



ORGANISATION SUNSHINE COAST ASSOCIATION OF RESIDENTS

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Submission

to the

PRODUCTIVITY COMMISSION

Regarding the Commission's study

**PERFORMANCE BENCHMARKING OF AUSTRALIAN BUSINESS:
PLANNING, ZONING AND DEVELOPMENT ASSESSMENTS**

Attention

Commissioner Louise Sylvan

About OSCAR

OSCAR is a non-partisan umbrella organisation established in 2007 with a small number of member organisations with the amalgamation of three local authorities into the Sunshine Coast Regional Council. Since then we have grown steadily and currently represent 28 resident, ratepayer and community groups in the region. We understand that our member organisations collectively represent well over 16,000 local residents and each of our member organisations have endorsed OSCAR's vision, which is attached for your information.

OSCAR has lobbied extensively with all levels of government and with all political parties regarding the pressing need for a stabilised population in our region in particular and this is an important policy issue for us that underpins much of what we wish to say to the Commission.

Background

Presently the Sunshine Coast Region has a population of 330 000 people and for decades has consistently been at the top of the list of fast growth areas in Australia. Population in the region has been doubling every 22 years. The planning and development process therefore has been central to providing for these population increases.

There is a growing disquiet in the community about how population growth is impacting on people's lifestyles, the environment and the financial costs it imposes.

The region's economy has not diversified to any degree and relies primarily on building and construction, retail and tourism for employment. All of these sectors are vulnerable to a number of externalities.

The Productivity Commission (PC)

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians.

OSCAR is pleased to provide input into this inquiry from a community perspective in keeping with the above expressed aims of the PC. We trust that other community groups across the country will also be asked to provide input.

OSCAR commends the PC in the definition chosen in the Issues Paper of planning "at its best"

...respectful of the built and natural environments, encompassing people and the interactions they have with these surroundings. Good planning respects current and evolving

Australians ways of life, meeting the needs of diverse communities by acknowledging their histories and the challenges facing them as they grow and change. It facilitates appropriate and good development, ensuring that economic, social and cultural prosperity is in balance with environmental and species protection. (Thompson 2007)

In terms of the PC developing a set of benchmarks for the planning process it is recommended that the criteria cited above are utilised eg: Has the planning process been respectful of the natural environment? Do planning outcomes also respect a community's way of life and chosen lifestyle? Has environmental species protection been duly considered in the pursuit of the economic benefits that development accrues to some?

Centralisation of Planning Functions

The PC Issues Paper rightly points to the removal of a number of planning functions away from local government to State Governments. This has occurred through *"local government amalgamations" ... and/or the taking up of some planning and development decisions by state planning ministers"*. (Box 2 P10)

Again the PC correctly identifies some negative community outcomes in *"a lesser role in some types of planning and development by some local councils and the reduced public participation in the planning zoning and development system"*.

OSCAR is concerned that the decisions that tend to have the greatest impact on the community, such as the scale and location of large Greenfield developments, are now being determined by State Government with only token community input.

Some local examples include:

- The SEQ Regional Plan stipulates mandatory population targets for infill and greenfield development which local governments must adhere to in their planning documentation
- The Queensland State Government required local government under the guise of a *"Queensland Housing Affordability Strategy Greenfield Land Supply in SEQ"*, the fast tracking of 42 identified Greenfield locations to accommodate 240 000 new dwellings. "Committed areas" had to be ready to "come to market within 6 months" and "bring forward" areas to be "developer ready within 12 months"
- In 2007 again under the banner of a *"Queensland Affordable Housing Strategy"* the Urban Land Development Authority Act was proclaimed allowing the State to declare any area to be designated by the Minister as an Urban Land Development Area. These areas would then be exempt from local government planning control, with the planning undertaken by the ULDA.

The PC should be mindful of the legitimate rights of existing residents in making recommendations regarding public participation in the planning process. Australia has one of the highest rates of home ownership in the world. This investment for the overwhelming majority of individuals and families constitutes the single largest investment they will make. They should have a voice in determining the location, scale and intensity of future development that may impact on their investment and liveability.

Additionally, on the Sunshine Coast, many people have moved to the region and made a conscious decision to down scale their remuneration in a trade off for a better lifestyle. This also accounts for a personal economic cost.

Competition and Regulation of land markets

It is important to understand the way the development industry operates to then identify issues in relation to competition and regulation.

