

# REGULATORY IMPACT STATEMENT

## ***Subdivision (Registrar's Fees) (Amendment) Regulations 2007***

This Regulatory Impact Statement has been prepared to facilitate public discussion on the proposed amendment to the *Subdivision (Registrar's Fees) Regulations 2004*.

The proposed regulations are provided as an attachment to this RIS.

Public comments and submissions are invited on the proposed regulations in response to information provided in the RIS.

All submissions will be treated as public documents.

All comments must be in writing and must be received by 5 pm on Monday, 7 May 2007 via email or at the following address:

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# **REGULATORY IMPACT STATEMENT**

## ***Subdivision (Registrar's Fees) (Amendment) Regulations 2007***

**Prepared in March 2007 by Land Victoria, Department of Sustainability and Environment**

This Regulatory Impact Statement has been prepared in accordance with the requirements of the *Subordinate Legislation Act 1994*. Its purpose is to inform interested parties regarding the amendment of subdivision registration fees.

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# Executive Summary

The State Government has identified opportunities to improve the way planning and subdivision applications are processed in Victoria.

SPEAR (Streamlined Planning through Electronic Applications and Referrals) is a new system which streamlines the planning and subdivision process. It provides for electronic lodgement and delivery of all permit applications and other documents needed to enable better, faster, less labour-intensive and cheaper compliance with planning and subdivisional requirements. The State Government has spent \$11 million in developing SPEAR, which is now operational in its pilot phase. Substantial savings to the development community will flow from SPEAR once it is fully operational. However for SPEAR to remain operational and reap those benefits, financial resources are needed.

Therefore the primary objective of the Subdivision (Registrar's Fees) (Amendment) Regulations 2007 is to raise subdivision fees to efficiently recover the operating costs of the SPEAR system and thereby ensure that SPEAR is funded by its customers rather than by general revenue. This will ensure the continuance of the SPEAR system so that Victoria's planning and subdivision processes can be streamlined and the cost savings identified in this Regulatory Impact Statement (RIS) can be achieved.

Government's annual cost to operate SPEAR is approximately \$2.57 million (which is \$16.3 million over the seven year life span of the Regulations using a 3.5 per cent discount rate). SPEAR will provide savings to land developers, surveyors, councils and referral authorities in the form of reduced operating costs (some \$15 million) and reduced holding costs arising from SPEAR generated efficiencies. It is estimated that these efficiencies will reduce land holding costs by reducing holding time by one month; a saving to developers and ultimately to the community in general estimated to be worth between \$26 million and \$80 million annually (which equates to between \$165 million and \$506 million over the life of the regulations using a 3.5 per cent discount rate). In total, it is conservatively estimated that SPEAR will realise savings of at least \$40 million and up to \$95 million per annum when fully utilised.

Land Victoria (LV) administers the SPEAR system. It also administers the Torrens system for registration of all interests of land, including subdivisions and consolidations, within Victoria. LV requires funding to operate the SPEAR system. It has considered a number of options, both regulatory and non-regulatory for obtaining the required funds. One option is to fund SPEAR through general revenue, a course that was considered to be an inappropriate impost on the community in general and one that is at variance with the government's cost recovery principles. A further alternative was to charge councils or other SPEAR users a participation fee. If this approach were taken, considerable time and effort would be needed to devise an administrative strategy firstly for councils or other users to collect the fees from their customers, and secondly for LV to recover them from councils (79 of them) or other users. This would be likely to require further legislation and would add an unnecessary bureaucratic layer. As well, an additional fee would reduce the rate of sign-on of councils and/or users.

Ultimately LV has determined the most appropriate option for funding SPEAR is to increase registration fees payable on plans of subdivision and consolidation. This option maintains a uniform increase across the market and is the most efficient to implement. Therefore the primary benefit of the Statutory Rules is that they are an efficient mechanism to charge users a fee to support the SPEAR system.

The changes to the fee structure for registration of plans of subdivision and consolidation are illustrated in the following table. A more detailed description is in Chapter 3.

<b>Registration fee</b>	<b>Current fees</b>	<b>Proposed fees</b>
Base plan fee non-survey	\$420.30	\$550
Plan fee with survey	\$630.50	\$820
Fee per lot in excess of two	\$ 89.30	\$120

Through this Regulatory Impact Statement, the government is seeking feedback from stakeholders and the public on the regulations.

Submissions from stakeholders and the public might address:

- Is an online subdivision system like SPEAR desirable?
- Do you think it is an issue if SPEAR does not continue?
- If SPEAR continues, who should pay for such a system?
- Are the funding options considered in this Regulatory Impact Statement the most effective and efficient?
- Is the preferred funding option the best?
- Do you have comments on the preferred fee structure?
- Do you have comments on the cost model identified for running SPEAR particularly with regard to the need for a reliable and available system for users against the cost of providing such a service?
- Do you agree with the benefits for SPEAR detailed in this Regulatory Impact Statement?
- Are there benefits from SPEAR that are not identified?
- Do you agree with the impacts of the Statutory Rules identified in this Regulatory Impact Statement?

Any other relevant issues can be raised.

# 1. What is the issue/problem to be addressed?

## KEY POINTS

- The State Government has identified opportunities for improving the way planning and subdivision applications are processed.
- SPEAR streamlines the planning and subdivision process. It provides for online lodgement and delivery of all permit applications and other documents needed to obtain approval of plans of subdivision or consolidation of land in Victoria. It enables better, faster, less labour-intensive and cheaper compliance with planning requirements in Victoria.
- A SPEAR pilot is operational and efficiencies are evident. For example, a 59-page subdivision took three weeks to reach council's municipal 'decisions pending' stage instead of three months. Referral authorities responded in two days instead of two weeks.
- SPEAR will assist the Victorian Government to achieve its objective of improving the efficiency of Victoria's planning and subdivision processes.

## 1.1 Background

Land Victoria (LV) is responsible for administering, among other things, the registration of plans of subdivision under the *Subdivision Act 1988*. The process leading to plan registration involves several interdependent parties:

- ♦ **land owners** who seek to develop the land (developers)
- ♦ **surveyors** who the landowners employ to prepare and lodge the plan
- ♦ **councils** which assess the merits of the planning permit application and the proposed plan
- ♦ **referral authorities** (such as the Victorian water authorities and the service organisations for telecommunications, gas and electricity) who decide whether they require easements or other matters to be incorporated into the plan, and
- ♦ **Land Victoria** which examines the plan for survey accuracy, registers the plan and creates folios for new lots created.

Communication between all of these parties currently occurs largely by post. This means the process of plan approval takes far longer than it should, and leaves the parties, particularly developers and surveyors, frustrated about delays and uncertain what stage in the process their application has reached.

Any delay in obtaining planning permission and subdivision approval is costly. In the first instance, the cost falls on developers. Delays mean a longer development phase and either payment of more interest on borrowed funds, or loss of developers' own capital. This leads to higher housing prices as the developers recoup their costs from the ultimate house and land purchaser.

In August 2003 the State Government expressed concerns over delays inherent in current planning and subdivision processes in its *Better Decisions Faster* Discussion Paper. In April 2004 the State Government committed \$3.1 million to implementing a number of the *Better Decisions Faster* initiatives in *Victoria: Leading the Way*.

## 1.2 How SPEAR will assist in achieving a more efficient planning system

SPEAR (Streamlined Planning through Electronic Applications and Referrals) is a system to automate and manage the planning, subdivision and referral process in a more efficient way. It allows for online lodgement and transmission of planning permit applications, subdivision plans and all associated communications (including objections). It provides online status of the progress of every application in the SPEAR system, alleviating the frustration and resource intensiveness of telephone calls to ascertain progress. Each of the parties will access SPEAR via the Internet allowing use of the SPEAR system, which is hosted on Land Victoria infrastructure.

The process introduced by SPEAR will assist the government to achieve its objective to streamline the planning and subdivision process. SPEAR directly addresses two of the problems identified in the *Better Decisions Faster* Discussion Paper. Firstly, SPEAR will not accept incomplete applications (*Better Decisions Faster* identified that 90 per cent of all permit applications are incomplete). This will save a great deal of time for councils, whose employees will no longer have to check and re-check poorly prepared applications. Secondly, SPEAR replaces postal delivery with online delivery of all development documentation – including plans. SPEAR cannot make ‘the decision’ on planning proposals, however it generates processing efficiencies that should amount to a time saving of up to six weeks once SPEAR is fully utilised. SPEAR also aligns with the Terms of Reference in the State Government’s *Streamlining the Planning Permit Process*<sup>1</sup> initiative, by promoting innovation and best practice by local government and working with local government to examine ideas and opportunities for improving the operation of the Victorian planning system.

The government has several complementary projects for improving land administration and the way Victorians are able to do business. These are:

**Electronic Conveyancing:** provides for electronic signing and transmission of all registrable conveyancing documents (these interchanges have traditionally been by mail) and facilitates electronic ‘final’ settlement of conveyances (traditionally occurring in person with manual exchange of cheques and documents).

**Vendor Statement Certificates Online:** facilitates the identification, ordering, processing and delivery of vendor statement certificates electronically, thereby reducing turnaround times and cost of certificate production.

**Crown Land Status Online:** provides online access to Crown Land Status and automates the end-to-end process of obtaining Crown land status information.

A SPEAR pilot is in place covering nine local councils, 37 referral authorities and 70 surveyors. The pilot has been very well received, especially by the referral authorities. The case study extracted below shows the efficiencies to be gained from SPEAR.

### Case Study: SPEAR PILOT OPERATION

The first subdivision processed by SPEAR (468 lots) had 59 pages in the application. In the paper world, 15 copies (885 pages) were required by the municipality and would have necessitated hand delivery. With SPEAR the applicant only needed to send one electronic file and saved considerable time in document preparation. The relevant council dealt with the application a few hours after receiving it and the information was available for the public to view on the SPEAR search facility. It took only three weeks for the application to reach the council ‘Decision Pending’ stage, which previously would have taken about three months. Council received responses from referral authorities in two days – this usually takes up to two weeks.

<sup>1</sup> *Streamlining the Planning Permit process - Summary* November 2005, Department of Sustainability and Environment ([www.dse.vic.gov.au](http://www.dse.vic.gov.au))

### 1.3 Detriment if SPEAR does not continue

In order to properly assess the detriment if SPEAR does not continue it is necessary to briefly consider the savings that are achievable if SPEAR does continue.

The savings from SPEAR fall into three categories -

**Firstly**, there are savings in land holding costs to the degree that the process allows an acceleration of the transition time between which raw land is converted to a finished land/dwelling package. These savings accrue to developers.

**Secondly**, there are savings in ongoing administration costs that the various parties; councils, surveyors and referral authorities, would make. These savings are normally described as 'paper burden' cost savings. These include the reduction in resources covering a host of matters ranging from manual answering of queries to preparing paper documents that SPEAR now allows to be undertaken online.

The **third** set of benefits is qualitative rather than quantitative. It consists of a group of key benefits that arise from using SPEAR but which cannot be quantified; for example, transparency, document security and ease of use.

In total, it is estimated that SPEAR will realise savings of at least \$40 million and up to \$95 million per annum. These savings will be realised when SPEAR is fully utilised. The savings accrue to developers, councils, surveyors, referral authorities and the Victorian economy generally. The division of savings between these different entities is dealt with fully in Chapter 4.

None of the savings identified can be achieved if SPEAR does not proceed. Indeed, the labour-intensiveness of paper processing would eventually lead to higher costs for participants in Victoria's housing market. Reliance on the paper system would also leave Victoria with an outdated and increasingly high-cost approach to subdivision approval and registration.

### 1.4 Why the market will not supply SPEAR

It is unlikely that a private sector provider would supply SPEAR for the following reasons:

- ♦ LV has a central and trusted role in the subdivision process. As the monopoly provider of title registration services, LV has long-established relationships with other statutory monopolies, including those that have a key stake in the SPEAR system and its development (councils, referral authorities, surveyors). A private sector provider would need to start afresh in establishing the trust and acceptance of stakeholders before addressing the critical issue of SPEAR take-up (which is essential to its success).
- ♦ A cost benefit analysis of SPEAR from a private sector viewpoint would also suggest participation by the private sector is unlikely. LV recognises that SPEAR will not provide it with initial savings, but it also recognises that SPEAR has the potential to provide benefits of \$15 million per year directly to stakeholders and up to \$95 million per annum to the Victorian economy. It is also a key element in the State Government's drive to create a more efficient planning system. Duties to shareholders mean that private sector providers cannot take such an altruistic approach.

Another possible supplier of SPEAR might be one of Victoria's 79 local councils. Like LV, councils would have the advantage of being trusted providers. But they have a disadvantage in that the 79 councils are separate entities. It is unlikely that a single council would agree to provide SPEAR when early benefits (before full take-up) to the *individual* council concerned would be negligible.

