

Our Reference: DME 57432

20 September 2010

Productivity Commission
PO Box 1428
CANBERRA ACT 2601

Dear Sir/ Madam

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

I refer to the LGA's draft response to the Productivity Commission's Inquiry in relation to the above, forwarded under cover of a letter dated 8 September 2010.

The LGA State Executive Committee formally adopted the submission at its meeting on 16 September 2010, a copy of which is now enclosed.

The LGA looks forward to its continuing involvement in this review.

Yours sincerely

Wendy Campana
Chief Executive Officer

Attach: Submission from the LGA



PRODUCTIVITY COMMISSION INQUIRY

PERFORMANCE BENCHMARKING OF AUSTRALIAN BUSINESS REGULATION: *Planning, Zoning and Development Assessments*

SUBMISSION from the LOCAL GOVERNMENT ASSOCIATION OF SA

September 2010

Introduction

The Local Government Association of South Australia (LGA) welcomes the opportunity to provide a Submission in response to the Productivity Commission Inquiry into Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments.

The LGA Submission has been informed by previous work undertaken in response to the South Australian Government's Planning Reform agenda which involved significant consultation by the LGA with all Councils.

The LGA understands that a number of Councils are providing individual Submissions to the Inquiry. The LGA is also aware of the Submission being provided by the Australian Local Government Association (ALGA) and is broadly supportive of the key issues raised therein, and acknowledges the need for improved government coordination and cooperation in planning, zoning and development assessment.

In particular, the LGA is keen to emphasise that whilst Local Government has an important role in all phases of the planning process – strategic, development assessment and community engagement - it is subject to the legislative directions given to it by State jurisdiction.

Local Government must remain central to the planning process as it is in a unique position to shape the built environment and reflect the needs and aspirations of its communities. Community engagement is critical in the delivery of sound and sustainable planning outcomes and it is important that Local Government's capacity to address community expectations is maximised both through improved regulation and through adequate resourcing.

The LGA has been working closely with other spheres of government, industry groups, the Development Assessment Forum and the community to seek improvements in the processes governing planning and development. In particular, the LGA has contributed significantly to the South Australian Government's Planning Reform agenda through its development assessment reform program over the last 2 years, and most recently through involvement in the implementation of the 30 Year Plan for Greater Adelaide.

The LGA is cognisant of the volume of work that has taken place at the national level relating to planning, affordable housing and business regulation more generally, and looks forward to continuing a high level of collaboration between Federal, State and Local Government agencies, and private industry to develop and deliver on initiatives that strengthen partnerships to achieve improved planning processes for the benefit of the community overall.

The LGA appreciates the time that the Commission took to meet with representatives of the LGA and Councils to discuss this matter in detail, and assist in responding to the Inquiry.

The LGA sees itself as a "key partner" in the exploration of the issues, consideration of recommendations and – ultimately – implementing any endorsed directions arising from the Inquiry, and look forward to our continuing involvement in this review.

1. Background

1.1 Purpose and Approach

This Submission examines some of the key economic and competitiveness issues associated with the operation of the South Australian planning and development system, in order to respond to the Productivity Commission inquiry into the economic and business impacts of Australia's planning systems.

The Submission is structured in two parts, dealing firstly with general system-wide issues and secondly with some key examples of particular aspects of the system which have particular impacts on economic competitiveness. Whilst the focus is on planning in South Australia, many of the observations made have national relevance.

1.2 The Inquiry

The LGA understands that the Productivity Commission has been charged with investigating a very complex topic and that the key instructions in relation to the Inquiry were as follows:

Planning systems play an important role in managing the growth of cities. They aim to preserve the environment, provide and coordinate community services and facilities, and promote the orderly and economic use and development of land. The systems serve the valuable purposes of balancing the often competing social, environmental, and economic impacts of a development. Planning systems, and in particular the zoning of land, affect the location, quantity, and use of land for specific activities, but at the same time they can affect competition within local markets. The extent of this impact on competition within local markets varies across States and Territories, and over time.

