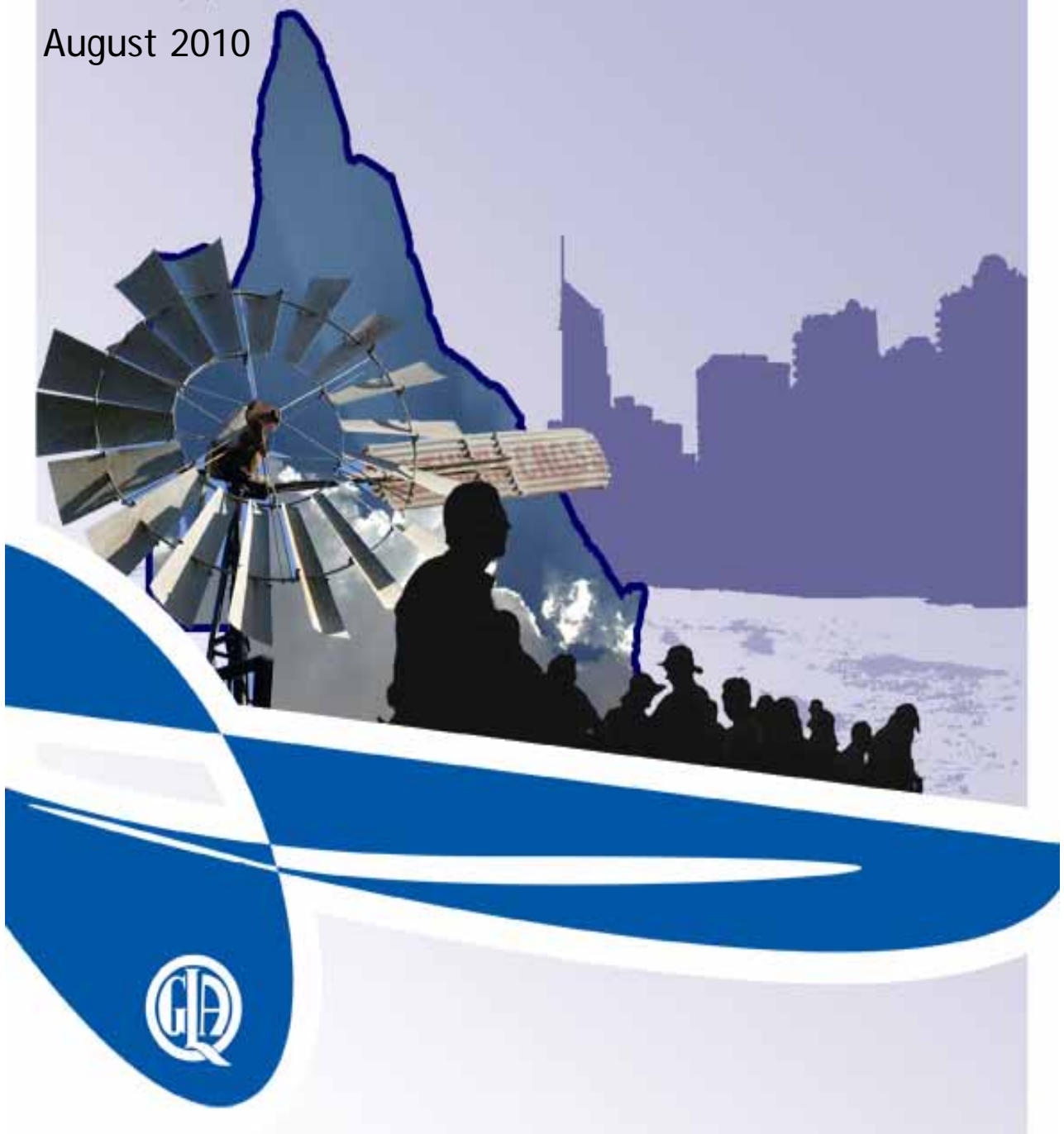


LOCAL GOVERNMENT ASSOCIATION OF QUEENSLAND LTD.

Submission to the
Productivity Commission

August 2010



Executive Summary

The Local Government Association of Queensland's (LGAQ) submission addresses core elements of the questions raised in the Productivity Commission Issues Paper, dated May 2010 as well as the key matters discussed in the meeting held on 11 May 2010 between the Association and the Productivity Commission. It is intended to provide the Commission with an appreciation of the complexities of the planning hierarchy and framework under which local governments in Queensland operate as well as dispel some of the perception that local government is responsible for the high cost of development and delays in processing development applications.

Planning reform initiated by the State Government is providing a clear hierarchy of planning policies across Queensland. It is expected that any unnecessary variations in planning requirements experienced by the development industry will be remedied by these reforms. However, consistency across all regions and local government areas will take some time to be fully realised in Queensland as many council planning documents and schemes are still under review. In conjunction with the planning reform occurring, regional plans in the process of development will align with other statutory planning tools and provide increased certainty for development assessment across multiple local government areas.

Additionally, continued funding and support by the Commonwealth will assist in the progress and expansion of electronic development approval (eDA) initiatives across Queensland as well as the continued planning reform and will provide significant savings in time and resources to the development industry and local governments alike. Unfortunately, despite promising advances in eDA processes and increasing council and industry take-up Commonwealth interest in further pursuing strategic eDA outcomes statewide appears to have waned.

Claims that there is insufficient land supply in Queensland are not correct; however research suggests that escalating housing prices may be a result of supply being located in areas not currently in market demand. While the perception from the development industry is that infrastructure costs have eroded housing affordability, there is no evidence that this is actually the case given infrastructure charges amount to around 4% on average of house and land costs.

It is suggested that the capital cities and high growth centres within Australia be included in benchmarking for the purposes of the Productivity Commission's investigation, however it is critical that growth in the surrounding regions also be recognised.

