

## DRAFT SECOND READING SPEECH

HON MICHAEL FERGUSON MP

### *BUILDING AND CONSTRUCTION (REGULATORY REFORM AMENDMENTS) BILL 2020*

*\*check Hansard for delivery\**

I move that the Bill now be read a second time.

Today I am pleased to have introduced the Building and Construction (Regulatory Reform Amendments) Bill 2020.

This Bill is a key part of our Government's response and recovery to the COVID-19 disease emergency.

It will help manage and mitigate the significant impact this pandemic has, and is having on our businesses, our community and our economy.

One of the key drivers of our economy prior to COVID-19 was the building and construction industry which was operating at record levels across the state.

The Tasmanian building and construction industry employs over 20 000 people and the multiplier effect is even greater when you take into account its impact on associated employers such as hardware stores, whitegoods retailers and even local coffee shops, which are all dependent on a robust construction industry.

COVID-19 has the potential to decimate the industry moving forward unless we take appropriate actions to support the industry and all those it employs and the families it supports.

The Premier has made it clear that Tasmania will "build our way out from the coronavirus" and the economic crisis it has caused and has flagged the biggest infrastructure spend in the state's history.

By working together, we will rebuild what has been lost, we will strengthen our community and we will recover our economic prosperity.

Projects like affordable housing, maintenance on schools, new buildings, regional roads, bridges and dams will be the focus of the Government's plans.

In our Infrastructure Budget last year our Government had already invested a record \$3.7 billion in infrastructure over the next four years.

This year we are looking to accelerate a numbers of projects as part of the Government's already large infrastructure spend.

In fact, as a proportion of total expenditure, infrastructure spending has almost doubled from around 7 per cent in 2014 to almost 12 per cent in the 2018-19 financial year.

We know that we need to increase spending on public projects to compensate for the inevitable downturn that the private sector is facing, which is why we are doing more.

Recent HIA economic forecasts last week show the private sector is hurting and predict a 40 per cent decline in housing in 2020-21 financial year.

The Master Builders have also predicted very large downturns in the Commercial Sector.

The Australian Institute of Architects, who are in effect the canary in the coal mine as to the future pipeline of construction work, have also voiced their concerns.

A recently conducted survey of members reported over 30 per cent of their members had been significantly affected by COVID19 and another 60 per cent had been somewhat affected.

These construction predictors cannot be ignored and we are ready to act.

But it is not enough to simply throw money at the problem and hope we get a result.

It is not enough for the government alone to do the heavy lifting.

We need to work together to rebuild our state.

We need support at all levels of government – federal, state and local government.

Importantly, we need to foster an environment that encourages private investment in the state and creates more jobs.

We all need to do more, work harder and make changes.

Madam Speaker, this Bill is the start of regulatory refinements that will assist a construction led recovery in this state.

We need to have a permit and approval process that is fit for purpose.

We need to ensure there is confidence of investment in building and constructing infrastructure without unnecessary delays in assessment and approvals processes.

We need to remove burdens on small building businesses around new housing projects and ensure that applications no longer take months to pass through an antiquated or uncertain assessment and approvals processes.

In the past, anomalies and delays have arisen from a poor coordination of processes across various regulatory bodies and have for some reason remained in place.

The additional costs they create are equivalent to an unnecessary impost on development and the uncertainty around the processes unnecessarily jeopardises investment confidence.

Let me be clear, this Bill does not remove either a single permit or layer of regulatory scrutiny from the process.

What this Bill seeks to do is to:

- Introduce timeframes for permit decisions that are currently not subject to any statutory timeframe;
- Shorten timeframes for some minor processing decisions; and
- Allow permit decisions to be made concurrently with electricity and water and sewerage utilities, rather than sequentially, which again reduces unnecessary delays.

If we, collectively, are going spend billions of dollars building houses, schools; factories, offices, bridges and roads, then we need a permit and approval system that is fit for purpose.

The current system permit and approval system is in some areas patchy with many stages of the approval process lacking any timeframes or coordination with other authorities, such as electricity and water and sewerage utilities.

The delays and frustrations associated with the current system are well known to all of us in this house, they are well known by any mum and dad that has tried to build a home or even a carport or shed.

Any number of small businesses wanting to undertake a development will vouch for how hard it is.