There are four basic principles operating which show the modus operandi of the development industry.

- Identify and secure areas of presently lower zoning use land and therefore value but with the potential for future growth and have these lands rezoned or reclassified to allow development thus exponentially increasing the value.
- Ensure that the maximum amount of costs associated with development such as infrastructure charges are minimised or subsidised by rate payers/taxpayers (socialise the costs) to ensure that maximum profit can be extracted (privatising the profits).
- The development industry is not about improving social or environmental outcomes but improving their financial bottom line for shareholders. This is a fiduciary responsibility of the directors and senior management under law.
- The development industry develops strong political relationships, often through donations but also socially, and then utilises these networks to further their interests. This used to occur primarily at a local government level but with the centralisation of planning powers to the State this tier of government has increasingly been the target.

In Queensland the interventions of the State Government in identifying areas to be fast tracked for future development has had the result of reducing competition. By the State choosing the sites for major new greenfield development large landholders become the beneficiary of development. Another Queensland example is where only four years ago the present Minister for Infrastructure and Planning was the policy analyst for the Property Council in Queensland and a lobbyist for large developments such as Rainbow Shores at

Rainbow Beach. On becoming Minister in March 2009 (two and a half years after first being elected to Parliament) the review of the SEQ Regional plan was brought forward, the bring forward of major Greenfield sites occurred and a new Sustainable Planning Act drafted and enacted.

Here is an example of what appears to be developer influence over government policy. The Draft SEQ Regional Plan 2009-2031 included an “investigation area” on the Sunshine Coast in the Hall’s Creek catchment area. The land is situated outside the Urban Footprint and 90% is owned by Stockland. The Draft Plan stated, in relation to this land, *“An extension to Caloundra South may assist in providing a very long-term land supply for the Sunshine Coast, to beyond the planning period of 2031.”*

As previously mentioned, the State introduced a Housing Affordability strategy that identified land holdings it required to be expedited for development. Two greenfield areas on the Sunshine Coast were to be brought forward as Master Planned Areas – Palmview (expected population around 15 000 people, primarily owned by Investa Property Group) and Caloundra South (expected population around 50 000 people, land 100% owned by Stockland Trust Group).

By undertaking this exercise, the State has ensured a concentration of development resides with a limited number of developers. Additionally, it has produced massive windfall profits for these two development companies who purchased low value land and then had those lands up-zoned to accommodate development. It is difficult to comprehend the value of and development worth of a parcel of land that could now have 50 000 people, the same size as the city of Gladstone.

In producing huge valuation increases to property, no betterment flows to the wider community. This contrasts with the fact that in Queensland injurious affection provisions still apply. That is, if a local government wants to back-zone a parcel of land, the landowner can seek compensation for loss of potential earnings.

We understand that three development companies control 54% of the developable land in the Sunshine Coast region.

Anti – Competitive land banking

The Queensland Government Office of Economic and Statistical Research produce regular reports by local government area on the availability, production and consumption of land. The Sunshine Coast Regional Council report for Sept Quarter 2009 is at <http://www.oesr.qld.gov.au/products/profiles/res-land-dwelling-activity-lga/res-land-dwelling-activity-sunshine-coast.pdf>

The report shows that local government has approved large stocks of land which have not been placed on the market.

At the end of the year to Sept 2009 there was 6,552 ha of land for residential development which would provide 62 000 allotments.

Again as of the end of September 2009 there were 6583 active approvals for residential lots on the Sunshine Coast. Since 2004 the number of active approvals has never been below 6317 and has been as high as 8230 lots.

This shows that land development companies are drip-feeding land to ensure that the market does not become saturated and put any downward pressure on their value.

Morton Consulting, in a report for the Local Government Association of Queensland (*Residential Lot Supply and Demand in South East Queensland Sept 2006*), showed a 15 year supply of land in SEQ. At the end of 2005, there were a total of 45,942 residential lots approved by Councils in SEQ which were yet to be constructed by developers.

Possible Sources of unnecessary regulatory Burdens

In September 2009, the State Government passed the *Sustainable Planning Act* (SPA) to replace the *Integrated Planning Act* (IPA) of March 1998. One of the intentions of the changes was to simplify the development process.

This did not occur as IPA contained 632 pages and the new SPA contains 745 pages with 872 Sections. This expansion occurred despite some legislation in IPA being moved to Statutory Guidelines under the new Act.