The Productivity Commission is 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, the Commission should report on planning and zoning laws and practices which 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.¹*

The Productivity Commission Issues Paper (May 2010) presents numerous, wide-ranging questions to be explored. This submission does not seek to address individual questions raised in the Issues Paper, but rather focuses particular key issues associated with planning, zoning and development assessment.

¹ Productivity Commission (2010) Business Regulation Benchmarking: Planning, Zoning and Development Assessment, Productivity Commission Circular, April 12 2010, No: PZDA1

1.3 Importance of Local Government

At the outset, it must be acknowledged that Local Government – and the LGA as the peak representative group for the sector in South Australia – has a very key role to play both in terms of informing the Inquiry but also in implementing any endorsed recommendations.

The South Australian planning system relies upon the work of Councils to a very significant degree – arguably more than is the case in most jurisdictions – for its effective and efficient operation. Most zoning rules are prepared and promulgated by Councils. The vast majority of planning decisions are made by Councils. The vast majority of interactions with the planning system (be they applicants, neighbours, community groups or Government referral agencies) occur with or through the Council.

The LGA echoes the sentiments expressed by the ALGA's Submission that planning and development assessment process must be seen in the context of a *community partnership* in which the community, elected councillors and professional staff work together to identify and achieve community goals for the future urban and natural environment. Strong strategic guidance and leadership from State and Commonwealth Governments is equally important.

It should also be noted that whilst planning, especially as practised at the local level, is often criticised for its regulatory impact on business, both State and the Federal Government have introduced a range of public policies and regulation that seek to address and deliver on community and business expectations. These additional and separate legislative requirements that deal with planning related matters have significantly contributed to the existing complexity and confusion surrounding the operation of planning in Australia.

In addition to the raft of State and Federal policies and regulations, significant delays in the processing of Development Plan Amendments (DPAs) have contributed to a negative impact on the efficiency and effectiveness of the planning system in South Australia. The South Australian experience has been that the majority of Development Plan Amendments initiated by Councils have taken several years to be processed and approved by the State Government, and many are essentially 'out of date' by the time approval is granted. A range of factors, most notably a lack of human and financial resources together with legislative and/or structural impediments, have combined to create this situation which is currently being sought to be addressed by both Local and State Government (refer later in this Submission).

The complexity of the planning system is often attributed only to Local Government when in reality Local Government provides a portal for the majority of planning and development at the local level. The complexity of the planning system and the role of transactions between levels of government needs to be acknowledged, recognised and understood when attempting to measure the efficiency of the planning system.

In addition, the lack of adequate resourcing for Local Government for the effective ongoing provision of infrastructure and services at the local level is essential. The cost of delivering services and facilities is often more expensive after the development has commenced than if this was provided upfront.

Current funding arrangements between governments have seen a substantial cost-shift of more and more unfunded tasks to councils, impeding the ability of local government to deliver services and maintain infrastructure. This was acknowledged in the report of the House of Representatives Standing Committee on Economics, Finance and Public Administration; *Rates and Taxes: A Fair Share for Responsible Local Government (The Hawker Report)* tabled in Parliament in November 2003.

The LGA agrees with the point raised in the ALGA submission that the issues of cost shifting needs to be resolved fully to ensure a financial future for Local Government, but fixing cost shifting, while critically important, will not resolve the overall financial crisis facing Local Government. The *Fair Share Report* recommends a new funding system for Local Government based on access to a fair share of national taxation revenue, backed by an intergovernmental agreement and effective compliance mechanisms to stop cost shifting.

The recent release of the '30 Year Plan for Greater Adelaide' (the Plan) has highlighted the importance of robust and enduring partnerships being forged between governments and the private sector, both in the planning and the delivery of strategic infrastructure projects. The associated growth targets make it important that Council decision makers and key development representatives are across the issues of urban growth and underlines the need for Local and State Government to lead strong growth management partnerships.

