 4 ABS, March 2023. Cat. 6354 Job Vacancies, Australia, February 2023. <https://www.abs.gov.au/statistics/labour/jobs/job-vacancies-australia/latest-release>
- 5 ABS, March 2023. Cat. 6354 Job Vacancies, Australia, February 2023 and UDIA WA analysis.
- 6 ABS, April 2023. Cat. 6427 Producer Price Indexes, Australia. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release#construction>
- 7 Reiwa.com rental vacancy rates, March 2023. <https://reiwa.com.au/the-wa-market/rental-vacancy-rates/>
- 8 WA State Budget 2022-23. <https://www.ourstatebudget.wa.gov.au/2022-23/economy-jobs.html>
- 9 UDIA Weekly Land Snapshot
- 10 ABS, April 2023. Building Approvals, Australia, February 2023. <https://www.abs.gov.au/statistics/industry/building-and-construction/building-approvals-australia/feb-2023>
- 11 Urbis, November 2022. Apartment Market Essentials.



For the
community
creators

Unit 26, Level 1
3 Wexford Street
SUBIACO WA 6008

T 08 9215 3400

E udia@udiawa.com.au

www.udiawa.com.au



UDIAWA



Urban Development Institute of Australia (WA)



UDIA_WA



udiawa