### 1.5 Conclusion – the issue/problem to be addressed

The SPEAR system is one of a number of measures put in place by the State Government to improve planning and subdivision processes. In the subdivision process, SPEAR will generate direct savings of \$15 million per annum to surveyors, referral authorities and councils. Estimated overall savings to the Victorian economy are in the range of \$40 million to \$95 million per annum. SPEAR will also generate numerous benefits that cannot be quantified, but which are significant. For example, users can track the entire progress of an application online, and make objections online. Qualitative benefits are outlined in more detail in Table E.

Operating the SPEAR system will cost LV \$2.57 million per annum and \$16.3 million over the seven year life span of the Regulations (3.5 per cent discount rate). SPEAR is not initially expected to impact on current LV processes to deliver internal savings and there are no transaction fees for using SPEAR. Therefore, the current release of SPEAR will not generate revenue to finance its operation. LV therefore does not have a revenue stream to operate SPEAR.

The issue to be addressed in this Regulatory Impact Statement is therefore how to achieve funding for the future operation of SPEAR.

## 2. Objectives

### KEY POINTS

- ♦ The *Transfer of Land Act 1958* and *Subdivision Act 1988* provide power to the Registrar of Titles to establish an electronic lodgement network. SPEAR is such a network.
- ♦ Government policy is to streamline planning and subdivision processes by removing inefficiencies. SPEAR will help to achieve this objective.
- ♦ The desired objective of this regulation is primarily to efficiently recover the operating costs of the SPEAR system and thereby ensure that SPEAR is funded by its customers rather than by general revenue. This will ensure the continuance of the SPEAR system so that Victoria's planning and subdivision processes can be made more efficient and the cost savings identified in this Regulatory Impact Statement can be achieved.

### 2.1 Subdivision Act and Transfer of Land Act objectives

The *Subdivision Act 1988* and the *Transfer of Land Act 1958* are to be read as one Act (see section 97(1) *Transfer of Land Act 1958*).

The purposes of the *Subdivision Act 1988* include setting out 'the procedure for the subdivision and consolidation of land, including buildings and airspace'. The purpose of the *Transfer of Land (Electronic Transactions) Act 2004* (which was recently incorporated into the *Transfer of Land Act 1958*) is 'to amend the *Transfer of Land Act 1958* to provide for the lodgement and registration of electronic instruments'.

Together these objectives allow for the Registrar of Titles to develop an electronic system for the processing and lodgement of plans of subdivision and consolidation. In support of these objectives, the *Transfer of Land Act 1958* gives the Registrar of Titles power to provide an 'electronic lodgement network' through which electronic instruments may be processed and ultimately lodged for registration.

SPEAR is an electronic lodgement network, which will facilitate a better, cheaper and faster subdivision approval process.

### 2.2 Desired outcome of the regulation proposal

Councils indicate that it can take up to 77 weeks<sup>2</sup> from submission of an Application for a Planning Permit to approval of the plan of subdivision or consolidation. Government policy is to streamline the planning process to remove inefficiencies.

The SPEAR system will reduce the time taken to process applications and reduce the call on resources in local government and referral authorities to answer queries as to the progression of individual permit and subdivision applications. In time, reductions in costs will also be seen as the surveyors, councils and the referral authorities make economies in their handling of the processes. Savings are identified in Chapter 4.

The desired outcome of prescribing increased fees for registration of plans of subdivision and consolidation by LV is primarily to provide financial resources to LV to operate the SPEAR system and thereby ensure that SPEAR is funded by its customers rather than by general revenue. This will ensure the continuance of the SPEAR system so that Victoria's planning system can be made more efficient and the cost savings identified in this Regulatory Impact Statement can be achieved.

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<sup>2</sup> Opticon Consulting Report *Benefits to Industry of SPEAR Release 1.0* February 16 2006, p.11

### **2.3 Objective of the proposed statutory rule**

The objective of the Subdivision (Registrar's Fees) (Amendment) Regulations 2007 is to amend the *Subdivision (Registrar's Fees) Regulations 2004* to efficiently recover the operating costs of the SPEAR system by increasing the fees payable for the registration of certain plans lodged with LV under the *Subdivision Act 1988* from 1 July 2007. The plans that will be subject to increased fees are plans of subdivision, plans of consolidation and plans creating varying or removing easements. For ease of reference these plans are hereafter referred to as 'plans of subdivision'.

## 3. Proposal description

### KEY POINTS

- The proposed increase in LV registration fees payable on plans of subdivision will produce revenue of \$2.57 million per annum, which will permit LV to operate the SPEAR system and achieve efficiencies in the Victorian planning system and cost savings for users and developers.
- The group affected by the proposal is property developers.
- LV statistics indicate that 80 per cent of all plans of subdivision and consolidation consist of five lots or less. For these subdivisions Victorian fees after the increase will still be less expensive than New South Wales and South Australia.

### 3.1 Introduction

There are numerous parties involved in the process of planning and subdivision approval. At a minimum, there is a developer, a surveyor, the council, on average eight referral authorities and LV. Documents are delivered between these parties largely by post. As a result, the process of plan approval and registration takes far longer than it should, and leaves the parties, particularly the developer and the surveyor, unsure what stage in the process the plan has reached and frustrated by delays.

SPEAR automates and manages the subdivision application and referral process. It allows for online lodgement, transmission and tracking of planning permit applications, plans of subdivision and all associated documents and communications (including objections). It will reduce the inefficiencies in Victoria's planning system.

### 3.2 Funding for SPEAR

Appendix 1 provides an estimate of LV's current costs to operate the SPEAR system. These total \$2.57 million per annum.

The SPEAR process is a 'front end' to the registration procedures of LV and therefore SPEAR will not afford immediate savings to LV or generate additional revenue for LV. LV has already put a considerable investment into the development of SPEAR and further allocations from general taxation would not be an efficient means of covering costs. It is therefore proposed to increase LV's statutory fees to provide the revenue needed to operate the SPEAR system.

LV has analysed projected ongoing costs for SPEAR for the period of the regulations. This analysis concluded that the profile of the SPEAR costs would change through the SPEAR implementation. This is as a result of the focus moving from municipal and surveyor take-up rates to maintaining all the new users in SPEAR and to endeavoring to migrate municipal use from their use of the existing web interface (A2P) capability to the application-to-application (A2A) interface. The anticipated changes are documented in Appendix 1. It is anticipated that the new resourcing, which is needed to meet these changes, will be able to be met from the documented cost model. If the further development of SPEAR is accelerated beyond the current plans of LV, then either the government will allocate sufficient capital funds to allow this to happen or a further RIS will be developed.

SPEAR has been designed to deal with other development approval applications other than subdivision applications, for example, planning permits and building permits. At this stage, there are no firm plans to extend SPEAR to include these. Therefore, the costs of developing SPEAR to include them and expanding the infrastructure to support them are not considered in this Regulatory Impact Statement. Any plans to do so will need to analyse the relative costs of supporting subdivision applications against the additional costs of new application types and may need to review the level of fees charged under these Regulations.

LV levies statutory fees for the registration of a variety of land related instruments pursuant to its powers to do so contained in the *Transfer of Land Act 1958* and the *Subdivision Act 1988*. Statutory fees are already in place for the registration of plans of subdivision; see *Subdivision (Registrar's Fees) Regulations 2004*. These fees do not cover the costs incurred by councils in processing subdivision applications. These are recovered under separate Statutory Rules.

These fees remained the same from 1993 until 2004. The fees during that period consisted of a base fee of \$333 per plan, plus an additional per lot fee of \$120 for each lot created in excess of four. In 2004, the fees contained in the *Subdivision (Registrar's Fees) Regulations 1993* were all reviewed as part of the process of remaking the sunseting regulations. This review revealed that, overall, the fees charged recovered only about 80 per cent of costs. The *Subdivision (Registrar's Fees) Regulations 2004* therefore contained a revised fee structure which more closely matched revenue and costs across the range of subdivision lot sizes. The 2004 regulations introduced for the first time a differential between the fee payable for a plan without survey (base fee) and the fee payable for a plan 'with survey'. The extra cost reflected the average amount of extra work required to be performed when a survey-based plan was lodged as opposed to a non-survey plan. A plan lodged with survey requires a full survey title re-establishment. This predominantly mathematical action can add anything between an hour and a few days to the examination process.

In 2005 and 2006 the fees contained in the *Subdivision (Registrar's Fees) Regulations 2004* were automatically indexed. The proposed *Subdivision (Registrars Fees) (Amendment) Regulations 2007* increase the fees in the *Subdivision (Registrar's Fees) Regulations 2004* as follows:<sup>3</sup>

- ♦ in Items 1, 2(a), 2(b), 3, 4, 13, 15, 19, 21, 24, 25 and 29 the fee on registration of a non-survey plan **increases** from \$420.30 to \$550.00;
- ♦ in Items 1, 2(a), 2(b), 3, 13, 15, 21, 24, 25 and 29 the differential between non-survey and survey based plans **increases** from \$210.20 to \$270 (so the total fee payable on a survey based plan is \$820); and
- ♦ in Items 1, 2(a), 2(b), 4, 5, 13, 15, 19, 20, 24 and 29 the 'per lot' fee **increases** from \$89.30 after the first two lots to \$120 after the first two lots.

**Table A – Changes to LV fees on registration of Plans of Subdivision 1993-2007**

Registration fee	1993	2004	2006 Automatic Indexation	2007
Base plan fee non-survey	\$333	\$400	\$420.30	\$550
Plan fee with survey	\$333	\$600	\$630.50	\$820
Additional fee per lot (after first 2 lots)	\$120 <sup>4</sup>	\$ 85	\$ 89.30	\$120

The fees introduced in 2004 reflected the cost of providing registration services for paper plans of subdivision. It is not suggested that the cost of registering paper plans has changed significantly since 2004. Rather, LV is operating the SPEAR system and additional costs arise out of doing so.

The increased registration fees are set at a level designed to raise sufficient revenue for the operation of SPEAR. The revenue impact on a range of subdivision sizes is summarised in Appendix 3.

<sup>3</sup> The proposed *Subdivision (Registrars Fees) (Amendment) Regulations 2007* also re-insert Item 9 into the Regulations. This item was included in the 1993 regulations but was inadvertently omitted when the regulations were re-made in 2004.

<sup>4</sup> The additional lot fee was originally imposed after the first four lots, see *Subdivision (Registrar's Fees) Regulations 1993*.

The increased fees will allow SPEAR to continue to operate and develop while maintaining the neutral cost outcome of the operations of LV.

### 3.3 Who will be affected by the fee increase

The proximate effect of the fee increases will be on land developers, who will incur higher charges that are likely to be passed on to the final customer (overwhelmingly the buyers of new dwellings). Between 2001-02 and 2005-06 annual subdivisions registered at LV averaged 8200. More than half of the subdivisions registered in 2005 were for two lots and could be inferred to be from small businesses or individuals. However, all applicants, and more particularly larger developers, would make considerable cost savings, most of which, if the forces of competition are adequate, will be passed on to the final customer. These savings would more than offset the fee increase.

The purpose of the fee increases is, as already stated, to ensure the continuance of the SPEAR system. It is recognised that individual fees should, in general, be closely aligned with service provision costs, just as global fees revenue and costs of provision should be aligned. However, practical considerations can mean there are limits to the extent to which such exact matching can and should occur. In this case it is clear that LV's customers who do not initially embrace SPEAR will be paying an increased registration fee for little benefit. However, the alternative of recovering all SPEAR costs from SPEAR users would mean SPEAR would not achieve sufficient take-up levels to bring about the efficiencies and cost savings in the planning process that the Victorian Government wishes to achieve. This issue is canvassed more fully in Chapter 7, where alternative options are considered.

Despite the inexact matching of individual fees with costs, the proposed fee increase maintains the alignment between global fees revenue and costs.

### 3.4 Interstate comparisons

We have compared Victoria's proposed new fees with the fees currently imposed in other Australian jurisdictions<sup>5</sup> - see Table C on page 15. Table C reveals that:

- for plans with five lots or less, Victoria will be cheaper than New South Wales and South Australia but more expensive than the other jurisdictions. **Eighty per cent of Victoria's plans contain five lots or less;**
- for subdivisions containing 10 lots, Victoria's charges will be roughly equal to those of New South Wales and South Australia, but more expensive than the other jurisdictions; and
- for subdivisions containing 50 lots or more, Victoria will be the most expensive jurisdiction. **Only two per cent of Victoria's plans contain 50 or more lots.**

#### Typical 'all inclusive' plan fees

In Victoria, the fee charged to register a plan of subdivision is 'all inclusive'. No extra charges are levied if easements (whether private or in gross) or restrictive covenants are created or if the plan creates common property or a body corporate. Other jurisdictions levy additional charges. These are illustrated below for a five-lot 'strata' plan with a private easement and a restrictive covenant. When these extras are taken into account, Victoria's charges are lower than those of New South Wales, South Australia and Northern Territory and are close to those of the smaller jurisdictions, with only Western Australia being substantially cheaper.

