



Aged & Community Services WA

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Western • Australia • Incorporated

Productivity Commission Inquiry:

Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments

Aged & Community Services Western Australia, February 2011

Aged and Community Services Western Australia Inc (ACSWA) welcomes the opportunity to respond to the issues highlighted in the Productivity Commission Inquiry into Planning, Zoning and Development Assessment aspects of Performance Benchmarking of Australian Business Regulation.

ACSWA is a peak industry body representing the church and charitable, and not-for profit organisations and groups that provide residential and community care for older Western Australians. Our members provide services throughout the State in metropolitan, rural and remote locations, and collectively manage:

- 8653 residential aged care beds
- 7803 independent living units
- 51 day care centres
- 1500 community care packages and over \$61.5 million in Home and Community Care funding.

In a recent submission to the Productivity Commission Inquiry into Caring for Older Australians, ACSWA highlighted a number of factors that impact on the development and sustainability of aged care projects in Western Australia. These included Government and public policy that restricts the supply of land for new development, regulatory requirements and local taxes that increase the costs of building and development of new aged care projects, and layers of regulatory requirements that impacts on the timeliness of project delivery times.

Aged care providers advise that multiple requirements and conditions from numerous Government departments and authorities often create significant delays in approvals and planning for new development projects. The WA government maintains a highly centralised system of planning and control for the Perth metropolitan region and outlying rural and regional areas. The WA Planning Commission is responsible for overseeing and coordinating planning across the State, while emphasising strategic and statutory planning at a regional level.

Local government planning schemes are required to conform to State and regional planning objectives. Aged care providers have advised that projects are often delayed because they have to liaise with multiple Government departments, authorities and agencies to obtain approvals and clearances, and that the varying requirements are often inconsistent between agencies, or differ in their interpretation of the guidelines.

An example of this is described in a media report (Hills Gazette 12.2.11) which states that a proposed aged care facility in Wattle Grove (WA) had been 'tied up because of planning concerns for almost a decade'. Another member organisation has outlined in a submission to the Productivity Commission their experiences related to replication of requirements, and delays in approvals for a retirement village proposal in Perth. This is clearly unacceptable, particularly with the increasing demands of an ageing population for residential care accommodation.

Western Australia's population growth has been comparatively higher than the overall Australian growth rate, with the population aged over 70 projected to increase substantially in comparison to all other ages, from 8.2% (168,078) of the total population in 2006 to 16.8% (722,880) in 2056. Simultaneously, the construction and development of new infrastructure to accommodate this population has stagnated as a result of regulatory burdens and inadequate financial incentives to invest in aged care. The stark reality is that of 3778 residential aged care beds that were made available in WA by the Department of Health and Ageing from 2007 – 2010, only 1477 of these (39%) were allocated to residential aged care providers. This leaves a substantial shortfall in aged care bed availability in the near future, that if not addressed will result in substantial impact on the public health system to accommodate those requiring care.

The lack of incentive to invest in aged care is further hampered by the delay in obtaining development approvals and fulfilling the multitude of requirements within the mandatory timelines required by the Department of Health and Ageing in bringing any allocated bed licenses on-line within the two year timeframe.

Delays in approvals and planning processes for new infrastructure accounts for significant increases in costs, and impacts on the timely responsiveness to the needs of the aged in the community.

A further impost on development and building of new aged care infrastructure are the various State and local government property taxes, fees, levies and charges that apply which according to the Housing Industry Association account for about 6% of house and land costs in WA. A report that looked at the impact of housing and land restrictions in WA suggested that if the constraints of prescriptive planning, development approval and environmental regulations were removed, the cost of building a typical new house in outer Perth would fall by 38%. Additionally, there has been significant growth in regulations related to energy efficiency standards, additional to those contained in the national building code, and further local government requirements that have been estimated to add up to 14% in building costs in WA.

Our members advise that due to a reluctance of inner-city communities to support greater density developments, such as retirement villages or residential care facilities, and because land supply restrictions in WA contribute to increased land costs, they are often forced to move to outer suburbs to develop new infrastructure. This has a detrimental impact on aged persons who often have to relocate to areas some distance from their former community, friends and relatives. Many outlying areas have limited public transport infrastructure, which impacts on the availability of a workforce who depend on this form of transport, and restricts visitors reliant on public transport.

ACSWA is pleased that the Commission is undertaking a review of the impediments and regulatory burdens that are stifling the growth of aged care developments in WA. Previous Productivity Commission reports have acknowledged that the aged care industry is characterised by centralised planning processes that result in heavy regulatory burdens for providers. We welcome your review and recommendations to ensure that older Western Australians can be provided with aged care services that are cost-effective, accessible and appropriate to their needs.