The complexity of Queensland's planning legislation was commented on by Justice McMurdo (Chief Judge of the Queensland Court of Appeal). She recently opened her judgement in a case by commenting on "the hazy IPA maze of smoke and mirrors" and that "construing the relevant provisions...(of IPA)...is a challenge worthy of consideration for the intellectual Olympics." (*Sevmere Pty Ltd vs Cairns Regional Council QCA232 paras 1 and 6*)

This complexity alienates the community from involvement and has made the planning process only accessible to dedicated and specialised planners and lawyers.

Additionally, under intense lobbying by the development industry a new provision of "deemed approvals" was inserted in the SPA. "*If an application manager has not made a decision concerning a development application within a certain timeframe (decision-making period), the applicant has the opportunity to receive a deemed approval by giving a written 'deemed approval notice to the application manager.'*" (PIA Queensland Planner December 2009 p15)

The PC should also recognise that the approval process involves an extremely large workload during the process of approval however little or no resources are applied after the approval **to ensure compliance with conditions of the approval**. This is partly referred to in Box 4 P20 in:

- *The partial enforcement, or non-enforcement, of a regulation, which places those businesses complying with the regulation at a competitive disadvantage to non-complying businesses.*

Audits of compliance to the conditions of approval need to be a mandatory requirement of the approval process and adequately resourced.

Access to Planning Appeals

The Queensland Planning and Environment Court provides an expensive, complex legal process that only allows entry to the bravest of community groups and individuals.

It is not possible for the community to be effectively involved in a planning appeal without counsel, a planner and some expert witnesses who have standing within the Court process. Most not for profits have neither the resources or time to go to Court, something that the development industry is well aware of. In cases where Court proceedings have occurred threats of costs and intimidation by the developers legal representatives are normal process.

A large number of developers have considerable financial resources to contest a council's decision to refuse a development application. Many councils cannot afford to effectively defend their decisions against these well-funded developers and will thus make concessions during pre-trial negotiations that ultimately weaken their planning schemes.

The advent of the Sustainable Planning Act in December 2009 brought with it extraordinary increases in the costs imposed on any community group wishing to participate in the Planning and Environment Court appeal process. For example, the cost of filing an appeal increased from \$36.50 to \$950.00. Even the cost to file an election to co-respond (say, to support a council decision to refuse a development application) increased from \$12.50 to \$73.00. These fee increases appear to be intended to dissuade community groups from joining in or initiating planning appeals.

The level of Population Growth in Australia

Australia's population has experienced one of the greatest increases of all time in recent years, due primarily to high levels of immigration. This has led to heightened levels of concern within the community. For at least 3 decades Australia has not had an articulated national population policy. This appears as though it may change as all major political parties are now pledging to address this issue.

It is difficult to contend that the work of the PC in this review can be progressed with the major variable of population growth rate and therefore the pressures it brings not being resolved.

Economic Impacts of Population Growth

Population growth brings direct economic benefit to the development and housing construction industries. However these benefits are outweighed by the enormous public costs of infrastructure that must be provided for this growth. Small changes in population

growth require large changes in infrastructure needs. A stable population requires a 2% annual replacement of infrastructure but with say a 2.4% population growth as has recently occurs requires a more than doubling of that infrastructure investment.

The myth that we need to have population growth to have economic growth is a myth. Germany has had a stable population since 1996 yet has one of the world's most powerful economies.

There have been and continue to be negative economic impacts on the rural sector caused by population growth. For instance fill, aggregate for concrete and rock for drainage comes from a quarries in the hinterland, often taken from agricultural land or a riverbed. Construction and household waste ends up in a dump usually in the rural hinterland. Haulage of fill and waste impacts heavily on roads and requires costly maintenance, money for which is very slow (if ever) to become available. In addition, infrastructure (power lines and large water pipes) cut through properties and diminish the value and viability of those properties.

Lack of affordability of housing in the urban centres is pushing development into the hinterland putting pressure on rural land and diminishing the viability of primary production. This is increasingly leading to farmers being unable to continue cropping and farming families diversifying into B&B's, restaurants and other 'developments' on farmland. The continuing demise of the rural sector impacts on the economies of the local rural centres, in contradiction to the vision this community has for its future.