The consequences of population growth places extra pressures on the planning system which will often involve increased reliance on developers to develop land, highlighting the significant costs of infrastructure provision, in particular. The implementation of the Plan for Greater Adelaide provides an excellent opportunity to forge new partnerships that align the Parties' resources and address infrastructure, environmental and social issues in growing new communities in a collaborative way. It also provides the opportunity to create a new approach to the way in which State and Local Governments work together and engage with the private sector and communities, and in particular to acknowledge that early and continuous engagement with the community is vital to achieving the targets of the Plan.

In regard to governance arrangements for the Plan, it is proposed that a Memorandum of Understanding be entered into between State and Local Government to assist in the facilitation of the implementation of the Plan and to achieve a new and higher level of partnership and collaboration to enable the Plan to be realised.

Key goals of this Agreement include:

- Establishing appropriate lines of communication between State and Local Government throughout the further exploration of the Plan right through to its implementation, including mechanisms to address conflicts that may arise and to evaluate and monitor progress.
- Recognising that the implementation of the Plan will require considerable financial and other resources from State and Local Government, and the private sector, and that without these resources being aligned the outcomes will be less than optimum.
- Facilitating cross-Council participation which recognises the individual decision making responsibilities of Councils involved in across Council boundary projects, together with activities and appropriate mechanisms to foster collaboration.
- Acknowledging that communities across the Greater Adelaide area need to be informed and consulted and that the impacts on various sectors of the community will differ based on projects and activities in individual areas, and therefore methodologies adopted for consultation will need to cater for these differences.

It is also understood that Local Government Regional Partnership Forums are intended to be formed to coordinate the delivery of future infrastructure to sub regional areas. Membership and proposed roles of these Forums will need further dialogue as it is essential for these to have appropriate jurisdiction for the planning of sub regional areas so there is not a developer driven, ad-hoc, approach. The potential benefits of greater regional cooperation include the development of a more rigorous framework for the coordination and funding of

infrastructure and enable proactive and contemporary responses to increased climate change risks of flood, fire, erosion and storms and changed land capacity.

In regard to Regional SA, the planning strategy is being updated on a region-by-region basis under a new approach to regional land use planning. The current Regional SA volume of the Planning Strategy (January 2003) is gradually being replaced by stand-alone Regional Land Use Frameworks (one for each of the country planning regions).

The State Government is currently developing a number of regional planning strategies in consultation with Councils in those areas.

2. General Issues

2.1 The Focus of Planning

Urban planning as a discipline emerged in the closing years of the nineteenth century as a response to market failure. Specifically, planning emerged as a reaction to late-Victorian slum environments and fundamentally exists to control the externalities generated by unregulated use of land in urban areas.

The discipline has its origins in the objectives of nineteenth century social reforms that sought to create urban environments that were healthy, safe, convenient and pleasant. The primary strategies employed in early planning were the separation of incompatible land uses by means of land use zoning and the regulation of building standards.

Since then the practice of planning has grown and broadened and today it constitutes a diverse field that encompasses a wide range of activities relating to the management of urban and regional areas²:

- urban development;
- regional and rural planning;
- development assessment and land use;
- social and community based planning;
- urban design and place-making;
- environmental planning and natural resources management;
- transport planning;
- heritage and conservation;
- neighbourhood and urban renewal;
- infrastructure and services planning;
- international development.

Planning has moved a considerable distance from its origins in regulating environmental externalities and today is often held up as a panacea to various social, environmental and economic issues in urban and regional areas, ranging from heritage protection to climate change. Planners today are generalists and mediators seeking to balance different objectives and stakeholder interests to deliver the best outcome for the community (however that may be defined).

² PIA (2010) About Planning Website page, accessed July 6 2010 URL:
http://www.planning.org.au/index.php?option=com_content&task=view&id=684&Itemid=618

One consequence of this broadening in focus has been increasing pressure on the profession to understand and manage the economic impacts of planning. While planners are not, and cannot be, expected to have expertise in all of the fields/activities affected by planning decisions, it is recognised that balancing environmental and social considerations with economic considerations can be a complex exercise.