LGAQ, true to its fundamental principles and mission for over 110 years *"to strengthen the ability and performance of local government to better serve the community"*, has drawn on its vast experience with the objective in this submission of being constructive and of assistance to the Commission. The Association seeks the opportunity to again meet with the Commission to discuss these matters in further detail.

The submission includes the following 10 key points to the Commission.

1. Support needs to be given to ongoing joint planning and commitment by state and local government authorities in Queensland through planning reform, statutory regional planning and infrastructure plans.
2. In Queensland's case LGAQ discourages introducing new regional or metropolitan authorities as it will duplicate and add complexity to an already complex system.
3. Key outcome for local government is a development assessment system which is transparent and open assures equal access to information and a level playing field for the development industry and community alike.
4. Local government in Queensland has put a high level of effort and resources toward monitoring, assessing and improving development assessment business systems, processes and business culture to drive greater efficiencies and effectiveness.
5. Commonwealth needs to take a more strategic, longer term view of its support for their housing affordability program and become an active partner again with local government in working toward achieving the ePlanning outcomes.
6. Commonwealth should look to support the success anticipated in SEQ T5 project targeting improvements in development assessment process with commitment to roll-out the initiative statewide to regional high growth communities.
7. In addition to capital cities for the purposes of understanding the whole Queensland picture, the Commission give consideration to benchmarking regional high growth areas and councils.
8. Research into the SEQ housing market demonstrating dwellings numbers have increased faster than population over all census periods highlights the degree of prudence that must accompany any industry claims around land available for development.
9. The SEQ housing market behaves differently to other capital city markets and given the inelasticity of the SEQ market there is urgency for State and Commonwealth Governments to rethink their strategies for the south-east Queensland housing market.
10. The Commonwealth and State take the lead and where appropriate partner with LGAQ in undertaking further research into housing supply markets.

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1.0 The Local Government Association of Queensland

The Local Government Association of Queensland (LGAQ) welcomes the opportunity to provide this submission to the Productivity Commission's (PC) investigation into the performance benchmarking of Australian business regulation as it relates to planning, zoning and development assessment. As background, the Association was formed in 1896 as the Local Government Association of Queensland (LGAQ) and is the peak body representing the current 73 local government councils in Queensland. The objectives of the Association are to:

- promote the interests, rights and entitlements of members;
- promote the efficient performance of local government in Queensland;
- monitor and take action in relation to any legislation affecting members;
- advise and counsel members in matters of doubt or difficulty; and
- undertake and promote activities endorsed at Annual Conference, which are in the interest of local government in Queensland.

1.1 Leadership

Guided by its stated objective to promote the efficient performance of local government in Queensland, the LGAQ has continuously instigated, called for and led major Queensland reform based agendas. Additionally, the LGAQ has always sought to develop constructive partnerships with the State and Australian Governments to ensure that state and national programs impacting our local governments are able to be implemented as effectively as possible.

1.2 Representation

As the LGAQ was founded to give local government a united voice, advocacy and representation is integral to the daily activities of the Association. The Executive and staff of the Association regularly visit the councils throughout Queensland to ensure that the issues and concerns of local government are understood and pursued. The LGAQ in 2005-2006 made over 70 submissions to state and federal agencies, produced over 500 circulars and press releases, dealt with nearly 6000 pieces of written correspondence, 850 phone calls a day and 140,500 actionable emails and faxes.

LGAQ consistently advocates and represents the needs and interests of its members in their dealings with the Australian and State Government, unions, industry groups and the community. "Local Government Week" is just one example of how the LGAQ promotes and represents the role of councils within the community.

1.3 Services

In addition to its leadership and representational role, the LGAQ provides an extensive range of services to its members, including:

- Local Government Mutual (insurance and risk management);
- Local Government Workcare (workers compensation);
- Local Buy (procurement);
- Resolute (information technology);
- Local Government Infrastructure Services Corporation (infrastructure project advice and management); and
- Queensland Partnerships Group - Shared Services (business transactional services).

LGAQ's focus on service provision is driven by a need to: (a) build capacity and promote innovation in councils operations; (b) provide cost savings to councils through leveraging of economies of scale; and (c) address obvious market failures.

2.0 Understanding of the Issues Paper

The Association understands that the Productivity Commission has been requested to examine and report on the operations of the States and Territories' planning and zoning systems, particularly as they impact on business compliance costs, competition and the overall efficiency and effectiveness of the functioning of cities. As part of the study, we also understand that the Commission is to report on planning and zoning laws and practices that unjustifiably restrict competition and best practice approaches that support competition, including:

- measures to prevent 'gaming' of appeals processes;
- processes in place to maintain adequate supplies of land suitable for a range of activities; and
- ways to eliminate any unnecessary or unjustifiable protections for existing businesses from new and innovative competitors.

2.1 Scope and Intent of LGAQ's Submission

LGAQ greatly appreciates the opportunity to have already met with and discussed key issues to the Association and its membership with the Commission during visit to Queensland on 11 May 2010. We enjoyed the opportunity to assist the Commission in connecting with our Queensland councils and in providing this submission.

The Association is particularly heartened by the openness expressed in the meeting and in taking on board our local government perspective. As mentioned during our meeting with the Commission, the LGAQ is actively engaged with our local government members, industry peak bodies, State Government colleagues, and where possible the Commonwealth, in pursuing best practice and achieving greater efficiencies in the development approval process as a means of maintaining adequate supplies of land for development and land use activity broadly.

The Association's submission generally follows the format of the Commission's paper and responds directly to a number of sections and sub-sections of the issues paper. The submission follows the Association's understanding of the issues through its own experience and as they have been communicated to LGAQ through its state-wide local government membership. Much of the content discussed in this submission has been the result of thorough, independent research, which the Association would be pleased to share with the Commission.