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<sup>5</sup> It was not possible to include the Australian Capital Territory in the analysis. It operates on a leasehold system rather than a freehold system and imposes additional fees to vary existing leases before a subdivision may be effected. Comparison was therefore impossible. This comparison was valid at June 2006.

**Table B – Comparison of Victorian and interstate fees on typical five-lot plan**

	<b>Vic</b>	<b>NSW</b>	<b>SA</b>	<b>NT</b>	<b>Qld</b>	<b>Tas</b>	<b>WA</b>
Standard fee	\$1180	\$1234.50	\$1199	\$ 15	\$546.20	\$757.50	\$418
Additional charges	NIL	\$ 154.50 <sup>6</sup>	\$ 919 <sup>7</sup>	\$ 250 <sup>8</sup>	\$324.90 <sup>9</sup>	\$181.00 <sup>10</sup>	\$ 80 <sup>11</sup>
<b>Total fee</b>	<b>\$1180</b>	<b>\$1389.00<sup>12</sup></b>	<b>\$2118</b>	<b>\$1165</b>	<b>\$871.10</b>	<b>\$938.50</b>	<b>\$498</b>

The fees payable in Western Australia are noticeably lower than those of the other jurisdictions. These fees are a reflection of Western Australia's pioneering work on automating the plan examination process. Western Australia has a digital map base, which is almost entirely survey accurate. Western Australia can therefore receive plans in digital form, automatically perform survey checks, automatically examine the plan, automatically update the Torrens register and then automatically update the mapbase. Victoria still performs these tasks manually. Hence, the cost of plan registration in Victoria is higher.

As the number of plans lodged through SPEAR increases over the next few years, Victoria will be able to automate some of the examination processes currently done manually. When there are reductions in LV administrative and operating costs, the proposed fee levels will be reviewed. To date Victoria has chosen to work on the 'front end' of plan processes. However the LV business plan for 2007-08 is expected to include proposals to commence 'back end' automation of processes in the manner of Western Australia.

<sup>6</sup> \$77.25 for easement; \$77.25 for restrictive covenant.

<sup>7</sup> RTC fee is payable in lieu of RTU fee (extra \$164) because a 'transaction' exists (explanation note 14). Because the plan is a 'strata' (community division) a boundary plan must be prepared and filed before the community division (\$654 examination fee and \$101 filing fee).

<sup>8</sup> The Northern Territory Land Titles Office charges a higher registration fee on plans creating units (\$255 in lieu of \$90) plus \$85 to create common property folio.

<sup>9</sup> Queensland charges \$108.30 to register each instrument (easement, restrictive covenant, Community Scheme).

<sup>10</sup> In strata developments Tasmania charges \$90.50 for each creation of easements or restrictive covenant.

<sup>11</sup> Western Australia charges \$80 to register restrictive covenants.

<sup>12</sup> This is a minimum fee as it does not include extra examination fees (\$51.50 per ¼ over 4 hours) or extra fees 'per page' if the plan exceeds 4 pages (extra \$77.25 per page).

**Table C – Comparative subdivision registration fees - Victoria and other Australian jurisdictions**

Description of plan	Victoria	New South Wales <sup>13</sup>	South Australia <sup>14</sup>	Northern Territory <sup>15</sup>	Queensland	Tasmania	Western Australia
2 lots no survey	\$ 550	\$ 987.60	\$ 647	\$ 540	\$ 353.60	\$ 606.00	\$ 274
2 lots with survey	\$ 820	\$ 987.60	\$1022 <sup>16</sup>	\$ 540	\$ 353.60	\$ 606.00	\$ 274
5 lots	\$1180	\$1234.50	\$1199	\$ 915	\$ 546.20	\$ 757.50	\$ 418
10 lots	\$1780	\$1646.00	\$1494	\$1540	\$ 867.20	\$1010.00	\$ 658
25 lots	\$3580	\$2880.50	\$2379	\$3415	\$1830.20	\$1767.50	\$1378
50 lots	\$6580	\$4938.00	\$3854	\$6450	\$3435.20	\$3030.00	\$2578

<sup>13</sup> The fees shown for New South Wales are **minimum** fees. Additional fees are payable on plans with more than four pages (\$77.25 per page) and plans which take longer than four hours examination time (\$51.50 per extra ¼ hour). Additional fees are also payable if easements or restrictive covenants are created on the plan (\$77.25 each); *NSW Conveyancing (General Regulations) 2003*.

<sup>14</sup> South Australian plans of subdivision attract two different lodgement fees. *Applications for deposit of a plan of division without transactions (RTU)* are typically broadacre developments of land owned by one registered proprietor; simple 'divisions' without any changes in ownership interest which attract a lower fee. *RTCs (Applications with transactions)* usually involve lots owned by different registered proprietors, who choose to realign boundaries. RTCs attract a higher fee as they not only realign parcellation but also effect any internal changes of ownership of the realigned parcels. Lodgements of RTUs and RTCs in South Australia are roughly equal in number, however in Victoria our plans are typically of the RTU kind. To achieve equivalence we have used the lower RTU fee to calculate South Australia's registration fees.

<sup>15</sup> In NT plans are examined for survey accuracy by the Dept of Planning and Infrastructure (DPI) and subsequently lodged for registration at the Land Titles Office (LTO). Separate fees are charged by DPI and LTO. Victoria's registration fee encompasses both examination and registration. To achieve equivalence, we have totalled the DPI and LTO fees.

<sup>16</sup> South Australia accepts plans of five lots or less without a survey. However 80 per cent of South Australian plans require a survey. We have therefore calculated the five lot fee using the higher 'survey' examination fee.

### **3.5 Monitoring efficiency and effectiveness of the proposal**

LV has monitored its service level improvements over many years. In the past 14 years, the time taken to register a plan of subdivision within LV has been reduced from six weeks to seven days. It is anticipated that SPEAR will improve the subdivision approval process to such an extent that time taken for the plan to reach the LV registration stage will also reduce considerably.

The Victorian Online Title System (VOTS) contains details of every plan lodged and every new lot created from those plans. It interoperates with the SPEAR system and provides accurate data to LV to enable it to monitor the efficiency and effectiveness of the SPEAR system, including:

- ♦ number of plans lodged in any period
- ♦ percentage of those plans that are SPEAR plans
- ♦ time taken from permit stage to plan registration for SPEAR plans (compared to non-SPEAR plans)
- ♦ number of plans lodged into the SPEAR system by particular surveyors and councils, and
- ♦ any other matters relevant to determining whether SPEAR is operating efficiently and effectively.

### **3.6 Legislative basis for the proposal**

These fees regulations are made under the powers conferred by Section 43 of the *Subdivision Act 1988* and sections 97(1) and 120 of the *Transfer of Land Act 1958*. Specifically:

- ♦ Section 43(1)(j) of the *Subdivision Act 1988* authorises the Registrar to prescribe fees for anything done under the *Subdivision Act 1988*;
- ♦ Section 97(1) of the *Transfer of Land Act 1958* provides that the *Transfer of Land Act 1958* and the *Subdivision Act 1988* are to be read as one Act;
- ♦ Section 120(2)(a) of the *Transfer of Land Act 1958* permits the making of regulations for or with respect to the fees, charges and expenses recoverable by the Registrar in the administration of the Act; and
- ♦ Section 120(2)(c) of the *Transfer of Land Act 1958* permits the making of regulations for or with respect to the amount to be paid to lodge an instrument or document for registration.

### **3.7 Enforcement**

Registration fees on plans of subdivision are paid to LV at the time of plan lodgement. The plan will not be accepted for lodgement unless the full fee is paid. There is therefore no need for statutory or other enforcement mechanisms for this proposal.

### **3.8 Efficiency of method of collection**

It is recognised that individual fees should, in general, be closely aligned with service provision costs, just as global fees revenue and costs of provision should be aligned.

In this proposal, individual fees do not align exactly with the cost of provision of the service, because some of the developers who will pay the higher fee will not initially use SPEAR so will obtain no direct benefit. We consider alternative methods of collection of the required revenue in Chapter 7. One method considered was to require councils to pay a SPEAR participation fee, given that they will generate economies from effective participation in the SPEAR system.

However, on analysis, practical considerations meant that this was an inefficient method of collection. It would require 79 councils to deliver fees to LV, and to create their own administrative mechanism to recover these fees (probably by further regulation). In this case, the administrative burden of creating a system for collection and delivery of the revenue by councils to LV unduly increases complexity. A direct collection by LV from its subdivision customers is more efficient.

As already indicated, despite the inexact matching of individual fees with costs, the proposed fee increase maintains the alignment between LV's global fees revenue and LV's costs.

## 4. Costs and benefits of the proposal

### KEY POINTS

- The total cost of the proposal is \$2.57 million per annum.
- The primary benefit of the Statutory Rules is that they allow for the efficient recovery of the operating costs of the SPEAR system from those that directly benefit from it.
- Benefits from SPEAR to developers (who will bear the proximate cost of the proposal) are estimated at between \$26 million to \$80 million per annum.
- SPEAR benefits also accrue to surveyors, councils and referral authorities. These consist of both quantitative and qualitative benefits. Those that can be quantified amount to \$14 million - \$15 million per annum across these SPEAR users.
- Overall SPEAR benefits to the economy of between \$40 million and \$95 million can be achieved.

### 4.1 Base case – abandon SPEAR

A SPEAR pilot is currently operating with nine local councils, 37 referral authorities, 70 surveyors and LV all participating. The pilot operation of the system might appear to be the 'base case' however without funds LV cannot operate SPEAR in any form, whether pilot or otherwise. Hence, the position if these regulations are not made is that SPEAR would be abandoned. Accordingly, the base case is considered to be the abandonment of SPEAR.

The advantages and disadvantages of the base case (abandoning SPEAR) are identified in Appendix 2 'Advantages and disadvantages of SPEAR options'.

### 4.2 Total costs of proposal

#### (a) Cost to developers (increased registration fees)

These Statutory Rules will impose increased costs on developers. Assuming the property market remains constant; LV expects to register about 8,200 plans per annum. The proposed increase in registration fees across these 8,200 plans will bring revenue of approximately \$2.57 million per annum.

Given that costs are most efficiently and equitably recovered by a direct charge on users, LV explored numerous costing models to reach the required revenue target. Ultimately, LV narrowed the costing models to the three described in Chapter 7. The costing model chosen is Option 3(c). It envisages an increased 'per plan' cost and an increased cost 'per lot' after the first two lots. This model means an increase in fees paid per plan – whether paper or electronic - of between 30 per cent (two lots with survey) and 34 per cent (30 or more lots).

#### (b) Cost to surveyors and councils (digital certificates)

Surveyors and councils are not affected by these Statutory Rules. However, to use SPEAR, councils and referral authorities will incur the cost of acquiring digital signing certificates. Referral authorities do not need a digital certificate. Estimated costs based on full take-up of SPEAR are detailed below.

There are no increased transaction costs incurred by the applicant or LV in collecting or processing the fees from these Statutory Rules as they are an increase not a new fee.

In summary, the total increased cost imposed by the Statutory Rules on developers is \$2.57 million per annum. SPEAR costs for all councils and surveyors to have access to SPEAR are estimated at \$100,000. Individually, the typical cost of SPEAR access to councils and surveyors is \$300 - \$400. This latter cost arises from the need for councils and surveyors to acquire digital signing certificates, which are issued by an authorised provider.

## COST OF DIGITAL CERTIFICATES<sup>17</sup>

	Council	Surveyor
Administrative officer	\$ 200	\$ 200
Second signing officer	\$ 100	\$ 100
Third signing officer	\$ 100	N/A
<b>Typical cost per council or surveyor</b>	<b>\$ 400</b>	<b>\$ 300</b>
<b>Total for all councils and surveyors<sup>18</sup></b>	<b>\$28,000</b>	<b>\$75,000</b>

### 4.3 Summary of benefits

The primary benefit of the Statutory Rules is that they allow for the efficient recovery of the operating costs of the SPEAR system from those that directly benefit from it and ensure its ongoing viability. The Rules increase the fees charged for the registration of subdivision applications in LV.

By ensuring the continued operation of the SPEAR system, substantial benefits accrue to developers, councils, surveyors and referral authorities. The benefits of SPEAR fall into three categories. Firstly, there are savings in land holding costs to the degree that the process allows an acceleration of the transition time between which raw land is converted to a finished land/dwelling package. These savings accrue to developers.

Secondly, there are savings in ongoing administration costs that the various parties; councils, surveyors and referral authorities, would make. These savings are normally described as 'paper burden' cost savings. These include the reduction in resources covering a host of matters ranging from manually answering queries to preparing paper documents that this system now allows to be undertaken online.

The third set of benefits is qualitative rather than quantitative. It consists of a group of key benefits that arise from using SPEAR but which cannot be quantified; for example, transparency and security.

It must be stressed that all such savings are based on the eventual total take-up of the electronic system. While SPEAR will streamline the subdivision approval process, it will not automate the decision making process. Savings estimates assume that the time taken to make the actual decision remains as it is today. If it takes longer, savings will reduce. Conversely, a faster 'decision' will increase savings. A sensitivity analysis is performed later in this chapter to ascertain what percentage of savings will be made if full take-up is not achieved.