This is perhaps typified in the following statement by the Planning Institute of Australia (emphasis added):

Planning is the act of researching, analysing, anticipating and influencing change in our society. In urban areas, planners guide and manage the way suburbs and regions develop, making sure that they are good places in which to live, work and play. Planners are involved in making decisions about land use proposals and other types of developments. In making decisions, planners have to balance the needs of communities and the environment³.

The fact that planning involves regulating the market may also tend to be seen as obviating or reducing the need to take into account economic factors.

As a result, structural/legislative change together with a measure of cultural change and increased education/training initiatives may be required to support the findings and recommendations of the Productivity Commission Inquiry.

2.2 The Planning System in South Australia

The legislative framework for the planning and development system in South Australia is provided by the *Development Act 1993* and the associated *Development Regulations 2008*. A number of other statutes are linked to the planning framework and can have a role (sometimes significant) in determining zoning and development assessment processes⁴.

The requirement to interpret and apply multiple statutes (and often multiple approval requirements) is a significant potential cost burden for business because it undermines certainty and complicates the compliance task (refer section 3.7 below).

The Development Act establishes two key planning instruments:

- the Planning Strategy – provides high-level spatial land use directions for every area of the State, prepared by the Minister and which serves primarily to guide preparation of zoning instruments (the Strategy has no application in development assessment); and
- Development Plans – may be prepared by Councils or (in restricted circumstances) the Minister and contain zoning rules that are the statutory basis for assessment of development applications.

The State Government is, then, responsible for providing broad policy directions which Local Governments must have regard to in the preparation of Development Plans. The current Planning Strategy identifies areas that should be rezoned for residential and employment expansion, identifies locations and hierarchical roles for higher order activity centres and provides targets and general policy directions to deliver a range of social, environmental and economic outcomes.

³ PIA (SA DIVISION) (2010) What is Planning? Website page, accessed July 6 2010 URL: http://www.planning.org.au/index.php?option=com_content&task=view&id=663&Itemid=589

⁴ For example, the Environment Protection Act 1993, the State Heritage Act 1993, the Highways Act 1926, the Local Government Act 1999, the River Murray Act 2003 the Liquor Licensing Act 1997, and the Environment Protection and Biodiversity Conservation Act 1999 (C'wlth)

Other key elements of the planning system in South Australia include the:

- Development Plan Amendment (DPA) process, which is used to change zoning and other policies in Development Plans and must be approved by the Minister;
- Development Assessment (DA) processes, which are used to assess development proposals against Development Plan provisions and are generally the responsibility of Local Governments⁵; and
- The Major Development process, which allow the Minister to declare a development a 'Major Development' and triggers a different assessment process, specifically the development is assessed by the State rather than Local Government (refer section 3.5 below).

South Australia's planning system is relatively less complex than many other jurisdictions. However the reliance on Councils to prepare and administer local zoning rules has resulted in a relatively higher level of local variation (see section 3.1 below).

Key Comment:

Any competitiveness reforms which may be implemented as a result of the Productivity Commission's Inquiry can likely be given effect through the relatively straightforward and robust mechanisms provided under the *Development Act 1993* without the need for substantial legislative change. However the need to further develop the skill base of both State and Local Government officers working in the planning arena, to enhance their understanding of market operation and the economic impact of planning policies, should be a priority.

2.3 Regulatory Reform in the South Australian Planning System

The Planning system in South Australia is currently undergoing significant change following a sweeping review in 2008. The review was initiated as a result of Government concern regarding the economic impact of the SA planning system, reflected in the Premier's statement that the Government wished to make the SA system "the most competitive in Australasia"⁶.

As a result of this review, a new Planning Strategy was developed for Greater Adelaide and a range of development assessment reforms are being implemented in response to the Planning and Development Review Steering Committee's finding that:

*"South Australia needs to remove systematic flaws that cost time and money and implement a development system that fosters prosperity through the creation of compact, affordable, liveable developments"*⁷.