3.0 Planning, Zoning and Development Assessment

The following sections address the system of development from a Queensland perspective covering the Commission's interest in:

- planning and zoning;
- development assessment (DA);
- regulatory systems for planning, zoning and development assessment; and
- government coordination and cooperation in planning, zoning and development assessment.

3.1 Queensland Planning Hierarchy and Framework

In many of the submissions the Commission will receive, the authors will stress the complexities of the planning and development systems across Australia. The planning system in Queensland is equally complex but has a number of systemic issues and strengths, many of which have been derived from efforts at both local and state government spheres to introduce planning reform.

As part of the discussion around those issues, strengths and reforms it is important to understand the context under which they are being taken and the planning and zoning system in which they are operating. The following subsections highlight the planning hierarchy and framework under which local governments in Queensland operate.

In reviewing the following it is worth noting the degree to which local and state governments are currently seeking to coordinate and cooperate. This is particularly relevant for South East Queensland (SEQ) whereby State and local governments have undertaken unprecedented joint planning and commitment, both for growth and with the associated infrastructure required to service the region. The creation and agreement to meet the planned outcomes by both spheres of government would be an example of a benchmark for achieving consistent and coordinated planning, zoning and DA related decisions and actions of governments.

All decisions are intended to follow from the strategic regional level and guide decisions at the local level. Checks and balances built into the planning system ensure the State has an overview of the development of planning schemes and infrastructure plans that guide development decisions.

Whilst the overarching regional planning frameworks provide significant guidance and increase certainty, the nature of those decisions is often complex and weigh heavily on the quality of the advice provided by applicants, local requirements/conditions and to what degree community and elected members are to be engaged. These elements can add uncertainty and can create issues between proponent and assessor if the proposed development is out of step with current planning, has impacts requiring assessment or has been poorly represented in an application.

The level of cooperation and coordination is also particularly relevant in any discussion or dialogue the Commission might have with other federal bodies on merits of introducing new regional or metropolitan authorities which in Queensland's case would simply add another level of government or replace what's already working.

3.2 Queensland Planning Hierarchy - QPlan

QPlan is the name of Queensland's new planning, development and building system. The new system is intended to shift the focus of the planning system to sustainable outcomes rather than process and to deliver more sustainable communities across Queensland. QPlan is based on a rational model response to planning. Set out in the Sustainable Planning Act 2009 (SPA), the statutory framework addresses these issues through State, regional, sub-regional and local interfaces.

QPlan integrates the significant changes including the introduction of new legislation and new planning tools such as electronic planning (e-planning) to streamline processes and focus on better planning outcomes and improved service delivery. This planning reform is providing a clear and consistent hierarchy of planning policies to be adhered to under new regulations and legislation. Consistency across all regions and local government areas will however take some time to be fully realised, as local governments are just beginning the process of remaking their planning schemes in light of planning reform and amalgamations. Additionally, there is significant work being done to review State Planning Policies and continued work towards achieving regional plans across Queensland.

3.3 Regional Planning in Queensland

Regional planning is continuing to gain an increasing role in managing rapid growth, population change, economic development, the environment and infrastructure provision across multiple local government areas. It is a core element of the State's QPlan which, as described above, forms the foundation for Queensland's new planning, development and building system.

Within the Queensland planning system, regional plans operate in conjunction with other statutory planning tools including state planning policies, local government planning schemes, state planning regulatory provisions and development assessment processes. The QPlan framework allows regional plans to be drafted as statutory instruments under the Sustainable Planning Act 2009 (SPA) which seeks to:

- shift the focus from planning process to delivering sustainable outcomes;
- reduce complexity through standardisation;
- adopt a risk management approach to development assessment;
- introduce a broader range of opportunities for people to reach agreement and resolve disputes; and
- provides improved opportunities for the community to understand and participate in the planning system.

Under SPA, statutory regional plans generally take precedence over most planning instruments; however, where required the state planning regulatory provisions can override a regional plan. Non-statutory plans provide strategic advice and direction; however they do not prevail over other planning instruments. Regional plans identify:

- desired regional outcomes;
- policies and actions for achieving these desired regional outcomes;
- the future regional land use pattern;
- regional infrastructure provision to service the future regional land use pattern;
- key regional environmental, economic and cultural resources to be preserved, maintained or developed; and
- are developed in partnership with local councils, the community and stakeholders.

Several Queensland regions have non-statutory plans in place. These plans have been developed in partnership with local councils, communities and business and industry representatives. These plans were developed before the commencement of statutory regional plans and do not have legislative power. The Department of Infrastructure and Planning (DIP) is intending to work with councils to review some of the non-statutory plans to bring them into the statutory framework. The speed at which this will happen depends on the DIP's resourcing which is currently limited but in a practical sense to 2-3 regional plans are anticipated for review per annum. Existing regional plans include:

Statutory Regional Plans

- South East Queensland Regional Plan 2009-2031
- Far North Queensland Regional Plan 2009-2031
- Central West Regional Plan

- South West Regional Plan
- Draft North West Regional Plan
- Maranoa-Balonne Regional Plan

Non-statutory Regional Plans

- Central Queensland Regional Growth Management Framework
- Gulf Regional Development Plan
- Whitsunday, Hinterland and Mackay Regional Plan
- Wide Bay Burnett Regional Plan 2007-2026