The quantifiable benefits to each stakeholder group are detailed in paragraphs 4.4 (a) - (e) below and summarised in Table D. However, additional to these benefits are those that cannot be easily quantified. These are contained at the end of this chapter in Table E. Finally, assumptions underpinning Opticon's 2006 Report are outlined in Appendix 4.

### 4.4 Quantifiable benefits

#### (a) Developers reduced holding costs

SPEAR will provide a more efficient Victorian planning system, which will reduce the amount of time developers wait between applying for a permit and obtaining plan registration. This reduction in 'holding time' will reduce interest paid by developers on loan monies borrowed to develop the land.

<sup>17</sup> Cost is an estimate based on current charges by digital certificate providers.

<sup>18</sup> Calculations based on remaining 70 councils and approximately 250 remaining surveyors.

In 2000 the Municipal Association of Victoria estimated that a one-month reduction in the average time to process planning permits would save the development sector (in year 2000 dollars) approximately \$150 million per annum<sup>19</sup>. However this benefit applied to the full SPEAR project (subdivisions; planning permits and building permits) so does not accurately represent the benefit from Release 1 dealing with subdivisions. On the other hand, it is likely to be conservative in terms of aggregate savings statewide.

In 2003, Opticon Australia projected that the streamlining in the approval process due to SPEAR could reduce the average time to process planning permits by four weeks. In 2006, Opticon revised this estimate upward to six weeks. Opticon assessed the benefit to developers of this reduction in holding time at \$3.45 million per annum<sup>20</sup>. However, this is a conservative figure as it was based on a total value of subdivision sales of \$505 million. This appears an underestimate of this value when compared with the Valuer-General's figure of \$3 billion just for 'Vacant House Block' in Victoria in 2002. While not directly comparable (as these vacant blocks are not all newly subdivided) the latter figure does not include the value of any 'house and land packages' that were developed in 2002, which we consider would add significantly to the value of subdivision sales.

Given the issues in reconciling this part of the Opticon analysis, in 2006 a review of SPEAR benefits was commissioned from Dr Alan Moran. Dr Moran found that if one month's holding time was saved by SPEAR, this would permanently reduce the number of properties it is necessary to have in the development process at any one time. Based on ABS data<sup>21</sup>, Dr Moran found that there is a benefit to the Victorian economy of an estimated \$26 million to \$80 million per annum because of these lower 'stock' levels<sup>22</sup>. The higher figure is based on the saving if the whole house and land package is affected by the improved stock flow. The lower figure represents a saving in just the serviced land component. In the absence of detailed information on the process of building and its management between different stages, it is difficult to determine where between these two estimates that the real gain actually resides. It is also difficult to estimate what proportionate share the different parties – consumers, developers, builders, etc, would ultimately gain. It is expected that developers will benefit significantly from these savings but it is normal in a competitive market that the bulk of such gains are eventually made by the consumer.

The ABS data on which Dr Moran's assessment was based only takes into account residential lots on which dwellings and apartments were constructed in the relevant period (less than 40,000 lots). LV data shows that subdivisions containing more than 60,000 lots were approved in that period. The holding cost savings estimated by Dr Moran do not take account of these other lots and are therefore probably conservative although investigations have shown that most of the extra lots are ones that will not be built on because they are, for example, accessory lots.

**(b) Surveyors/applicants - process efficiencies**

The surveyors have a central role in the approval process. They prepare the proposed plan of subdivision and act as the agent of the developer in making the application for plan approval.

Surveyors benefit primarily through administrative and processing efficiencies. Some but not all of these efficiencies can be translated into dollar terms.

<sup>19</sup> Local Government-Integrated Online Service Delivery Strategy and Implementation Plan, Electronic Trading Concepts, July 2000, referenced in the Appraisal Report for Property Online produced by Deloitte Touche Tohmatsu, March 2001 for Land Victoria.

<sup>20</sup> Assume that 80 per cent of this is borrowed (\$404 million) at 7 per cent pa - \$28.2 million interest per year.

<sup>21</sup> Dr Moran's calculations assume an interest rate of 7% to fund subdivisions and are based on the following data from 2005 from ABS 8731 and HIA:

	Melbourne		Rest of Victoria		Total value (\$M)
	Number	Land value (\$M)	Number	Land value (\$M)	
New houses	19,650	\$ 3,144	10,350	\$ 981	\$ 4,125
New other dwellings	7,830	\$ 313	670	\$ 16	\$ 329
Total	27,480	\$ 3,457	11,020	\$ 997	\$ 4,454
Total land/ house package		\$10,305		\$3,415	\$13,719

<sup>22</sup> 'Annualising the Capital Cost Savings from SPEAR', Dr Alan Moran, February 2006

Opticon Australia, in its report dated 16 February 2006 (which updated its 2003 Report and is hereafter referred to as 'Opticon's 2006 Report') valued the administrative and process savings (such as reduced data entry, reduced time wastage on telephone calls to track application progress, reduced photocopying etc) at approximately \$6 million per annum.

In more general terms, Opticon estimated that as a result of using SPEAR:

- ♦ surveyors' productivity would improve by 34 per cent; and
- ♦ applications handled per Full Time Employee would increase by 34 per cent.

**(c) Councils - process efficiencies**

Councils are responsible for approving permit applications and certifying the subdivisions that are authorised by those permits. It is important to note that a council's decision-making process is not impacted by SPEAR. SPEAR allows fast and accurate transmission of all the information needed to make a decision, however SPEAR does not make the decision.

The current paper-based system for subdivision approval operates inefficiently. Opticon's 2006 Report indicated that:

- ♦ in the worst cases, 60 telephone calls are made between stakeholders while processing plans of subdivision. It is expected that participation in SPEAR will halve that number;
- ♦ 25 per cent of council officers' time is spent on the telephone, responding to applicants' queries about application status. It is expected that participation in SPEAR will reduce that time by half to 12.5 per cent; and
- ♦ councils require between three and 20 copies of the plan per application. Under SPEAR, one electronic copy is received, which can be distributed as required for processing and certification.

Opticon's 2006 Report quantified the processing and administration savings made by councils as a result of SPEAR at approximately \$4.5 million per annum.

In more general terms, Opticon estimated that as a result of using SPEAR:

- ♦ councils' productivity would improve by 50 per cent; and
- ♦ applications handled per Full Time Employee would increase by 34 per cent.

The council fees for processing subdivision applications are set by separate regulations. The administrative efficiencies accruing to councils from SPEAR will be reflected in these fees over time as they would decrease when they are reviewed in a Regulatory Impact Study process.

**(d) Referral authorities – process savings**

For every plan of subdivision there are usually eight or more referral authorities that need to see and approve the plan. The transmission of the plan to and from referral authorities by mail is slow and tedious. SPEAR enables online transmission of all relevant documents between councils, referral authorities and applicants, which will greatly enhance efficiency.

Opticon's 2006 Report quantified the processing and administration savings made by referral authorities as a result of SPEAR at approximately \$4.1 million per annum.

In more general terms, Opticon estimated that as a result of using SPEAR:

- ♦ referral authorities' productivity would improve by 34 per cent; and
- ♦ applications handled per Full Time Employee would increase by 50 per cent.

**(e) Benefits to government**

In terms of government, benefits are qualitative rather than quantitative, and even the qualitative benefits are unlikely to be significant until a wide adoption of the electronic system allows for efficiency savings. This is because the electronic and traditional system will need to be run in parallel for the foreseeable future. The processing areas that will see savings eventually include:

- ♦ mail rooms and the internal distribution of paper applications

- ♦ telephone queries about the status of applications
- ♦ copying of applications for temporary storage and further processing
- ♦ permanent storage of paper copies of applications and approval signatures
- ♦ council officials seeking to verify through personal interchange the status of particular applications online, and
- ♦ errors due to faulty data transcription that will be avoided.

The majority of SPEAR benefits are to be found outside of State Government and will impact surveyors (applicants), councils and referral authorities.

**TABLE D: SUMMARY OF QUANTIFIABLE COSTS AND BENEFITS ARISING FROM SPEAR**

Stakeholder	Savings from SPEAR (\$M per annum)
Applicants / surveyors	\$ 6.0
Councils	\$ 4.5
Referral authorities	\$ 4.1
Land Victoria	Nil
Developers and the Victorian economy	\$26 – \$80 <sup>23</sup>
Total quantifiable benefits	\$40.6 - \$94.6

#### 4.5 Comparison of costs and benefits

##### Net Present Value (NPV) of SPEAR

Various scenarios were developed for SPEAR take-up rates against which the annual savings were assessed. Given the experience of Land Victoria operating the SPEAR pilot and, more recently, working to extend take-up beyond the pilot to all surveyors, councils and referral authorities, Scenario 2 is considered the most probable.

Percentage adoption of SPEAR				
End of financial year	Scenario 1	Scenario 2	Scenario 3	Scenario 4
2007–08	100	20	15	10
2008–09	100	70	50	30
2009–10	100	85	60	50
2010–11	100	95	70	60
2011–12	100	95	80	75
2012–13	100	95	85	80
2013–14	100	95	85	80

<sup>23</sup> Dr Moran's estimated savings arising from reduced holding time (based on ABS housing figures) have been allocated to the Victorian economy as a whole based on his assessment that the saving should ultimately accrue to the consumer rather than the developer.

The NPV calculation for SPEAR has set the costs at \$2.57 million per annum, which equates to \$16.3 million over the life of the Regulations (at a 3.5 per cent discount rate). The annual benefits identified in Table D have been used in a pro rata manner for the NPV calculation based on the scenarios for SPEAR take-up detailed above.

The net savings based on different rates of take-up of the electronic system and using a conservative life of seven years (corresponding with the intended duration of the regulations as proposed) offers the following results:

Scenario	Land holding savings at \$26m per annum <sup>24</sup>		Land holding savings at \$80m per annum <sup>25</sup>	
	npv 3.5%	npv 7%	npv 3.5%	npv 7%
<b>Scenario 1</b>	\$233 million	\$205 million	\$563 million	\$496 million
<b>2</b>	\$134 million	\$116 million	\$435 million	\$376 million
<b>3</b>	\$110 million	\$ 96 million	\$344 million	\$295 million
<b>4</b>	\$ 97 million	\$ 84 million	\$293 million	\$250 million

In summary, the costs associated with SPEAR fall on developers and amount to \$2.57 million per annum. The annual benefits to be gained in lower holding costs (initially accruing to developers) and in administration savings are conservatively estimated at between \$40 million and \$95 million.

Even with the most conservative method of netting out the costs and benefits, the net benefit is more than \$80 million over seven years. It is expected that the actual net benefit accruing will be several times this amount.

<sup>24</sup> These estimates take into account the potential \$26 million in land holding savings per annum as well as the \$14.6 million per annum in administrative and operating costs savings that accrue to surveyors, councils and referral authorities (see Table D).

<sup>25</sup> These estimates take into account the potential \$80 million in land holding savings per annum as well as the \$14.6 million per annum in administrative and operating costs savings that accrue to surveyors, councils and referral authorities (see Table D).

**TABLE E - QUALITATIVE BENEFITS OF SPEAR**

Nature of benefit	Public	Developers	Surveyors	Councils	Referral authorities	LV
<b>Improved quality</b>						
Incomplete applications not possible through SPEAR so immediately notified rather than waiting for mail notification (estimated 90 per cent permit applications submitted are incomplete)		✓	✓	✓		
Data standards in place to ensure plans and other diagrams conform with stakeholder requirements		✓	✓	✓	✓	✓
SPEAR sends automatic prompts to users to supply relevant documents at appropriate times		✓	✓	✓	✓	✓
SPEAR sends automatic updates to users as plan progresses toward approval						
Seamless integration with State Government databases (Victorian Online Title System, LANDATA®, Survey Marks Enquiry Service, VicMap)			✓			✓
<b>Cost reductions</b>						
Reduced data entry of application data			✓	✓	✓	✓
<b>Transparency</b>						
Able to view progress of any application in Victoria at any time – saves telephone calls and frustration	✓	✓	✓	✓	✓	✓
Handles entire life-cycle of application ('cradle to grave')		✓	✓	✓	✓	✓
<b>Increased security</b>						
Digital certificates provide confidence to all parties			✓	✓	✓	✓
Users always view current version of a document	✓	✓	✓	✓	✓	✓
<b>Convenience</b>						
Can start using immediately – only need Internet browser	✓		✓	✓	✓	
Caters for all organisation – irrespective of IT readiness			✓	✓	✓	
All parties notified whenever an application is updated – for example if a new version of plan added	✓		✓	✓	✓	
<b>Faster turnaround times</b>						
...resulting from electronic delivery of documents			✓	✓	✓	✓
...since more time available for examination				✓	✓	
...due to reduced administrative effort				✓	✓	

## 5. Impact on small business

### KEY POINTS

- Small developers and smaller surveying businesses will need to apply modern technology though this is unlikely to be onerous.
- Smaller developments undertaken by smaller businesses are likely to be more highly valued on a per lot basis than larger developments and therefore bring greater gains.
- The increased level of subdivision fees will not impose a barrier to entry for developers as these fees are an extremely small proportion of the cost of developing a subdivision allotment.