Ageing Population myth

http://www.un.org/esa/population/publications/WPA2009/WPA2009_WorkingPaper.pdf

The United Nations released the above report in 2009 which showed that Australia was ranked number 33 in terms of population over 60. (See table A 111 4 P81) This is well below countries such as UK, Denmark, France, Canada and Norway. It is one of the best performing OECD countries in terms of an ageing population.

To listen to supposed demographers such as Bernard Salt without continued high levels of migration Australia will be doomed.

Who benefits from improved Planning, Zoning and Development Assessments?

It is important for communities that the benefits of improved processes are shared with both the communities negatively impacted by developments as well as those who benefit from developments. The negative impacts, including social costs and diminished wellbeing should be appropriately acknowledged in the benchmark study. Shifting the problems created does not solve them.

While the benchmarking exercise is aimed at delivering reduced costs for developers and councils, the communities' expectations are that those cost savings will flow back to the community. This could be done through, for instance, delivery of affordable housing. That is, affordable in terms of initial purchase price, running costs (eg solar electricity), low ongoing costs for water supply and sewage treatment, low long term maintenance costs and ease of access to jobs and services.

Of greater interest from a community perspective is that this exercise should focus more on improvements to the process aimed at delivering better social and environmental outcomes.

It is suggested that to meet the 'effectiveness' criterion for the study, the public input process be improved.

It is most often the case that development plans (for instance, Caloundra South) have been known to certain parties for many years with the general public only becoming aware during the public consultation period. This can and has led to a great deal of consternation. As an example, there are two current development applications to extend quarries in the hinterland at both ends of the region. One of these is currently being contested in court by the community, and the owner claims the proposal has been known in the industry for at least 10 years! Part of the haulage route has no centre line marking and has two single lane bridges with no plans or funding for upgrades. The other quarry proposal is not yet open for public consultation but associated road works to improve the route through towns are underway. However, there is a level crossing on the route which is not planned for upgrade.

While there are some aspects of Queensland's process that may be considered a benchmark, there are others such as community involvement, much diminished by centralisation of planning, which should be improved for the wellbeing of all members of the wider community. On the other hand, it is acknowledged there have been situations where the State Government has stepped in, using its 'call-in' powers, at the request of and to the benefit of the community.

Community engagement is more than consultation at a particular point in the planning or development application process. Plans can be and are changed after the public consultation process, more often than not to remove the incentives added to get the agreement of the community. This is perhaps the other side of 'gaming'.

Summary

In conclusion, OSCAR thanks the Commissioner for the opportunity to have input into the inquiry as planning issues are integral to our economic, social and environmental wellbeing. We are grateful for the opportunity to put our perspective on this issue on behalf of the Sunshine Coast community organisations.

There is no doubt the environment and community wellbeing as well as business all suffer from development done badly and we agree there are improvements that can be made to the process. The main improvements needed from the community perspective is that with

the centralisation of power to the States away from local government the community engagement process be improved and that a process for community appeal against any aspect of the planning, zoning and development assessments be more accessible.

The Australian Bureau of Statistics has been collecting figures on wellbeing for almost 10 years and we suggest that both ABS and the Department of Families, Housing, Community Services and Indigenous Affairs have a great deal to contribute to this exercise as community advocates.

We are of the view that the Sunshine Coast community is reasonably well engaged in the planning, zoning and development assessments process. Many individuals, members and non-members of OSCAR have gone to great lengths at personal cost to defend their community's wellbeing in the face of inappropriate development. This should not be necessary. The cost is too great.

The Sunshine Coast is within commuting distance to Brisbane and given the oft stated vision of the community to retain the character of its towns, villages and the rural nature of the hinterland. The Sunshine Coast may not be a candidate for growing into a regional city as cities are widely perceived to be more remote from capital cities.

However, the Sunshine Coast community has shown itself to be interested, capable and willing to participate in processes that promise improvements to the way we live. We are keen to participate in initiatives that are responsive to the community's wishes and benefit the community at large.

Yours sincerely

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OSCAR



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Objects of OSCAR

“OSCAR is a non partisan umbrella organisation representing those resident member associations that endorse OSCAR’s vision.