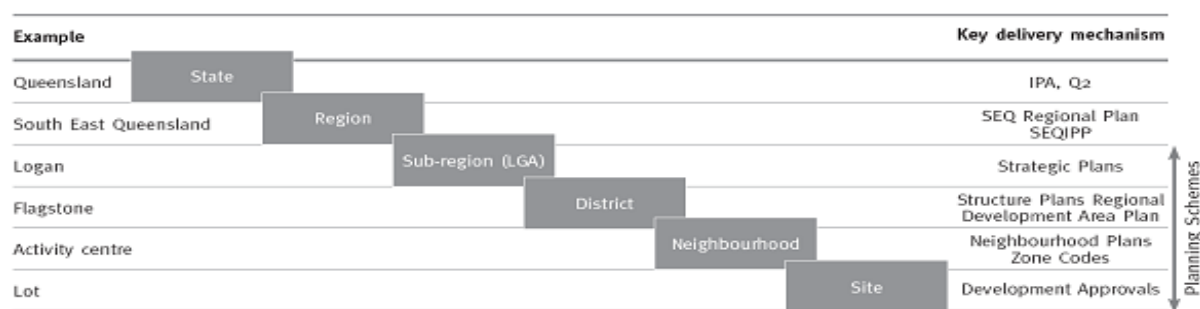
3.4 South East Queensland (SEQ) Regional Plan

At the SEQ regional level, the SEQ Regional Plan provides the framework for planning for and managing growth. This statutory planning document provides the principles for urban development, identifies an urban footprint for managing growth, identifies specific growth areas and provides specific policy direction and programs on how growth should be planned for and managed within the region. It provides strategic direction in planning for growth for local government planning schemes that operate at the sub-regional (e.g. Gold Coast) and local levels.

The SEQ Regional Plan was developed with close collaboration between state and local government. Much of the work of implementing the plan however, particularly through the development of detailed planning schemes, will fall to local government.

Regional planning has long been a key priority of local government across SEQ. The scope and physical scale of local government areas in SEQ (as compared to other local government areas across Australia) has in effect required regional planning to become a priority for local government in planning for and responding to growth. This is reflective of the greater role SEQ local governments take in land use planning at the regional, sub-regional and local levels. The statutory element of this planning is expressed through local government planning schemes.

The local government commitment to regional planning is further evidenced by the voluntary collaborative efforts of local governments in SEQ prior to the inception of the SEQ Regional Plan through affiliations such as the SEQ Regional Organisation of Councils (SEQROC), which has evolved over time to become the Council of Mayors (SEQ). The planning framework for SEQ follows.



(Source: SEQ Regional Plan 2009 - 2031)

Supporting the SEQ Regional Plan is the SEQ Infrastructure Plan and Program (SEQIPP). SEQIPP outlines the Queensland Government's program of infrastructure and major projects to support the SEQ Regional Plan. The Plan identifies projects worth \$124 billion needed to be delivered to support growth by 2026, of which \$22 billion has already been committed. Much of the remainder of the SEQIPP is subject to funding commitments from the Federal Government. Local government has its own infrastructure planning processes, and will this year spend \$3.5 billion on capital works, more than the State Budget commitment to SEQIPP. Further to these efforts in SEQ the State has since its Population Summit has further committed to developing a statewide Queensland Infrastructure Plan (QIP) which will add clarity for councils around State Government investment commitment.

3.4.1 Role of the South East Queensland Regional Planning Committee

The “Regional Planning Committee” (RPC) is the current iteration of an operational arrangement between the State and SEQ local governments that has been in place for thirteen years advising on:

- implementation, monitoring, review and modification of the SEQ Regional Plan;
- studies, policies and strategies of regional and sub-regional significance which form part of the regional planning process;
- infrastructure items of regional significance; and
- the implications of major planning schemes/amendments, projects and development applications of regional and sub-regional significance.

The RPC will also be briefed on relevant and related policy issues and receive feedback on regional local government issues through the regional organisational of council’s entity the Council of Mayors (SEQ) issues as appropriate. Through the planning Minister, the RPC also specifically advises the Queensland Government on the development and implementation of the SEQ Regional Plan.

The RPC is intended to play a key role in confirming priorities and monitoring implementation. The coordination and monitoring of implementation of the regional plan across state agencies and local governments is essential to ensure effective delivery. Collaborative implementation and coordination mechanisms are intended to assist governments to implement the following SEQ Regional Plan priorities:

- climate change;
- monitoring and reporting;
- regional landscapes and open space;
- natural resource management;
- rural futures;
- social infrastructure and social planning; and
- Aboriginal and Torres Strait Islander coordination

3.4.2 Membership of the South East Queensland Regional Planning Committee

The South East Queensland (SEQ) Regional Planning Committee is responsible for advising the regional planning Minister about the development, review and implementation of the SEQ Regional Plan. It is worth noting that there is an existing seat for a Commonwealth representative to participate in committee proceedings. Current membership is:

Name of committee member	Organisation
Cr Campbell Newman	Lord Mayor of Brisbane City Council
Cr John Brent	Mayor of Scenic Rim Regional Council
Cr Bob Abbot	Mayor of Sunshine Coast Regional Council
Cr Paul Pisasale	Mayor of Ipswich City Council
Cr Allan Sutherland	Mayor of Moreton Bay Regional Council
Hon Stirling Hinchliffe MP	Min for Infrastructure and Planning (Chair)
Hon Andrew Fraser MP	Min for Employment and Econ Development and Treasurer
Hon Stephen Robertson MP	Min for Natural Resources, Mines and Energy, Min for Trade
Hon Kate Jones MP	Min for Climate Change and Sustainability
Hon Craig Wallace MP	Min for Main Roads
Hon Tim Mulherin MP	Min for Primary Indust, Fisheries and Rural, Regional Qld
Hon Rachel Nolan MP	Min for Transport
Hon Karen Struthers MP	Min for Community Services and Housing, Min for Women
Ms Felicity McNeill	Dept of Infra, Trans, Regional Devpt and Local Government (Commonwealth Government representative)

4.0 Impact on Competition

From a local government perspective there is a very important distinction to be made concerning the role of development assessment in managing development and land use, and the perception that its role is to address competition. Rather than viewing land use policy and the resulting development decisions as restricting competition, councils generally view this as critical in establishing a common set of rules by which seek to order, regulate and manage the use of a finite resource (i.e. land) in an efficient and ethical way, with the goal of preventing land use conflicts and activity which may negatively affect a communities well being and / or sustainability. If the development assessment system is transparent and open, it assures equal access to information and a level playing field for all developers and community members alike.