The development sector comprises small and large businesses. Most suburban two to five lot subdivisions are developed by small-scale developers whereas the large-scale multi-storey developments common in the inner city and the 'greenfields' subdivisions common on the suburban fringe are often developed by large-scale developers. All subdivisions must be registered at LV so both small and large development businesses are affected by the proposal.

### 5.1 Burden on small business

The increased level of subdivision fees will not impose a barrier to entry for developers. These increased fees are an extremely small proportion of the total cost of developing a subdivision allotment, which are, on average, \$40,000 per allotment in Victoria.

It is usual that smaller subdivisions are lodged by small business while the large 'greenfields' sites tend to be developed by larger businesses. The option LV has identified as the 'preferred option' for increasing fees in Chapter 7 (option 3(c)(iii)) spreads the fee increase almost evenly across all development sizes. So, for example, a two lot subdivision will increase in fees by 31 per cent while a 60 lot subdivision will increase by 34 per cent. Therefore, there is no obvious disadvantage to small developers beyond that suffered by larger developers.

However, economies of scale may mean that small developers make a lower net profit from developing land than larger developers. The higher registration fees would reduce this profit further whereas larger businesses would be better able to absorb the added expense. In a normal competitive environment expenses like the higher registration fee would be passed onto the final consumer and the burden on small business would appear to be minimal. However, the relative compliance burden for small businesses of moving to a paperless environment may be greater initially than that of a larger business. If a penalty were to be imposed for the lodgement of a paper subdivision application, this could mean the smaller developers might be disadvantaged. However, the preferred option proposes to increase fees for SPEAR and non-SPEAR lodgements equally.

As small businesses have fewer resources to 'chase up' applications and are usually involved in smaller subdivisions, it might be expected that they would receive a lesser priority from councils in expediting approvals. However, councils maintain that they deal with applications in the order of lodgement.

### 5.2 Benefit to small business

In one respect, smaller developers might be expected to benefit more from SPEAR than larger developers. This is because the latter concentrate on broad-acre developments largely on the periphery of the urban area, whereas smaller developers are much more involved in 'densification' activities, particularly the conversion of a lot with a single dwelling into a lot with two dwellings. Being located in the inner areas, these conversions of one lot into two lots are more valuable than the average development on the periphery. Therefore, the holding cost savings identified when SPEAR speeds up the approval process will be relatively more valuable to the smaller developer than the broad-acre developer.

## 6. Assessment of competition impacts

### KEY POINTS

- The competition impacts are negligible.
- Some participants will obtain benefits as a result of quickly adapting to reap the efficiencies of SPEAR but there are no barriers to entry created nor are more costs imposed on some classes of forms than others.

There are no restrictions or inhibitions on competition from the proposal. By facilitating the ability to review where proposals stand in the planning process, the proposal makes it easier for new suppliers to enter the business. However, it is likely that all such suppliers would use independent surveying businesses as their agents and these businesses specialise in navigating the planning process.

## 7. Assessment against alternative options

### KEY POINTS

Options (including non-regulatory alternatives) are to:

1. proceed with SPEAR and fund its operation internally
2. fund SPEAR by charging councils a participation fee
3. proceed with SPEAR and fund its operation through increased registration fees on plans of subdivision

The preferred option is 3.

Methods for accomplishing the preferred option:

- (a) increase registration fees for only SPEAR customers
- (b) increase fees for only non-SPEAR customers, or
- (c) increase fees for SPEAR and non-SPEAR users

The preferred method is (c).

Fee structures to accomplish Option 3(c) are:

- i. increasing only the 'per plan' fee, or
- ii. increasing only the 'per lot' fee, or
- iii. increasing both the 'per plan' fee and the 'per lot' fee

The preferred fee structure is iii.

### 7.1 Introduction

The primary objective of these Statutory Rules is to raise subdivision fees to provide resources to LV to operate the SPEAR system and thereby ensure that SPEAR is funded by its customers rather than by general revenue. This will ensure the continuance of the SPEAR system so that Victoria's planning and subdivision processes can be streamlined and the cost savings identified in this Regulatory Impact Statement (RIS) can be achieved.

### 7.2 Options for achieving the objectives

In this chapter options for achieving the objectives are examined in detail, and compared against the base case of abandoning SPEAR (identified in Chapter 4) by way of a balanced scorecard approach. The options are as follows:

1. proceed with SPEAR but fund its operation internally
2. fund SPEAR by charging councils a participation fee, or
3. proceed with SPEAR and fund its operation through increased fees.

Further detail on the advantages and disadvantages of the base case and these options can be found at Appendix 2.

#### BASE CASE - Abandon SPEAR

In Chapter 4 we identified why abandoning the SPEAR project would inevitably result should the regulations supported by this RIS did not proceed. The impacts of abandoning SPEAR include:

- ♦ a saving to government of \$2.57 million per annum (but noting the government has already invested \$11 million developing SPEAR)

- ♦ the failure to meet the government's policy objective to streamline planning processes throughout Victoria and cut red tape. In February 2006 the government reiterated its intentions to support electronic processing of planning applications<sup>26</sup>.
- ♦ retention of outmoded and time-consuming planning practices
- ♦ discarding an electronic system that has proved successful in pilot production and which has capacity to handle ALL Victorian planning and building permit applications electronically
- ♦ denying stakeholders and the broader community anticipated efficiencies and financial benefits.

### **OPTION 1 - Proceed with SPEAR and fund its operation internally**

In the private sector new technology has occasionally been distributed at very low or even zero cost to achieve critical mass. Examples are Acrobat and Google. Theoretically SPEAR could be distributed in the same way – i.e. no increased registration fees so a zero cost to users. This would be feasible if LV had a source of funds from which to operate SPEAR. Unlike private companies, who derive income from their enterprises to finance technological expansion, LV receives no direct income that can be re-directed in this way. It relies on a specific budget allocation that at this time does not cover the operating expenses of SPEAR.

Any attempt to operate SPEAR without recouping the cost would force LV to reallocate funds from its core function, which is to maintain the integrity of the Torrens system of land registration in Victoria. This is an inappropriate outcome.

### **OPTION 2 - Fund SPEAR by charging councils a participation fee**

An alternative option to internal funding of SPEAR is to seek that the councils, who will eventually make economies from its use, pay a participation fee. This approach would ensure that the operating costs of the SPEAR system could be recovered by levying a participation fee on councils that make use of the system. It would be expected that councils would subsequently pass on this additional cost through increased fees to their customers.

If this approach were taken, considerable time and effort would be necessary to devise an administrative strategy firstly for council to collect the fees from its customers, and secondly for LV to recover the fees collected by council. This approach would require the duplication of administrative systems for recovering fees and would probably involve further legislation and/or regulation. Given the large number of councils that exist with varying levels of resources, it is likely that different mechanisms for recovering fees would be adopted. This approach will add an unnecessary bureaucratic layer. It may lead to inconsistencies in the way fees are recovered from local council customers and could delay the input of funding into the SPEAR system.

For these reasons, this approach is considered inappropriate.

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<sup>26</sup> At the COAG meeting of 10 February 2006, the Victorian Government and other Governments agreed to press forward with reforms and improved systems in this areas. Heads of Government agreed to Decision 5.9:

*COAG will request the Local Government and Planning Ministers' Council to:*

*(a) recommend and implement strategies to encourage each jurisdiction to:-*

*(i) systematically review its local government development assessment legislation, policies and objectives to ensure that they remain relevant, effective, efficiently administered, and consistent across the jurisdiction, and*

*(ii) ensure that referrals are limited only to agencies with a statutory role relevant to the application and that referral agencies specify their requirements in advance and comply with clear response times;*

*(b) facilitate trials of electronic processing of development applications and adoption through Electronic Development Assessment; and*

*(c) report back to COAG on progress and recommended options for streamlining legislation by end 2006.*

### **OPTION 3 Proceed with SPEAR and fund its operation through increased fees**

Option 3 proposes to operate SPEAR using revenue raised from increased LV lodging fees; specifically, the lodging fees payable on plans of subdivision. This option aligns most closely with the government's cost-for-service policy, as people with the opportunity to use SPEAR (land developers) will pay for it, rather than funding coming from general revenue.

The revenue generated from the increased fees will allow optimal development of the SPEAR system, which will encourage uptake and ultimately produce savings to SPEAR users (councils, referral authorities and surveyors) and to subdividers. It avoids the need to try to fund SPEAR through LV's internal budget allocations.

Option 3 aligns more closely than any other option with the objectives set out earlier in this Regulatory Impact Statement. The base case would not achieve the objectives, as it would entail abandoning SPEAR altogether. Option 1 would mean SPEAR would operate sub-optimally due to lack of funding and ultimately be abandoned; and Option 2 would mean delays in providing funding for SPEAR which would jeopardise the take-up and efficiency of the system.

The preferred option is Option 3.

### **7.3 Comparison of options – balanced scorecard**

The primary objective of the Subdivision (Registrar's Fees) (Amendment) Regulations 2007 is to efficiently recover the operating costs of the SPEAR system by increasing the fees payable for the registration of certain plans lodged with LV under the *Subdivision Act 1988* from 1 July 2007. This means that SPEAR will be funded by its customers rather than by general revenue. This will ensure the continuance of the SPEAR system so that Victoria's planning and subdivision processes can be streamlined and the cost savings identified in this Regulatory Impact Statement can be achieved. While fully recovering the operating costs of the SPEAR system is important, it is equally important that these fees be recovered in an efficient and equitable manner and that the administrative costs of recovering these fees is minimised.

In order to assess which of the options identified in this chapter best meets the objectives, a balanced scorecard approach has been applied. The three criteria are linked to the objectives as follows:

<b>Criteria</b>	<b>Linked to...</b>	<b>Weighting</b>
1. Fully recover the operating costs of the SPEAR system so that Land Victoria can continue to operate the SPEAR system in an efficient manner	Primary objective	33.3%
2. Minimise the administrative costs of recovering fees	Primary objective	33.3%
3. Equitably recover costs from those that directly benefit from the SPEAR system	Primary objective	33.3%

Equal weighting has been assigned to each of the criteria based on government policy for efficiently obtaining, processing, storing and providing access to the agency's information and doing so in ways that meet government requirements to efficiently recover the costs of government services from those that directly benefit from the provision of those services.

Based on this assessment of the identified options, a score (-10 to +10) is given to each of the options against the three criteria. The scores for each identified option are summed to provide an estimate of the highest ranking option. The scorecard is presented in Table F below.

**TABLE F – BALANCED SCORECARD FOR FUNDING OPTIONS**

	<b>Base Case (abandon SPEAR)</b>	<b>1. Proceed with SPEAR and fund its operation internally</b>	<b>2. Fund SPEAR by charging councils a participation fee</b>	<b>3. Proceed with SPEAR and fund its operation through increased fees</b>
	Score	Score	Score	Score
1. Recover SPEAR operating costs	0	-10	+10	+10
2. Minimise costs of recovery	0	+10	-10	+10
3. Equitably recover costs	0	-5	+5	+10
<b>TOTAL</b>	<b>0</b>	<b>-5</b>	<b>+5</b>	<b>+30</b>

Options 2 and 3 fully satisfy Criterion 1 to fully recover the operating costs of SPEAR but the base case and option 1 do not provide any additional resources to LV. Options 1 and 3 fully satisfy Criterion 2 as the current system for collecting subdivision fees in LV is very efficient. Option 2 however, is extremely inefficient as it requires 79 councils to collect a new fee.

Option 3 fully satisfies Criterion 3 as operating costs will be collected from the developers, who are the major beneficiaries of the SPEAR system. (While surveyors, councils and referral authorities will make immediate savings if they adopt SPEAR, in the medium and longer term these savings are expected to pass to the developers as the surveying industry is extremely competitive and the fees charged by councils and referral authorities are levied on a cost recovery basis.) Option 2 partially satisfies the criterion as councils benefit from using SPEAR. Option 1 would mean SPEAR is funded by the taxpayer some of whom will benefit from SPEAR if they deal with the property industry.

Variants of the preferred option were also considered. These involved different charging approaches (viz. a common surcharge per plan and a common surcharge per lot<sup>27</sup>). These variants were ranked marginally less favourably than the preferred option.

## **7.4 Methods for achieving the preferred option**

The preferred option is Option 3 – increasing LV registration fees on plans of subdivision. However, a question arises as to which LV customers should be required to pay the higher prices. Should only SPEAR customers pay the premium, or should only traditional ‘paper’ lodgements attract the premium? Or, should the additional revenue be raised by spreading more moderate increases across both SPEAR and non-SPEAR customers? Potential fee increases for each alternative are presented in Table G on page 33. The advantages and disadvantages of each alternative are examined below.

