

30 August 2010

Mr Gary Banks AO
Chairman
Performance Benchmarking Australian Business Regulation
Productivity Commission
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Dear Mr Banks,

**Re: Performance Benchmarking Australian Business Regulation - Planning,
Zoning & Development Assessments**

Submission from Victorian Tourism Industry Council - Part C

With the extension of the deadline for submissions to this study, and further to our original submission, the Victorian Tourism Industry Council (VTIC), together with the affiliated associations within VECCI's Tourism & Events Unit - Tourism Alliance Victoria, the Victorian Events Industry Council, the Hotel and Motel Accommodation Association (Vic.) and the Backpacker Operators Alliance of Victoria - is pleased to be able to provide an additional case study for the Productivity Commission's Study on Performance Benchmarking Australian Business Regulation - Planning, Zoning & Development Assessments.

Case Study 3 - Experience of an overseas private operator

Case Study 3 examines the experiences of an award-winning English adventure activity provider seeking to establish the first Australian operation of their business in Victoria. This operator is well-established in the United Kingdom and in Western Europe and has been able to provide great insight into his experience of trying to establish the business in Australia and how this compares with processes in the UK and in Europe.

The feedback provided by this operator is compiled in the table attached. It demonstrates the significant differences between Australia, the United Kingdom and some European countries in terms of their approach to planning and development and the impact this has on cost and facilitation of tourism investment.

Thank you for extending the opportunity to contribute to this important study.

Yours sincerely,

Todd Blake
Chief Executive

Case Study 3 - Experience of an overseas private investor

Item	Australian experience	UK experience	Suggested improvements / Comments
Cost	<p>The business owner has estimated the costs incurred during the planning application process in Australia to be 5 times the cost in the UK. Reasons for the increased costs include:</p> <ul style="list-style-type: none"> <i>Additional report - example: Cultural Heritage Management Plan (if within 200m of a water course or creek).</i> This can cost up to AUD\$15,000, though in our case will be around AUD\$6,000. <i>Additional report - example 2: Ecologist report</i> Significantly greater amount of detail required, even for lands which are already in regular public use. <i>Additional report - example 3: Noise impact assessment.</i> We have had to spend consultants' money on a scientific assessment, when in reality the noise is so far below any possible thresholds at which any issues could arise, that the Planning Officer should have been able to assess this as not needed. <i>Additional report - example 4: Bushfire risk assessment.</i> This is reasonable in Australia and relatively low cost. <i>Detailed technical drawings</i> for a reception cabin, which is in reality just a nice garden shed: \$1,500 <i>Planning consultant:</i> The complications of the law, and the concerns that Councils have to avoid an appeal mean that it is almost essential to use a planning consultant. Cost approx \$10,000. Total cost of the process in Victoria on private land approx: \$35,000 Total cost of the process in NSW on public land approx \$65,000 	<p>Significantly fewer expert reports needed:</p> <ul style="list-style-type: none"> No Cultural Heritage Management Plan Reduced Ecologist report Reduced Arborist report (optional in many cases) Ability to submit the whole planning application ourselves Total cost approx. AUD\$8,000 per planning application for an identical product In most parts of France and Germany the same product does not require any planning permission at all. 	<ul style="list-style-type: none"> Many of these reports are requested by Council Officers who are trying to cover themselves because of their lack of real powers to make reasonable determinations, and the risk of appeals. Grant the Council Officers greater powers to make reasonable judgements to be satisfied without requiring the detailed technical reports is appropriate (particularly in our experience of the site in Vitoria). We need to reduce the perceived risk that Council Officers are taking when making decisions, as well as increase the cost to them of asking for too much work to be done by the applicants. In most parts of France and Germany an identical product does not require any planning permission at all, whether on private or public land.

Item	Australian experience	UK experience	Suggested improvements / Comments
Process / timeframe	At our first meeting with the Local Council in Victoria we were told that they would anticipate a 4 – 6 month timeframe to reach a decision. The NSW decision took 7 months.	Decision usually within 3 months, often within 2 months.	<ul style="list-style-type: none"> Whether or not there are statutory time limits, Councils don't appear to be incentivised enough to keep a short timeline. The effort that Councils are required to put into assessment is disproportionate to the value that is being created in the process. In NSW, the Council budgeted 600 hours of work by the Planning Officer in the assessment process! Suggest 60 days target is backed up by serious sanctions on the Councils for non-completion, and simplification to ease the burden and perceived risks of getting it wrong (the perceived risks are out of kilter with the actual risks).
Local residents	Very strong opposition in NSW in one case by 200 local residents which resulted in rejection of the application.	Similar opposition, but without the same result.	<ul style="list-style-type: none"> Suggest requirement for Council to determine an application on the basis of the wider community interest, to the extent of making judgements about how the application fits with local and state policy as a major factor. We need a method to counter the fact that people who oppose developments are invariably more vocal than the vast majority who support a development, but will not write letters to express such support.

General comments: The Australian system originates from the centrally driven and controlled model of the old British system, with the additional bureaucracy created in the past 30 years. The Swiss, German and US systems are much more successful at enabling local communities to attract and encourage developments that are in the interests of the wider local community. Australia is a huge country! Why is there a shortage of land for development? Why do we need permission to cut just one tree down? These are ridiculous situations to be in, particularly as the population is expanding so quickly. Land in this country should be very low cost, which would have an enormous positive impact in stimulating the economy. The high cost of land adds further costs to new developments, reduces investment attractiveness and creates barriers to competitor entry, all to the detriment of consumers and the overall growth of the tourism sector.