In terms of broader community engagement in Queensland, the Sustainable Planning Act 2009 (SPA) prescribes community consultation in both the development of a planning scheme and during the assessment of development when considered to be potentially impacting on the broader community, in other words impact assessable. However as the intent under the current legislation is to increase the number of applications that are considered code assessable there may be perception by the community that there is less engagement over development matters. The increase in code assessable applications is supported by both LGAQ and local governments as it allows council resources to be focused on key strategic proposals that require detailed impact assessment.

Generally within Queensland there has been little government intervention where land ownership fragmentation is an issue, although legislative provisions exist for resumption of land for major infrastructure. Whilst other jurisdictions have a history of State Government entities intervening in the market and merging small parcels of land into larger plots in order to facilitate large-scale developments, Queensland has been more laissez-faire in its approach until recently. The Queensland Government last year created the Urban Land Development Authority (ULDA) which has planning powers beyond those of a local government authority under its own legislation including those to compel landowners to merge their properties and achieve greater economies for redevelopment.

From a council perspective, there has been a mixed reaction to the ULDA. In regional areas particularly within the resource communities, councils have welcomed the Authority to assist in the achievement of housing options where they lack expertise or powers to achieve what ULDA can under the Urban Land Development Authority Act 2007. Conversely, in urban areas, where renewal was previously being managed by local government and is now a declared Urban Development Area (UDA) under the authority of the ULDA (who assume planning and rating powers), the outcome has been viewed less favourably and as interventionist.

5.0 Impact on Compliance Costs

The predominant focus of the Commission's questions on these matters is on DA systems and the degree to which compliance impacts on business. There is also particular emphasis on comparing what the Commission refers to as compliance burdens across jurisdictions. The Association acknowledges that one of the likely drivers for the Commission's attention to these matters is founded in the development industry's observations that requirements for development vary, in their perspective, from state to state. This, again from the development industry's perspective, has an impact on their business, the product that they bring to market, and the price that consumers ultimately pay for housing.

While admittedly there is much that local and state governments can do to smooth out some inconsistencies in process and systems, there seems to be little recognition that each state and even each major region represents a different market with different requirements. Each decision to commit resources and develop represents the cumulative sum of a great number of variables and considerations. Many of the decisions guiding development assessment can be and are managed through standardised codes. Unfortunately, not all development decisions are equal, and some developments are by nature complex and require significant consideration before development approval is given.

To assist in expediting more of those development applications that represent low risk, significant effort has been put toward planning reform in Queensland and specifically in the form of standard planning scheme provisions. It is expected that any unnecessary variations in the requirements for development approval being experienced by the development industry at present will be remedied by these standard planning scheme provisions or Queensland Planning Provisions (QPPs).

In discussions with industry, it has been suggested that to improve the timeliness of application assessment timeframes, more extensive pre-application discussion and negotiation occur. It has been shown that when increased dialogue occurs between assessment officers and the development industry prior to formal lodgement of a development application, the less likely for extensive information requests and delays in application assessment timeframes.

Under current Queensland planning legislation, pre-application discussion continues to be a voluntary process. Whilst participating in a pre-application process requires commitment of council planning resources early in the process and generally without cost recovery (pre-application fees are not always charged) local governments do generally see the benefits of better planning outcomes as outweighing the costs.

5.1 Electronic Online Development Assessment

In recent years significant effort has been made by Queensland local government to transfer as much as they can from paper based DA processes to increased use of on-line systems like "RiskSmart" processes where additional application streamlining is occurring by the development industry and local government alike. RiskSmart is a process that enables low-risk development applications to be quickly assessed against planning schemes provisions. RiskSmart streamlines processing of low-risk applications and in so doing:

- reduces development assessment timeframes;
- provides confidence about council decisions; and
- improves the transparency of application assessment.

However, more extensive work is required with the RiskSmart application assessment processes across local government jurisdictions in order to implement a greater breadth of codes or 'checklist type' acceptable solutions. Given the performance based nature of planning, RiskSmart does not work effectively when variations or relaxations to requirements are sought.

Again, given the performance based nature of planning, and the inability for an assessing officer to provide a definite answer to the question “will my design get approval” at the initial stage of application lodgement, there is the potential for developers to be deterred from undertaking a project. For small-scale developers the deterrent may simply be the lack of assurance combined with the application fee, where as with larger developments the deterrent may be an inability to secure financing or investment into the project, again because of the lack of assurance of approval.

To assist its member councils directly, the Association has also continued its partnership with the State Government to deliver the Smart eDA Program (SeDA) to enable the operation of the Integrated Development Assessment System online and has continued to be supported by the Department of Infrastructure and Planning (DIP).

The Association actively sought a collaborative bid under the Housing Affordability Fund (HAF) earmarked by the Australian Government for eDA initiatives. A successful bid was lodged for an integrated eDA project between LGAQ, Department of Infrastructure and Planning and Council of Mayors (SEQ). A significant part of the effort for the HAF eDA Team to date has been working toward the delivery of a seamless, comprehensive and integrated electronic development assessment process in high growth councils across Queensland.

In total the HAF eDA Team engaged with 17 high growth councils achieving the delivery of introductory eDA services (ie. DA Tracking, Land Use Enquiry, Property Enquiry) in 6 regional high growth councils. The development industry has been supportive as they are now able to access planning and development information online. Implementation plans for delivery of Enhanced eDA services (ie. electronic Application preparation and lodgement (inc. payment), electronic referral and electronic assessment tools) is underway in 7 high growth councils. This enables development applicants able to lodge applications online without the need to go into council.