### **(a) Increase registration fees for only SPEAR customers**

Although this alternative is the most cost reflective, and appears to be the most equitable to the parties concerned, it would jeopardise SPEAR take-up and almost certainly ensure that SPEAR failed to reach critical mass. Further, it would not raise sufficient revenue to cover LV’s costs, at least initially, and would amount to a penalty levied on firms that embraced the use of modern IT systems of communications. Therefore the option of only increasing registration fees for SPEAR users is not appropriate.

### **(b) Increase fees for only non-SPEAR customers**

This option is not cost reflective, and amounts to non-SPEAR users subsidising SPEAR users. However, it does create an incentive to use SPEAR, generating the savings and efficiencies that have been identified in earlier chapters as flowing from SPEAR once it is fully utilised. The approach might be satisfactory if the premium payable by non-SPEAR users were small. However, in order to fund the SPEAR system and encourage rapid take-up, the increase would need to be significant. On balance, this option appears to place too greater cost on non-SPEAR users for too little immediate benefit.

### **(c) Increase fees for SPEAR and non-SPEAR users**

The final alternative within Option 3 is to increase the registration fee payable by all LV customers, whether or not they use SPEAR. This approach involves a more moderate increase in fees than those envisaged in options 3(a) and 3(b). Option 3(c) has the following advantages:

- ♦ the financial burden on all customers – whether SPEAR or paper - is more moderate
- ♦ the benefits that will flow to SPEAR customers will outweigh the costs

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<sup>27</sup> These alternatives are addressed in detail at Appendix 3.

- ♦ non-SPEAR customers will ultimately achieve indirect benefits as a result of SPEAR efficiencies, but it is recognised that the cost of this option will exceed any direct benefit to them, until such time as they themselves embrace SPEAR
- ♦ Option 3(c) aligns with the government's intention to streamline planning processes because not only does it ensure SPEAR proceeds, but it also sets the fees at a level that will encourage uptake (ie it costs no more to lodge electronically than in paper).

Option 3(c) is the preferred method of accomplishing Option 3.

**TABLE G – METHODS OF ACCOMPLISHING THE PREFERRED OPTION – INDICATIVE FEE INCREASES**

Subdivision Fee Impact	Type of Subdivision Plan	Current Fee	Future paper fee - at 20 per cent take-up	Future paper fee - at 50 per cent take-up	Future SPEAR fee - at 20 per cent take-up	Future SPEAR fee - at 50 per cent take-up	Comments
Alternative (a) - Increase registration fees for only SPEAR users	2-lot, w/o-survey	\$ 420.30	Current paper fee applies	Current paper fee applies	\$1,987.30	\$1,047.30	Assumes paper users are charged the current fee. At 20 per cent take-up – additional \$1,567 per plan and at 50 per cent take-up - additional \$627 per plan for SPEAR users.
	2 lots	\$ 630.50			\$2,197.50	\$1,257.50	
	5 lots	\$ 898.40			\$2,465.40	\$1,525.40	
	10 lots	\$1,344.90			\$2,911.90	\$1,971.90	
	25 lots	\$2,684.40			\$4,251.40	\$3,311.40	
	50 lots	\$4,916.90			\$6,483.90	\$5,543.90	
Alternative (b) - Increase fees for non-SPEAR customers	2-lot, w/o-survey	\$ 420.30	\$ 811.30	\$1,047.30	Current paper fee applies	Current paper fee applies	Assumes SPEAR users are charged the current fee. At 20 per cent take-up - additional \$391 per plan and at 50 per cent take-up - additional \$627 per plan for paper users.
	2 lots	\$ 630.50	\$1,021.50	\$1,257.50			
	5 lots	\$ 898.40	\$1,289.40	\$1,525.40			
	10 lots	\$1,344.90	\$1,735.90	\$1,971.90			
	25 lots	\$2,684.40	\$3,075.40	\$3,311.40			
	50 lots	\$4,916.90	\$5,307.90	\$5,543.90			
Alternative (c) -Increase fees for SPEAR and non-SPEAR users	2-lot, w/o-survey	\$ 420.30	\$ 550	\$ 550	\$ 550	\$ 550	Fee increase applied to base fee component and per lot fee component.
	2 lots	\$ 630.50	\$ 820	\$ 820	\$ 820	\$ 820	
	5 lots	\$ 898.40	\$1,180	\$1,180	\$1,180	\$1,180	
	10 lots	\$1,344.90	\$1,780	\$1,780	\$1,780	\$1,780	
	25 lots	\$2,684.40	\$3,580	\$3,580	\$3,580	\$3,580	
	50 lots	\$4,916.90	\$6,580	\$6,580	\$6,580	\$6,580	

## 7.5 The preferred fee structure

LV's registration fees on plans of subdivision are made up of three components; a 'per plan' fee (or base fee); a 'per survey' fee and a 'per lot' fee. The 'per survey' fee and the 'per lot' fee apply to all subdivisions of more than two lots.

Having identified a preferred approach (Option 3(c)) it is necessary to consider which of the component fees should be increased. We are considering three ways to distribute the fee increases. These are:

- i. increasing only the 'per lot' fee;
- ii. increasing only the 'per plan' fee , or
- iii. increasing both fees more moderately.

Appendix 3 shows the impact of the fee increases on individual LV customers. Below we analyse and compare these impacts.

- i. Increasing only the 'per lot' fee**

As shown by Appendix 3 and previously in this RIS, 80 per cent of all subdivisions registered at LV contain five lots or less. A change in the per lot fee will not affect two lot subdivision, and five lot subdivisions will be only minimally affected (10 per cent increase). The problem with increasing only the per lot fee is the steep increases to the cost of larger subdivision. For example, a 17-lot subdivision would bear a 54 per cent increase in registration fee; a 54-lot subdivision would bear a 70 per cent increase in registration fee.
- ii. Increasing only the 'per plan' fee**

If only the 'per plan' fee were increased, the reverse would occur. Small subdivisions of two lots would face an increased fee of 75 per cent, whereas large subdivisions of 17 lots would face an increase of 16 per cent. A subdivision with 60 lots faces only an increase of three per cent. While this result is good for large-scale property developers, small developers lodge the majority of subdivisions.
- iii. Increasing both the 'per plan' fee and the 'per lot' fee**

Increasing both the 'per plan' fee and the 'per lot' fee results in across the board increases in registration fees of between 30 per cent (two lots with survey) and 34 per cent (40 - 50 lots). Although small and large developers all pay higher fees, the increase is more moderate.

## 7.6 Conclusion on preferred option

In this chapter we have considered various options in terms of achieving the desired objective; that is, to provide benefits to SPEAR users in the form of process efficiencies and accompanying savings.

Having analysed the advantages and disadvantages of each option (Appendix 2), and the costs and benefits to different LV customers (Appendix 3 and Chapter 4) we have concluded that variant (iii) above is the preferred approach. This is because it is marginally more accurate in its cost reflectivity and does not disadvantage any particular sector.

## 7.7 Non-regulatory options

We have already considered two non-regulatory options in detail – the base case (abandoning SPEAR) and the option of proceeding with SPEAR and operating it with internal funding (Option 2). Neither of these options is considered appropriate.

There are certain non-regulatory steps that can and are being taken in order to achieve the objectives of promoting SPEAR. Public education and information are at the forefront of LV's policy to promote SPEAR to stakeholders and achieve a critical mass of users at the earliest possible time.

## 7.8 Other states' approaches

Other states have embraced, or are in the process of embracing, 'paperless' approval systems.

Western Australia has invested substantive capital into its internal plan registration systems, resulting in considerable savings and a virtually paperless registration system. Western Australia is now considering similar investment at the 'front end' of the subdivision/planning process. The primary focus in Victoria has been to create a more efficient planning system to support Victoria's \$53 billion per annum property market<sup>28</sup>. SPEAR and other policies introduced by government will do this. The next step for LV is to use SPEAR as a springboard for further advances to its 'back end' process (eg electronic examination) and automatic downloads to LV's map base.

The funding arrangements in other states vary from agencies and programs funded from consolidated revenue (primarily from statutory fees) to agencies that are government trading enterprises with access to their own funds generated from user fees. As no other states have a system like SPEAR at this stage, it is not possible to compare the funding arrangements for similar systems.

## 7.9 Conclusion

The preferred option has been determined by analysing the advantages and disadvantages of various alternatives, as well as a balanced scorecard assessment.

The preferred option is for subdivision customers to pay increased registration fees on plans of subdivision in order to fund the operation of SPEAR. It is these customers who will gain from the SPEAR system by way of the savings that the system will generate. These savings (conservatively \$14 million - 15 million per annum for SPEAR users and \$26 million – \$80 million per annum to developers and the wider economy) outweigh the overall cost to developers (\$2.57 million per annum) generated by the increased fees. This fact plus the requirement that the LV operates on a user pays basis lead to a conclusion that subdivision customers should bear the burden of the cost of operating SPEAR.

As indicated above, investment in the 'back end' processes of LV is planned, with savings likely to eventuate. Subdivision customers will be the beneficiaries of those savings.

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<sup>28</sup> From Real Estate Institute of Victoria Annual Report 2004-5

## 8. Evaluation strategy

### KEY POINTS

- ♦ Key Performance Measures are in place to monitor effectiveness of SPEAR.
- ♦ A further Benefits Realisation Study will be undertaken in three years time to assess whether projected administration and holding cost efficiencies are being achieved.

The Department of Sustainability and Environment (DSE) is committed to ensuring a wide understanding of the SPEAR system. This involves a major familiarisation process being undertaken with councils, developers, builders and service providers. The pilot program already in place has provided useful input on how this process can be better undertaken and further refinements will be made as necessary.

### 8.1 Performance measures

Performance measures have been developed through a Benefits Realisation consultancy undertaken by Opticon Australia on behalf of DSE so that post-project data can be collected and measured against agreed benchmarks. The following performance measures will aid both the conduct of a Post Implementation Review and the development of materials to encourage additional system take-up:

- ♦ per cent and number of transactions that use SPEAR – including assessment of user take-up rates and revenues against original projections
- ♦ time for subdivision applications to reach the 'Council Decision Pending' and 'Lodged at LV' stages – will provide for measurement of SPEAR improvements to planning approvals process through post-implementation review and annual user survey following commercial deployment.

### 8.2 Further Benefits Realisation Study

It is intended that a further Benefits Realisation Study be completed in three years in order to assess whether SPEAR stakeholders are achieving the administrative and holding cost benefits envisaged by the Benefits Realisation Studies done by Opticon Australia in 2003 and 2006.

As the number of plans lodged through SPEAR increases over the next few years, Victoria will be able to automate some of the examination processes currently done manually. When there are reductions in LV administrative and operating costs, the proposed fee levels will be reviewed.

## 9. Consultation

### KEY POINTS

- Preliminary consultation has occurred with other government agencies and with the surveying industry.
- Further consultation during the advertising period will occur with the development industry, key municipalities, the Municipal Association of Victoria, key referral authorities and the surveying industry.

### 9.1 Preliminary consultation

#### (a) Property industry

Consultation has occurred with peak surveying bodies (Association of Consulting Surveyors Victoria, Institution of Surveyors Victoria and Spatial Science Institute). These bodies are very supportive of SPEAR. They believe the preferred option places little financial burden on developers and would be far outweighed by the benefits developers would obtain from SPEAR.

Consultation has also occurred with key municipal and property industry bodies (Housing Industry Association, Master Builders Association, Municipal Association of Victoria, Planning Institute of Australia, Property Council of Australia, Real Estate Institute of Victoria and Urban Development Institute of Australia). These bodies are also very supportive of SPEAR. They believe that the benefits developers would obtain from SPEAR would far outweigh the costs imposed by the proposed Statutory Rules.

#### (b) Other government departments

The following inter-departmental consultation has occurred on the proposed fee increases:

- Consumer Affairs Victoria (Department of Justice) whose area of responsibility includes Part 5 of the *Subdivision Act 1988*;
- The Legislation Unit (Planning), Department of Sustainability and Environment, whose responsibilities include the *Planning and Environment Act 1987*;
- Local Government Victoria (Department for Victorian Communities);
- Department of Treasury and Finance.

The consultation revealed no concerns over the proposals and no areas of potential or actual legislative overlap.