Our objects are:

1. To support member organisations by:

- a) Taking action to resolve issues raised by members that have strategic and regional wide relevance and that fit with OSCAR’s vision statement;*
- b) Representing the member organisations on regional wide matters of interest to the community;*
- c) Advocacy on policy issues that have a regional impact; and*
- d) Maintaining a two way dialogue with member organisations to ensure relevance and responsiveness*

2. To formally recognise candidates who support the vision and values of our member associations when the SCRC elections are held. “

Vision Statement Executive Summary

OSCAR believes that the Sunshine Coast Regional Council must achieve social, economic and environmental sustainability – a vision favoured by the majority of residents. This aim must be underpinned by actions, not just words, comprising:

- Transparent and accountable governance, including community consultation which is respected and acted upon
- Population growth limited to the carrying capacity of the natural environment, resulting in a balance between the natural and built environments which promotes a relaxed lifestyle and preserves biodiversity
- Maintenance of the character of existing town and village settlements, with future urban development low-rise and supported by environmentally responsible transport options
- Developers paying fully for infrastructure costs and rates kept as low as possible, consistent with an adequate level of services
- Diversification of the economy into clean industries which are not vulnerable to the fluctuations of the tourism and construction sectors.



Full VISION STATEMENT

The majority of residents in this sea-change region wish to continue to enjoy relaxed and unhurried lives. They are part of a connected and engaged community within an area of outstanding natural beauty that recognizes the fragility of this environment.

Local government's plans, policies, and actions must achieve social, economic, and the natural environment's ecological sustainability favoured by the majority of residents.

An environmentally sustainable community actively recognises that the unique and abundant biodiversity, beaches and green spaces of the region make the Sunshine Coast the special place it is. The remaining natural areas of the region must be protected for their instrumental value - because they appeal to the human senses; underpin the economy and tourism sector; provide recreational opportunities; provide ecosystem services such as cleaning air and waterways, pollinating plants, conditioning soil and growing food, for both current and future generations. They are also

protected for their intrinsic value - because species other than human beings have the right to exist.

OBJECTIVES

Leadership and Governance

There is the need for responsible, informed and accountable leadership and ethical governance within local government decision making based on achieving the majority community vision.

Governance will become open and transparent.

Residents will have access to reports and documents.

Broad community consultation must become routine and the results respected and acted upon.

The interests of vested interest groups are not necessarily synonymous with the interests of the wider community.

Rates will be kept as low as possible consistent with efficient and effective delivery of local government services, and offer value for money.

Individuals and groups must feel valued and included in our community as people of all cultures and backgrounds are respected and enjoy equal rights and access to services and resources

Population

Population growth will be limited to levels consistent with the scientifically assessed local carrying capacity of the natural environment, thus meeting

the needs of today's residents while conserving our ecosystems and natural beauty for the benefit of future generations.

Development

Existing Town and village settlements are to maintain their individual and distinct character. Future Urban development will be characterised by low-rise development that will distinguish the region's urban landscape from the high-rise 'city-scape' typical of larger cities.

Developers will pay fully for infrastructure costs associated with new developments and compensate communities for negative externalities associated with their developments.

Urban settlement is to be contained so that our natural coastal and rural landscapes are both visible and accessible.

Natural Assets

It is recognised that the region's unique biodiversity is vitally important to the



economy and tourism sector and to resident's sense of well being. Accordingly, the region's forests, reserves, parklands, beaches, waterways and rural areas are to be preserved and maintained and recognised for their ecological, cultural, social and economic significance.

Economy

Our local economy is to become more diverse, robust and resilient; complement the natural environment and provide employment and educational opportunities appropriate to our location. The region is to become a leader in clean, green, light and environmentally sustainable industries and agriculture that is not vulnerable to the fluctuations of the tourism or construction sectors.

Economic impact assessments must consider consequential externality costs by including costs of deterioration of public goods such as clean air, water, and the visual

amenity of natural resources lost by development. Policies will encourage strong, engaged and self reliant communities supported with locally produced food, energy and water systems.

Transport

Policies should encourage the use of safe, accessible and environmentally responsible ways to get around, including reliable public transport and dedicated pedestrian and cycle facilities.

Sport, Community and Culture

The importance of building community values and

maintaining physical and mental health through participation in a wide range

of sporting, community and cultural activities for people of all ages will be recognised and encouraged.

Young people of all abilities will be particularly encouraged to participate in sporting activities with the provision of high quality facilities, opportunities and support.

Artistic and creative excellence, innovation and participation that enrich all facets of our local way of life will be encouraged.