The benefits of eDA services delivered by the project are being quantified with anecdotal evidence that significant savings in time to both development industry and councils has occurred from day one. Reduction in costs for industry has the potential to deliver more affordable housing. A key outcome of the programme has also been the implementation of an improved framework for gathering data about the performance of the planning system. This will be key in continuous processes and planning systems improvement.

The success of the efforts in delivering eDA services drove the development of a “ePlanning Roadmap” by the LGAQ and the HAF eDA Team in collaboration with the Queensland DIP strategically looking forward beyond the project timeframes for the HAF programme. This ePlanning Roadmap served as the basis for an application for further funding by the Commonwealth Government which ultimately was unsuccessful.

The Commonwealth’s decision not to pursue the ePlanning Roadmap as proposed by State and Local Government was very disappointing and from our perspective demonstrated a lack of commitment to addressing systemic issues and business systems challenges inherent to DA processing. It is strongly recommended that the Commonwealth take a more strategic, longer term view of its support for the program and become an active partner again in working toward achieving the ePlanning outcomes.

5.2 Development Assessment Performance

In terms of what efforts are underway to assess whether DAs are being conducted in a timely manner, the Association has had a long standing interest in council performance. Starting in 2006 the LGAQ undertook a “Survey of Development Application Process” across the State in relation to the processing of Development Applications (DAs). All Councils in the State were asked to provide details of all DAs received in the month of March 2005. The month of March 2005 was selected to ensure a random cross-section of applications was analysed. It also ensured that adequate elapsed time was available to track the overall decision process. The DA survey was aimed at:

- discovering whether or not the perceived inefficiencies of Local Government were real;
- determining if the processing of DAs is accurate or not;

- determining the average time taken to process a DA;
- identifying where the backlogs are occurring in processing a DA; and
- determining the degree of Councillor involvement in processing DAs.

A total of 67 councils responded to the survey prior to 10 March 2006. This provided 591 properly completed questionnaires. The results indicated that:

1. At the aggregate level councils were performing at a reasonable standard in terms of processing and determination of DAs. The results suggest that more than half of the elapsed time between an application being received and determined is taken up waiting for applicants to provide the information contained in the information request.
2. In only a relatively small number of Councils, there was evidence that staff resources and workloads result in some delays in DA processing.
3. There was no evidence of inappropriate involvement of elected representatives in DA processing. Only 1.5% of the DAs determined in this survey had an officer recommendation modified by the full Council.

In some councils, particularly rural Councils, increased delegation of decision making would improve processing times. Relatively high proportions (65%) of DAs determined under delegated authority are determined within 20 business days from the start of the decision stage.

As the Commission would be aware, the subject of DA performance has remained high at the COAG level and in Queensland has also taken on a high level of urgency with the Department of Infrastructure and Planning running its own DA monitoring programme in parallel with that at a national level. Likewise the subject of DA performance and improvement has been recognised as a priority by councils themselves who in South East Queensland (SEQ) have undertaken independent file surveys to determine where improvement is required.

As well as monitoring DA performance, councils in Queensland are also taking active steps to improve and achieve Best Practice. As the Commission is likely aware through the Australian Government's Housing Affordability Fund (HAF), the Council of Mayors (SEQ) was successful in securing \$3.6 million from the Department of Families Housing, Community Services and Indigenous Affairs (FaHCSIA) for the Target 5 Days (T5) project.

The Target 5 Days project recognises the financial impact that long planning and assessment waiting times has on the overall cost of building a house. Therefore, the objective of the project is to revolutionise the development assessment process within SEQ councils, with the aim of:

- development application process reforms to reduce assessment timeframes for 95% of residential development applications;
- establishing a 75% reduction in approval timeframes for residential developments by offering a five (5) day turnaround for low-risk compliant applications; and
- implementation of a consistent development approval process that developers, consultants and the community can utilise in any of the nine participating local government authorities in SEQ.

By achieving these objectives, local governments within SEQ seek to drastically reduce their impact on the current housing affordability crisis. By reducing local government's impact on the process, through reductions in assessment times, holding costs for developers will be greatly reduced. These savings, along with a more efficient housing market, will result in lower housing prices for SEQ.

The Target 5 Days project will be implemented within the nine participating councils by December 2010. Once completed, the Target 5 Days project will make South East Queensland one of the fastest regions for processing development applications in Australia. It is recommended that the Commonwealth look to support the success anticipated in SEQ with commitment to roll-out T5 statewide to regional high growth communities.

5.3 Infrastructure Charges

A significant concern expressed by the development industry in Queensland has related to the costs associated with infrastructure charges levied at the time of development approval. As noted in the 2010 National Housing Council report the development industry has been highly critical of the consistency of infrastructure charging and the transparency of where the collected funds are spent.

In Queensland, local government has also been criticised for the cost of their charges compared to others interstate. Whilst these claims have been refuted through further research undertaken by LGAQ, there is still a perception that the charges are too high. In actuality, councils are still not collecting 100% of the costs for infrastructure leaving the remainder to be covered through general rates. Whilst the level to which councils are willing to discount the cost of infrastructure is an internal policy decision, industry often sees the differing rates as simply inconsistent charging between council jurisdictions.