### 9.2 Further consultation

Exhibition of this RIS will provide the opportunity for further consultation on the proposal. The statement will be exhibited for a period of at least 28 days on the DSE website and advertised in accordance with *Subordinate Legislation Act 1994* requirements. In addition, the RIS will be circulated to the following bodies:

SPEAR Stakeholder	Nature of interest
<p><b>Surveyors</b> (Institution of Surveyors Victoria, Association of Consulting Surveyors Victoria, Spatial Sciences Institute and many surveying firms)</p>	<p>SPEAR users – responsible for preparing subdivisions and submitting application documentation</p>
<p><b>Local councils</b> (Municipal Association of Victoria and key municipalities)</p>	<p>SPEAR users – responsible for processing and approving subdivision applications</p>
<p><b>Referral authorities</b> (eg Melbourne Water, metropolitan and rural water authorities, VicRoads, Telstra)</p>	<p>SPEAR users – responsible for commenting, and issuing conditions, on subdivision applications</p>
<p><b>Development industry stakeholders</b> (eg Housing Industry Association, Master Builders Association, Planning Institute of Australia, Property Council of Australia, Real Estate Institute of Victoria, Urban Development Institute of Australia and key developers)</p>	<p>Customers and key customer representative organisations – undertake subdivision activities</p>

# Appendices

## Appendix 1 – Costs of SPEAR system

### RIS COSTING 2005-06

Costing item	Cost	Number	Total cost
<b><i>SPEAR Information Technology</i></b>			
<b>Facilities Management</b>			
Fujitsu Service 2			\$ 610,782.00
Licensing			\$ 64,247.00
<b>Software Applications</b>			
Object Support / Enhancements			\$ 540,000.00
<b>STAFFING</b>			
<b>SPEAR</b>			
Staff		5.4 EFT	\$ 520,950.00
Consultants			\$ 225,000.00
<b>Land Registry</b>			
Staff - SGV, Legal, TRS & SIB		4.7 EFT	\$ 483,284.00
<b>SPEAR OPERATING</b>			
<b>IT</b>			
Computers - Lease	\$ 1,000.00	7	\$ 7,000.00
Common Desk-top Fee	\$ 3,000.00	7	\$ 21,000.00
<b>Other</b>			
Office Requisites	\$ 500.00	7	\$ 3,500.00
General Operating	\$ 2,000.00	7	\$ 14,000.00
Travel	\$ 2,000.00	7	\$ 14,000.00
Phones	\$ 400.00	7	\$ 2,800.00
Accommodation	\$ 9,300.00	7	\$ 65,100.00
<b><u>Land Victoria TOTAL</u></b>			<b><u>\$ 2,571,663.00</u></b>

### Explanation of 2005-2006 costs

**IT** – The Facilities Management cost is ongoing as it provides the infrastructure for the SPEAR production system and the development and test systems. The Software Applications cost covers both the maintenance of the existing software and the enhancements that SPEAR commissions to make the A2P system more user-friendly to the A2P SPEAR users and to better use the subdivision information coming into Land Victoria.

**Staffing / SPEAR Operating** – The staffing and operating costs identified above are directed at keeping the SPEAR system going, providing a customer help service, identifying and fixing SPEAR problems (for example with SPEAR legal agreements and the use of digital signing certificates) and providing the people interface for a system that will have several hundred day-to-day users. Consultants are used regularly for legal advice and to provide specialist expertise (in IT areas like hardware, communications and software advances and upgrades and digital signing certificates and for the handling of specialist planning and subdivision issues).

**Implementation / Training Staffing** – A component of the staffing and operating costs is used currently to increase the rate of take-up of SPEAR. This involves persuading council officers at all levels to adopt SPEAR, holding meetings and seminars with surveyors to get them to join and undertaking similar activities with referral authorities. At the moment, a minor part of this activity is training these groups in the use of SPEAR, helping them get digital certificates and register in SPEAR and addressing the problems they encounter in using SPEAR. We have also started to extend and improve our training aids and our supporting information.

### **Explanation of 2006-2007 costs and beyond**

**IT** – The Facilities Management will be ongoing. The Software Applications cost will decrease in the existing web interface (A2P) area as the system matures but increase in total if SPEAR is requested to help users migrate to application-to-application (A2A) usage of SPEAR, which is anticipated because of the extra efficiencies of A2A. This will also involve increased attention to use of national standards for survey information and development approvals information requiring some additional programming.

**Staffing / SPEAR Operating** – The staffing and operational costs identified above will be ongoing.

**Implementation / Training Staffing**– The component of the staffing and operating costs that is used to increase the rate of take-up of SPEAR will decrease significantly when the take-up rates reach critical mass, which is expected in two to four years. The ongoing training and support activities, which are now a minor component, will become much more important and will consume an increasing amount of the available resource as the number of users will increase dramatically. Providing training aids and supporting information to all users, particularly new organisations or new users in existing organisations will be critical to the success of SPEAR.

## Appendix 2 – Advantages and disadvantages of SPEAR options

BASE CASE – ABANDON SPEAR			
ADVANTAGES		DISADVANTAGES	
<ul style="list-style-type: none"> <li>Annual saving of \$2.57 million</li> <li>Continuation with paper systems the users are accustomed to</li> </ul>		<ul style="list-style-type: none"> <li>Discards new technology which would forego efficiencies of \$14 million-\$15 million per annum and savings of up to \$80 million in reduced holding costs to developers</li> <li>Leaves the state's planning systems progressively less well-adapted to obtain the benefits of modern technology. Over time this would result in a system that becomes progressively more costly as a result of its labour intensity and is also likely to mean transactions are increasingly delayed unless there were to be a genuine reduction in the number and intrusiveness of regulations and other requirements involved in creating new subdivisions.</li> <li>Discriminates against those participants keen to reduce costs and facilitate faster processing and would also mean a drain on resources.</li> <li>Contrary to government policy</li> <li>Loss of \$11 million investment by government in SPEAR development</li> <li>Lost opportunity to create digital map base from data collected through SPEAR</li> <li>Lost opportunity to transmit subdivisional data into VicMap completely and quickly.</li> </ul>	
Option No.	Option	Advantages	Disadvantages
1.	<b>Proceed with SPEAR and fund its operation internally</b>	<ul style="list-style-type: none"> <li>No increase in plan registration fees</li> </ul>	<ul style="list-style-type: none"> <li>If further budget allocations are forthcoming to finance SPEAR, this creates an unfair impost on taxpayers who are not beneficiaries of SPEAR (inconsistent with user pays policy).</li> <li>If no further budget allocations are forthcoming, SPEAR would probably be abandoned.</li> </ul>
2.	<b>Fund SPEAR by charging councils a participation fee</b>	<ul style="list-style-type: none"> <li>Councils will ultimately make savings so economically sound to charge a participation fee</li> </ul>	<ul style="list-style-type: none"> <li>Councils would need to increase their statutory fees to recoup the cost, and then devise a system whereby 79 councils remit the funds to LV. Greater efficiency in LV collecting the cost directly, rather than add an unnecessary layer of bureaucracy.</li> <li>SPEAR has been promoted as a free service. Councils and other users have devoted many hundreds of hours assisting with SPEAR's development. It would be inappropriate to change LV's stance on fees at this stage.</li> </ul>

Option No.	Option	Advantages	Disadvantages
3(a)	<b>Proceed with SPEAR and fund its operation through increased fees - for SPEAR users only</b>	<ul style="list-style-type: none"> <li>• Somewhat consistent with user pays principles although see disadvantage</li> <li>• Avoids penalising those wishing to use traditional lodgement processes</li> </ul>	<ul style="list-style-type: none"> <li>• Not completely consistent with user pays principles as non-SPEAR users would continue to make use of council staff and the inquiries desks of referral authorities and an appropriate charge for this would be too difficult to develop.</li> <li>• Would require a very high charge, at least initially. This would retard take-up and defer the critical mass of usage levels that is necessary for the projected economies to be achieved.</li> </ul>
3(b)	<b>Proceed with SPEAR and fund its operation through increased fees - increase fees for non-SPEAR customers</b>	<ul style="list-style-type: none"> <li>• Encourages take-up hence earlier economic benefits of reduced holding and administration costs</li> <li>• Provides reward for firms choosing to use the new system and in so doing provides 'externality' benefits to subsequent users (greater efficiencies within councils and referral authorities flowing on to both paper and SPEAR applicants)</li> </ul>	<ul style="list-style-type: none"> <li>• Increased registration fees for non-users for which they achieve no direct advantage, albeit they receive an indirect advantage through efficiencies identified in Column 2.</li> <li>• Penalises firms unable or unwilling to use SPEAR.</li> </ul>
3(c)	<b>Proceed with SPEAR and fund its operation through increased fees - for SPEAR and non-SPEAR users</b>	<ul style="list-style-type: none"> <li>• Rewards those willing to embrace new technology by making SPEAR no more expensive than paper, while creating direct savings for users through reduced holding costs and administration costs</li> <li>• Government investment of \$11 million is not wasted</li> <li>• Does not penalise those opting to use modern technology</li> </ul>	<ul style="list-style-type: none"> <li>• Increased registration fees for non-users for which they achieve no direct advantage, albeit they receive an indirect advantage through efficiencies identified in Column 2.</li> </ul>

## Appendix 3 – Alternative fee increases

### Option 3(c)(i)

Retain same base plan fee (\$420.30 non-survey or \$630.50 with survey) and increase per lot fee to \$160 after the first two lots

Per cent	No. of lots	No. of plans 2005-06	No. of lots originally used for calcs	Fee 2006	Theoretical revenue based on 2006 fee	Proposed 2007 fee	Proposed revenue	Percentage difference in fees
16	0 to 2 non survey	1,312	2	\$ 420.30	\$ 551,433.60	\$ 420.30	\$ 551,433.60	0
44	0 to 2 survey	3,608	2	\$ 630.50	\$2,274,844.00	\$ 630.50	\$ 2,274,844.00	0
22	3 to 5	1,804	3	\$ 719.80	\$1,298,519.20	\$ 790.50	\$ 1,426,062.00	10
5	6 to 9	410	7	\$ 1,077.00	\$ 441,570.00	\$ 1,430.50	\$ 586,505.00	33
3	10 to 14	246	12	\$ 1,523.50	\$ 374,781.00	\$ 2,230.50	\$ 548,703.00	46
2	15 to 19	164	17	\$ 1,970.00	\$ 323,080.00	\$ 3,030.50	\$ 497,002.00	54
3	20 to 29	246	24	\$ 2,595.10	\$ 638,394.60	\$ 4,150.50	\$ 1,021,023.00	60
2	30 to 39	164	34	\$ 3,488.10	\$ 572,048.40	\$ 5,750.50	\$ 943,082.00	65
1	40 to 49	82	44	\$ 4,381.10	\$ 359,250.20	\$ 7,350.50	\$ 602,741.00	68
1	50 to 59	82	54	\$ 5,274.10	\$ 432,476.20	\$ 8,950.50	\$ 733,941.00	70
1	60+	82	121	\$11,257.20	\$ 923,090.40	\$19,670.50	\$ 1,612,981.00	75
<b>Totals</b>		<b>8,200</b>			<b>\$8,189,487.60</b>		<b>\$10,798,317.60</b>	

#### Assumptions

Revenue required equals the current revenue plus the addition required for management of SPEAR.

Base fee for two lot 'non-survey' remains constant.

The base fee maintains the 'processing differentials' between 'survey' and 'non-survey' plans.

The cost per lot is changed to \$160, but only affects those lots above two, i.e. the current financial model is retained.

#### Result

Impact greater for larger subdivisions.

## Option 3(c)(ii)

### Increase base fee pro rata across all plans and retain existing per lot fee

Per cent	No. of lots	No. of plans 2005-06	No. of lots originally used for calcs	Fee 2006	Theoretical revenue based on 2006 fee	Proposed 2007 fee	Proposed revenue	Percentage difference in fees
16	0 to 2 non survey	1,312	2	\$ 420.30	\$ 551,433.60	\$ 733.96	\$ 962,953.60	75
44	0 to 2 survey	3,608	2	\$ 630.50	\$2,274,844.00	\$ 944.16	\$ 3,406,524.00	50
22	3 to 5	1,804	3	\$ 719.80	\$1,298,519.20	\$ 1,033.46	\$ 1,864,359.20	44
5	6 to 9	410	7	\$ 1,077.00	\$ 441,570.00	\$ 1,390.66	\$ 570,170.00	29
3	10 to 14	246	12	\$ 1,523.50	\$ 374,781.00	\$ 1,837.16	\$ 451,941.00	21
2	15 to 19	164	17	\$ 1,970.00	\$ 323,080.00	\$ 2,283.66	\$ 374,520.00	16
3	20 to 29	246	24	\$ 2,595.10	\$ 638,394.60	\$ 2,908.76	\$ 715,554.60	12
2	30 to 39	164	34	\$ 3,488.10	\$ 572,048.40	\$ 3,801.76	\$ 623,488.40	9
1	40 to 49	82	44	\$ 4,381.10	\$ 359,250.20	\$ 4,694.76	\$ 384,970.20	7
1	50 to 59	82	54	\$ 5,274.10	\$ 432,476.20	\$ 5,587.76	\$ 458,196.20	6
1	60+	82	121	\$11,257.20	\$ 923,090.40	\$11,570.86	\$ 948,810.40	3
<b>Totals</b>		<b>8,200</b>			<b>\$8,189,487.60</b>		<b>\$10,761,487.60</b>	

#### Assumptions

Base fee for two lot 'non-survey' has been increased by a flat per cent.

The base plan fee is changed but maintains the 'processing differentials' between 'survey' and 'non-survey' plans.