In its 2018 report titled "Removing the Regulatory Handbrake", the Property Council cited several steps as being needed in Tasmania to increase housing supply.

The Government is addressing those steps along with others suggested by other industry bodies such as the Housing Industry Association, Master Builders Tasmania and the Tasmanian Chamber of Commerce and Industry.

In progressing on this regulatory reform, the Office of the Coordinator General has overseen extensive stakeholder engagement inviting 65 stakeholders from building firms; local councils, LGAT, Industry Associations, regulators and the utility providers to participate in this process.

22 written submissions were received and 40 one-on-one meetings were conducted.

More recently, my office has also been in detailed discussions with key stakeholders such as LGAT, TasNetworks and TasWater about this particular Bill.

Moving forward, the Government has established an Interdepartmental Committee overseen by the Department of Premier and Cabinet to work through additional reforms that we have planned and that will ensure we have a regulatory framework that is fit for purpose in supporting the COVID19 economic recovery.

I will now turn to the Bill in more detail.

### Minor Amendments to Planning Permits

Minor Amendments to planning permits are relatively common.

The need for such an application often arises when the proponent moves from concept to detailed design.

While there is no statistical data available to quantify assessments, as there are no regulated timeframes, evidence from stakeholders points to lengthy timeframes of up to three months.

There have been instances where proponents have chosen to resubmit a new planning application, as it has a timeframe affixed to it, rather than submit a minor amendment, where no timeframe exists and presents significant uncertainty on when the project can commence.

It is our view planning authorities should be able to process a minor amendment in a lesser time period than it took to consider the original planning permit as whole.

To this end we recommend amending the Land Use Planning and Approvals Act 1993 (LUPAA) to provide for a 28 day period to assess and determine minor amendment applications.

This is consistent with the timeframe applied to permitted applications.

### Requests for Further Information

One of the most significant delays in the assessment and determination of planning applications is the requests for further information process.

Local government data shows the total number planning applications for which there were further information requests is between a quarter and a third of all applications across the state.

Currently under LUPAA permit authorities have up to 14 days to consider whether information that has been provided in relation to a request for further information satisfies that request.

We propose to amend LUPAA to reduce the timeframe for advising whether a further information request has been satisfied from 14 days to 5 working days.

This reduction in timeframe will provide the proponents with an earlier indication as to whether the request by the Permit Authority has been satisfied and allow them to get on with the next stages of their development.

Additionally, in specifying business days, rather than calendar days, we are excluding public holidays and weekends from this period, which had not been previously excluded.

### Valid Permit Test

Industry stakeholders have raised concerns that delays in issuing an invoice can hold up the assessment of an otherwise valid application.

To address this issue and allow certainty around when the clock starts on assessing a planning application, we propose to amend LUPAA to stipulate a four day period in which the planning authority must advise the applicant of the fee payable.

If the Council fails to meet this timeframe, the application becomes valid and the assessments period is deemed to commence on the fifth day following lodgement.

Importantly, a Council will still be able to invoice the proponent after the four day period.

### *TasNetworks and TasWater Reforms*

The Government has been working with TasNetworks and TasWater to embed their service standards in Regulations.

This is probably one of the most important provisions of this bill and one we know has been welcomed with open arms by the building and construction industry.

By regulating timeframes for the entire design approval and post approval process, it means that clear and measurable standards can be established for the industry and the regulators alike.

This will provide transparency and accountability for all involved and most importantly it will provide certainty in the time it takes for new connections.

This Bill will also provide for TasNetworks to be incorporated into the planning permit process, allowing them to engage with proponents much earlier in the approval framework.

This will provide them with the opportunity to work through the complex process of electrical approvals at the same time as working through their planning, building and plumbing approvals, not afterwards, as has commonly been the case.

Providing for a concurrent approval process will provide immediate benefits to a range of projects where additional electrical loads are proposed for the network and it can take a long time to provide the necessary infrastructure upgrades.

This Bill is the first tranche of an overall package that will transform the current approval process.

There is nothing fundamentally wrong with our approval system, but there are lots of identified gaps that are letting it down.

By incrementally improving the system in a very targeted way we can maintain the robust checks and balances that we already have, but improve upon its efficacy and timeliness.

We can achieve the best of both worlds, which is what I believe Tasmanians deserve.

I commend the Bill to the House.