In June 2010, the Association reviewed key findings from recent research of related to infrastructure contributions. The summary report highlighted the following key findings from this review:

1. Infrastructure charges, comprising water, sewerage, stormwater, transport, community and parklands contributions, amount to around 4% on average of house and land costs.
2. In many instances, cost recovery from infrastructure charges is only in the order of 50-70%.
3. There is a great degree of variation across Queensland's high growth Councils in the infrastructure charges levied on new developments. Those at the higher end of the charging range generally cover more infrastructure networks in their calculation methodology and are more advanced in meeting current State Government infrastructure planning requirements.
4. Victoria is often quoted as having very low infrastructure charges, but most comparisons are not on a like-with-like basis because of different jurisdictional responsibilities. With the introduction of the new Growth Areas Infrastructure Contribution (GAIC), charges in Melbourne do not appear to be dissimilar to those in SEQ.
5. While the development industry considers that infrastructure levies have eroded housing affordability in recent years by adding to private mortgages, there is no evidence that this is actually the case.
6. Productivity Commission found that claimed cost savings from reducing infrastructure charges are overstated, and that while charges have increased over time they do not explain the surge in house prices in the mid 1990s. The price of new housing is determined primarily by the value of the established housing stock due to the significantly larger number of this established stock.
7. Even if the cost of providing infrastructure to new developments were shifted onto the wider community, housing affordability might not be greatly enhanced and would result in a significant increase in rates and charges for the wider community if funded through rates.
8. Lack of certainty about what contribution obligations would actually be incurred for a particular project, and the timing, location, and quality of the infrastructure ultimately provided is a concern for developers, as are the differences in charging regimes between councils.

6.0 Impact on Efficiency and Effectiveness in the Functioning of Cities

Whilst the LGAQ suggests that the capital cities or high growth centers within Australia be included in benchmarking for the purposes of the Productivity Commission's study it is critical that the growth outside Brisbane City Council within the surrounding SEQ Region be recognised. For the purposes of understanding the whole Queensland picture it is also recommended that consideration also be given to the regional high growth councils that are either growing significantly through connections with the mining boom and/or have been targeted for growth under developing regionalisation population policies that are foreshadowed by the Queensland Premier in the State's report on their Population Summit held in March 2010.

The LGAQ's Population Inquiry, which published its own report in July 2010, highlighted population forecasts which have led to concerns, especially among parts of the population of South East Queensland that continuing population growth in the State (or at least in the South East) is not sustainable, and that the quality of life of Queenslanders is reducing as the pressures of growth demand new and challenging growth management measures.

The extension of the urban footprint of SEQ into new areas for development and the introduction of stronger requirements for infill housing and increased development densities have raised concern among many that the quality of life will deteriorate. Such strong levels of urban infill are not unique to Brisbane with Sydney, Melbourne and Adelaide all having high infill targets. Pressure on water resources, lack of public open spaces, pressure on habitats for koalas and other native species, pollution of streams and the ocean, management of wastes, costs of traffic congestion are among the common concerns expressed by those wishing that growth could be slower or even stopped.

While much of the current debate is focused on the rapid population growth taking place in SEQ and concerns in relation to a decline in liveability, it is important to recognise that high growth is being experienced in many locations across the State. The Fraser Coast, Cairns, Gladstone, Mackay and Townsville all have growth rates in excess of 3% per annum.

In reality, growth could only be slowed if Governments (Federal and State) agreed to take steps to discourage investment in Australia's resources and in other industry, to discourage tourism, to discourage overseas students from coming to Australia for education. This would isolate the Australian economy from its global context in ways that most Australians would find unrealistic and unacceptable. In addition, it was the view of the LGAQ's Population Inquiry that, if currently planned resources projects proceed over the next five years, labour demand across Queensland and Western Australia will drive international labour migration higher rather than lower, leading to a continuation of high population growth rates.

The notion of "Liveability" can be defined in a number of different ways. One way in which to consider the concept is to start by looking at the vision and community plan for a region and comparing the desires of the community to the actual outputs achieved through the planning process. If there is a clear and transparent "line of sight" from the higher order policy documents filtering through the policy framework, decisions on development matters will lead to positive contributions aimed at achieving liveability as defined in the vision.

Any number of indices can be used to measure the functionality of a city, dependant on what aspect of "function" is being considered. Customer satisfaction or how positive residents are toward their city is key. However, customer satisfaction can be self-regulating in that political representation will change through popular vote if residents are unsatisfied. Transport, or the ease of moving around a city, can be measured through congestion and wait times along with a comparison to air quality. Social cohesion, community infrastructure, and healthiness of the population can be measured. The *best* measurable factors are dependant on how *functioning city* is defined.

7.0 Ensuring Adequate Supply of Land for Different Uses

The debate in Queensland around the supply of land for development has been focused on South East Queensland. In 2006 the LGAQ released a report on *Land Supply and Demand in SEQ*, which at the time represented the third report produced by or on behalf of the Association that clearly refuted the claims by the development industry that there was insufficient land supply.

The report revealed that a significant percentage of the developable land in SEQ was under the ownership of the larger developers and that many of the small and medium sized developers simply can't find any more land to develop. The report demonstrated that:

1. The overall supply of residential land in SEQ is appropriate to the underlying demand.
2. There appears to be a very low risk of the current broad hectare land identified for residential development not providing at least 15 years supply, particularly when the increased density and infill targets set by the SEQ Regional Plan are taken into account.
3. There appears to be at least five years stock of residential land whether fully developed or approved for development and able to be rapidly developed.
4. The supply of Local Government approved and developed land has also been estimated to lie in the 1.5 to 2 years range.
5. The rapid escalation of prices during this period was more likely the result of a speculative approach by the development industry to the market rather than a result of a constrained supply.
6. A significant percentage of the developable land in SEQ is now under the ownership of the larger publicly listed and unlisted development firms which has resulted in a marked decrease in the developable land available to the small and medium developers.

In 2008 the LGAQ report undertook an updated analysis of residential land supply and demand issues in South East Queensland (SEQ). The report is based on both published information and other data provided by the larger councils in SEQ which is not publicly available.

Broadhectare land studies undertaken by the Department of Infrastructure and Planning (DIP) suggested that at September 2008, there was land within the SEQ urban footprint capable of yielding around 338,000 urban residential lots. Over the next fifteen years the anticipated urban growth in SEQ was been estimated to require around 300,000 urban residential lots in greenfields developments. In total, the potentially available land within the current SEQ urban footprint is adequate to meet this demand over the next 15 years. Infill development has not been quantified and is in addition to this greenfield capacity.