The revenue required equals current revenue plus the additional revenue required to manage SPEAR.

Cost per lot remains at \$89.30, but only affects those lots above two, ie the current financial model is retained.

#### Results

Required revenue raised.

Impact greater for smaller subdivisions.

### Option 3(c)(iii)

Increase base fee pro rata across all plans to \$550 non-survey and \$820 with survey and increase per lot fee to \$120 after first two lots

Per cent	No. of lots	No. of plans 2005-06	No. of lots originally used for calcs	Fee 2006	Theoretical revenue based on 2006 fee	Proposed 2007 fee	Proposed revenue	Percentage difference in fees
16	0 to 2 non survey	1,312	2	\$ 420.30	\$ 551,433.60	\$ 550.00	\$ 721,600.00	31
44	0 to 2 survey	3,608	2	\$ 630.50	\$2,274,844.00	\$ 820.00	\$ 2,958,560.00	30
22	3 to 5	1,804	3	\$ 719.80	\$1,298,519.20	\$ 940.00	\$ 1,695,760.00	31
5	6 to 9	410	7	\$ 1,077.00	\$ 441,570.00	\$ 1,420.00	\$ 582,200.00	32
3	10 to 14	246	12	\$ 1,523.50	\$ 374,781.00	\$ 2,020.00	\$ 496,920.00	33
2	15 to 19	164	17	\$ 1,970.00	\$ 323,080.00	\$ 2,620.00	\$ 429,680.00	33
3	20 to 29	246	24	\$ 2,595.10	\$ 638,394.60	\$ 3,460.00	\$ 851,160.00	33
2	30 to 39	164	34	\$ 3,488.10	\$ 572,048.40	\$ 4,660.00	\$ 764,240.00	34
1	40 to 49	82	44	\$ 4,381.10	\$ 359,250.20	\$ 5,860.00	\$ 480,520.00	34
1	50 to 59	82	54	\$ 5,274.10	\$ 432,476.20	\$ 7,060.00	\$ 578,920.00	34
1	60+	82	121	\$11,257.20	\$ 923,090.40	\$15,100.00	\$ 1,238,200.00	34
<b>Totals</b>		<b>8,200</b>			<b>\$8,189,487.60</b>		<b>\$10,797,760.00</b>	

#### Assumptions

Revenue required equals the current revenue plus the additional revenue required to manage SPEAR.  
 The base plan fee is changed but maintains the processing differentials between 'survey' and 'non-survey' plans.  
 The cost per lot is changed to \$120 but only affects those lots above two, ie the current financial model is retained.

#### Result

Similar impact across the board.

## Appendix 4 – SPEAR benefits – Opticon assumptions

### Introduction

The number of subdivisions used to calculate the benefits in the revised Opticon Australia work was 8200, which is the average level of lodgement into Land Victoria between 2001-02 and 2005-06.

The current paper costs and estimated savings were derived by sample survey from users in each group, namely surveyors, councils and referral authorities.

The benefits were calculated for an average subdivision application and aggregated for all subdivisions. The benefits that a council, say, would obtain from SPEAR would, of course, depend on the number of subdivisions lodged into that council, but also on the complexity and size of those subdivisions, the efficiency of the council in processing applications currently in paper and subsequently using the electronic capability provided by SPEAR and the ability of the council to get users to track progress in SPEAR and to cease telephone-based enquiries. Necessarily, the estimated benefits are averaged.

### Assumptions from the Opticon Benefits Study

The following assumptions have been applied to the analysis of the SPEAR benefits to industry by Opticon Australia -

- ♦ In order to fully achieve the benefits to industry, all stakeholders in the subdivision application process need to be participating in SPEAR for all lodgements and processing.
- ♦ The benefits to industry that have been identified apply across each industry group, and it is Opticon's assessment that these benefits will not be easily realised within individual organisations unless these organisations are prepared to engage in significant re-engineering of their current business processes. And if this is the case, these benefits can be obtained incrementally over time. Therefore, organisations will have to embrace the opportunities of process improvement that enabling office technologies provide – for example it is assumed that electronic documents only are used in the subdivision application process.
- ♦ The benefits of SPEAR are primarily qualitative – these include process transparency and establishment of enabling infrastructure to support further process being delivered electronically. The value of these benefits is not easy to quantify – however it is Opticon's view that these provide a very real and significant benefit to the SPEAR stakeholders and their industry groups.

Opticon identified the following key benefits:

1. process transparency between the parties to enable Internet-based application status tracking during the approvals process
2. provision of an Internet-based common work space to enable electronic lodgement and exchange of data and drawings and communication between the parties
3. process efficiencies and quality improvement through reduced data entry, time and cost savings, improved data quality, electronic fee payment, version control, automated notification and referral, and
4. reduction of the holding costs of development funds for applicants.

It can be seen that significant aspects of these benefits are qualitative. The specific elements used to quantify the benefits in the Opticon work were:

- ♦ administrative cost to process a paper subdivision application (ie materials, postage and couriers, etc),
- ♦ staff time devoted to processing the paper application (but not assessing it), and
- ♦ user time to track it in SPEAR (in reduced telephone calls) for surveyors, council staff and referral authority staff.

**Subdivision (Registrar's Fees) (Amendment)  
Regulations**

**Exposure Draft**

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Victoria

## **Subdivision (Registrar's Fees) (Amendment) Regulations**

### **Exposure Draft**

#### **1 Objective**

The objective of these Regulations is to amend the Subdivision (Registrar's Fees) Regulations 2004 to increase certain fees payable to the Registrar of Titles under the **Subdivision Act 1988**.

#### **2 Commencement**

These Regulations come into operation on 1 July 2007.

#### **3 Authorising provisions**

These Regulations are made under section 43 of the **Subdivision Act 1988** and sections 97(1) and 120 of the **Transfer of Land Act 1958**.

#### 4 Fees for lodging documents

For the table of fees in Regulation 6 of the Subdivision (Registrar's Fees) Regulations 2004<sup>1</sup> substitute—

"

<i>Item</i>	<i>Details</i>	<i>Fees</i>
1	Plan of subdivision other than under item 2	49.91 fee units
	plus for each lot in excess of 2 comprised in the plan	10.89 fee units
	plus for each body corporate in excess of one created by the plan	9.78 fee units
	plus for every plan supported by a survey pursuant to section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units
2	For a staged subdivision—	
	(a) For the master plan	49.91 fee units
	plus for each lot in excess of 2 comprised in the master plan	10.89 fee units
	plus for each body corporate in excess of one created by the master plan	9.78 fee units
	plus for every plan supported by a survey pursuant to section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units
	(b) For a plan for the second or subsequent stage	49.91 fee units
	plus for each lot in excess of 2 comprised in the plan for the second or subsequent stage	10.89 fee units
	plus for each body corporate in excess of one created by the plan in the second or subsequent stage	9.78 fee units

Subdivision (Registrar's Fees) (Amendment) Regulations

Exposure Draft

<i>Item</i>	<i>Details</i>	<i>Fees</i>
	plus for every plan supported by a survey pursuant to section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units
3	Plan of consolidation other than under item 21	49.91 fee units
	plus for every plan supported by a survey pursuant to section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units
4	Plan of creation, variation or removal of an easement or condition in the nature of an easement in a Crown grant other than under item 19	49.91 fee units
	plus for each lot in excess of 2 over which the easement or condition is to be created, varied or removed	10.89 fee units
5	Plan for the creation, variation or removal of restriction other than under item 19	8.80 fee units
	plus for each lot in excess of 2 over which the restriction is to be created, varied or removed	10.89 fee units
6	Application to amend a plan to no longer show a restricted unit on a plan of strata subdivision or a restricted lot on a plan of cluster subdivision—for each lot amended	4.40 fee units
7	Application to amend or alter a schedule of lot entitlement or lot liability other than under item 22	8.80 fee units
8	For any additional rules or amendment or revocation of the additional rules including recording additional rules which accompany a plan creating a body corporate or merging bodies corporate	4.40 fee units
9	Notice of application to a court for an order that the body corporate be wound up	4.40 fee units

Subdivision (Registrar's Fees) (Amendment) Regulations

Exposure Draft

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<i>Item</i>	<i>Details</i>	<i>Fees</i>
10	Application to amend or cancel a registered plan in accordance with an order by the court	43.99 fee units
11	Application to change the address for service of notices on the body corporate	4.40 fee units
12	Application to cancel or alter a scheme of development accompanying a plan of cluster subdivision under section 44(5A) of the Act	8.80 fee units
13	Plan to alter the boundaries of any land affected by the body corporate under section 32(1)(c) of the Act	49.91 fee units
	plus for each lot in excess of 2 comprised in the plan	10.89 fee units
	plus for each body corporate in excess of one created by the plan	9.78 fee units
	plus for every plan supported by a survey pursuant to section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units
14	Plan to increase or reduce the number of lots affected by the body corporate under section 32(1)(d) of the Act	8.80 fee units
15	Plan to create new lots or new common property under section 32(1)(e) of the Act	49.91 fee units
	plus for each lot in excess of 2 comprised in the plan for the second or subsequent stage	10.89 fee units
	plus for each body corporate in excess of one created by the plan in the second or subsequent stage	9.78 fee units
	plus for every plan supported by a survey pursuant to section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units

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Subdivision (Registrar's Fees) (Amendment) Regulations

Exposure Draft

<i>Item</i>	<i>Details</i>	<i>Fees</i>
16	Plan to create a body corporate under section 32(1)(f) of the Act	9.78 fee units
	plus for each body corporate in excess of one created by the plan	9.78 fee units
17	Plan dissolving a body corporate under section 32(1)(g) of the Act	4.40 fee units
	plus for each body corporate in excess of one comprised in the plan	4.40 fee units
18	Plan to merge with another body corporate under section 32(1)(h) of the Act	4.40 fee units
19	Plan of creation, variation or removal of an easement or condition under section 32(1)(i) of the Act	49.91 fee units
	plus for each lot in excess of 2 over which the easement or condition is to be created, varied or removed	10.89 fee units
20	Plan of creation, variation or removal of a restriction under section 32(1)(i) of the Act	8.80 fee units
	plus for each lot in excess of 2 over which the restriction is to be created, varied or removed	10.89 fee units
21	Plan of consolidation under section 32(1)(j) of the Act	49.91 fee units
	plus for every plan supported by a survey required under section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units
22	Plan of creation, alteration or extinguishment of lot entitlement or lot liability under section 32(1)(k) of the Act	8.80 fee units
23	Plan for amendment or cancellation of a scheme of development under the <b>Cluster Titles Act 1974</b> under section 32(1)(l) of the Act	8.80 fee units

Subdivision (Registrar's Fees) (Amendment) Regulations

Exposure Draft

<i>Item</i>	<i>Details</i>	<i>Fees</i>
24	Plan containing more than one alteration as referred to in sections 32(1)(a), (1)(b), (1)(c), (1)(d), (1)(e), (1)(f), (1)(g), (1)(h), (1)(i), (1)(j), (1)(k), (1)(l) of the Act instead of the fees that would otherwise be payable for each alteration separately	49.91 fee units
	plus for each lot in excess of 2 comprised in the plan	10.89 fee units
	plus for each body corporate in excess of one created by the plan	9.78 fee units
	plus for every plan supported by a survey pursuant to section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units
25	For a plan referred to in sections 32(3), 32A and 35 of the Act	the appropriate fee in item 1 or item 3 applies
26	Amendment of a plan to no longer show an accessory lot as an accessory lot on a plan of strata subdivision or a plan of cluster subdivision—for each lot amended	4.40 fee units
27	Application for service of a notice—for each mortgage charge lease sublease annuity or caveat in respect of which application under section 22(1B) of the Act is made	4.40 fee units
28	Plan to vest land referred to in column 2 of the Table in section 24A of the Act	17.60 fee units
	plus for each reserve in excess of 2 vested	4.89 fee units

Subdivision (Registrar's Fees) (Amendment) Regulations

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<i>Item</i>	<i>Details</i>	<i>Fees</i>
29	Plan to remove or vest and remove a reservation under section 24A of the Act other than under item 28	49.91 fee units
	plus for each reserve in excess of 2 effected	10.89 fee units
	plus for every plan supported by a survey pursuant to section 95 of the <b>Transfer of Land Act 1958</b>	24.50 fee units
30	On every application for approval of a boundary plan pursuant to section 26 of the Act	27.37 fee units
31	Plan to create a body corporate under section 32B of the Act	9.78 fee units
	plus for each body corporate in excess of one created by the plan	9.78 fee units
32	Any other instrument, application or document for which a fee is not specified in these Regulations or under the <b>Transfer of Land Act 1958</b>	8.80 fee units
33	On every application, instrument or document sent by post or left for lodgement at the Office of Titles under cover and accepted by the Registrar for lodgement— additional fee of	\$5.00

Subdivision (Registrar's Fees) (Amendment) Regulations

Exposure Draft

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**ENDNOTES**

<sup>1</sup> Reg. 4: S.R. No. 116/2004.