Whilst the level of supply varied from council to council within the region the data provided by councils generally confirmed around 19 years of land in the development pipeline at current (2007) lot consumption rates. The report however found that this differential capacity within the region may be a reason for concern within the development industry regarding the shortage of land for development. In terms of most of the major developers, their current focus is in the northern and southern corridors. Many do not have a significant presence in the western corridor. There may also be concern that the market will still favour the north and south corridors, and that there is a need to be able to provide residential land to meet this demand. If market demands do not redistribute towards the western corridor then prices may escalate rapidly in the other sectors. Demand preference, not supply, may ultimately drive the direction of growth in the Brisbane Statistical Division (BSD).

Under the Association's current 2010 research program, the AEC Group in collaboration with the University of Queensland were been engaged in delivering a leading edge econometric study modelling housing supply in South East Queensland. Support with key housing data was provided by RPDData. The study established LGAQ as the first public or private entity to undertake such a piece of research.

The purpose of the study titled “An Econometric Analysis of the Determinants of SEQ Housing Prices” was to provide an econometric description and explanation of the relationship between real median prices of houses, units and land in South East Queensland (SEQ), in relation to demand and supply factors. The demand factors considered include macroeconomic, housing related and demographic factors, whilst supply factors include a new estimate of the housing stock in SEQ, the supply of residential lots at various stages of production and building costs. The study findings indicated:

1. SEQ housing market behaves differently to other capital city markets - presenting a challenge to the RBA and State and Federal treasurers.
2. The major influence on new house prices is the price of existing stock.
3. Existing stock is primarily influenced by real interest rates, unemployment, net migration and the amount of stock available for purchase.
4. Real land prices are driven by overall economic conditions and the rate of dwelling completions.
5. Unit and land markets behave different to how the SEQ housing market works.
6. The unit market is influenced by the price of stock and the trade weighted indices as it represents a smaller market investment product.
7. Estimates of SEQ housing stock show that on a per capita basis it has been increasing since 1991 to 2001 with a trend down since 2001.
8. Estimates indicate that the stock of housing per capita in SEQ has been above the nation's average over the whole period in this study.
9. There has been a significant response in the levels of the SEQ housing stock (and on stock per capita), dwelling approvals, lot registrations and lot consumption to changes in the levels of real median house prices.
10. Downward pressure on prices in SEQ will not be as responsive to positive increases in supply.
11. Residential land supply responds to increases in prices therefore other mechanisms may be required to enhance the supply of residential lots which clearly need to be higher than they are to have a greater influence on prices.
12. A further study needs to be undertaken in 5 to 10 years time to better understand supply factors.
13. Supply appears to lag demand by around two years in SEQ; however the cause of this outcome is unknown and needs further research to identify what drivers are resulting in the SEQ market taking two years to respond to price changes.

The findings of the research also indicate a further study needs to be undertaken in 5 - 10 years time to better understand supply sided factors. The outcomes of the study help bolster evidence that the SEQ regional market operates differently than other national capital regions. The strong influence of macro-economic drivers, such as net migration, offers a challenge to policy makers in designing responses which will assist in increasing housing stock and ultimately increasing housing affordability. Further research is clearly recommended and an area where partnership with State and Commonwealth Governments would be welcomed.

8.0 Conclusion

This submission follows LGAQ's understanding of the issues by way of its own experience and as they have been communicated to the Association through its state-wide local government membership and independent research. LGAQ has provided considerable commentary on the complexities of the planning hierarchy and framework under which local governments in Queensland operate in addition to key findings from related research. In summary, the following points of interest are highlighted for the Productivity Commission.

1. Joint planning and commitment by state and local government authorities is key to the management of growth and associated infrastructure. Introducing new regional or metropolitan authorities will add additional complexity to an already complex system.
2. Planning reform is providing a clear and consistent hierarchy of planning policies across Queensland. It is expected that any unnecessary variations in planning requirements experienced by the development industry will be remedied by planning reform. Consistency across all regions and local government areas will take some time to be fully realised in Queensland as existing planning documents are still being reviewed and re-made.
3. Regional plans developed, or in the process of development, will operate in conjunction with other statutory planning tools and provide increased certainty for development assessment across multiple local government areas.
4. A development assessment system which is transparent and open assures equal access to information and a level playing field for the development industry and community alike.
5. The intention to increase code assessable development will reduce public consultation as a whole, but is considered appropriate given resources can be focused on key strategic proposals that required detailed impact assessment.
6. Ongoing commitment is required by all levels of government to monitoring DA processes and business systems to identify where systemic issues can be addressed including Commonwealth support for rolling out the "Target 5 Days" initiative statewide.
7. Continued funding and support by the Commonwealth will assist in the progress and expansion of eDA initiatives such as ePlanning Roadmap for Queensland to provide significant savings in time and resources to the development industry and local governments alike.
8. Infrastructure charges amount to around 4% on average of house and land costs. While the perception from the development industry is that these costs have eroded housing affordability, there is no evidence that this is actually the case.
9. It is suggested that the capital cities and high growth centres within Australia be included in benchmarking for the purposes of the investigation, yet it is critical that growth in the surrounding regions be recognised also. Growth in the SEQ region is only part of the picture of particularly given the emphasis currently being placed on regional diversification and the impact that the mining boom is having on regional centres.
10. Claims that there is insufficient land supply in Queensland have been refuted but the research has shown that the SEQ housing market behaves differently to other capital city market which represents a significant policy challenge to State and Commonwealth Governments.
11. Further research required in 5 - 10 years time to better understand supply sided factors should be lead by the State and Commonwealth Governments.