The Review found that "lengthy and unnecessary delays" were adding to the cost of a family home or renovation. According to the Review, a key cause of these delays was the disproportionate level of "full merit" assessments in the system. However it is submitted that

⁵ Note however that South Australia is a national leader in the introduction of majority-independent Development Assessment Panels, introduced by the State Government on the basis that they would – among other things – "depoliticise" the development assessment process.

⁶ Planning and Development Review Steering Committee (2008) Report to the Minister for Urban Development and Planning from the Planning and Development Review Steering Committee for consideration by Cabinet, March 2008, piii

⁷ Planning and Development Review Steering Committee (2008) Report to the Minister for Urban Development and Planning from the Planning and Development Review Steering Committee for consideration by Cabinet, March 2008, pi

proper objective research needs to be done into house price drivers in order to fully determine the exact position. In addition, the delays in the processing of Development Plan Amendments have been a significant contributing factor.

South Australia has more applications per head of population than other jurisdictions, the lowest value of building work undertaken per application of any mainland state and a much lower rate of “as of right” development. As a result, planning resources are delayed disproportionately towards minor and low-risk matters.

The current or proposed changes to the planning system include:

- the introduction of a Residential Development Code which aims to reduce time, uncertainty and cost involved in simple development applications by making a range of development activities “as of right”;
- improvements to the timing and certainty of rezoning processes, particularly for supporting adequate levels of residential land supply;
- greater consistency in zoning rules and reduced proliferation of different zone types;
- introduction of a new land supply monitoring system for residential and employment land; and
- policy guidelines to clarify the nature and extent of matters that are of “state significance” and how these will be dealt with.

The Planning and Development Review Steering Committee calculated that streamlining the development assessment process would generate significant economic benefits, to the tune of a \$4.9 billion increase in Gross State Product over five years and a reduction of \$75.6 million per annum in red-tape reduction costs⁸. However, the LGA and many Councils are cautious about whether the forecasted savings will translate into reality ‘on ground’. One example is the introduction of the Residential Development Code 18 months ago as part of the reforms to streamline development assessment processes – preliminary findings of a recent review to assess the Code’s effectiveness in reducing the time taken to approve development applications indicated that its impact is not as great as initially anticipated.

In summary, the planning reforms that have recently been implemented in South Australia to seek to improve economic outcomes for the State and for individual applicants by improving land supply management and reducing development assessment time, complexity and costs, are still in their infancy and it is too early to measure their true economic impact.

Key Comment:

A range of current reform initiatives are underway aimed at improving the economic competitiveness of South Australia’s planning and development system. The Inquiry may wish to review and build on these reforms.

2.4 Competitiveness of Cities

Planning has a significant role in shaping the economic landscape of cities and the regulatory environment within which business operates. Planning *policies* influence the amount and location of land available for different land uses, and as such influence business location,

⁸ *ibid*

size and operations and the supply, type and cost of residential land and dwellings. Planning processes also have both financial and non-financial impacts for all forms of development which, if excessive, may discourage development and hinder economic growth.

The following are some examples of how planning policies and processes influence economic activity:

- the quantity and location of land available for different types of businesses – influenced by Planning Strategy/Land Supply Program and Development Plan provisions, including the availability and cost of infrastructure to service zoned land;
- the potential for expansion of existing businesses – influenced by Development Plan provisions, including zoning and planning policies which restrict land use and built form;
- business operations – influenced by Development Plan provisions, including other uses permitted in close proximity, hours of operation, change of use provisions;
- type of residential development – influenced by Development Plan provisions, including density, built form controls, and the challenge of incorporating policies such as ‘Health in all Planning’ which includes the promotion of active transport options to encourage walking and cycling as a way of increasing the health and fitness of the community which is often reliant on the design of neighbourhoods; and
- residential land and house prices- influenced by the quantity and location of land zoned for residential development, the availability and cost of infrastructure to service zoned land, as well as planning controls relating to density and built form.

In addition to the above policy considerations, planning policies and processes that add unreasonable time, cost or risk to a development application discourage development and may reduce competition.

This is highlighted in the Issues Paper which states that:

“The agencies responsible for DA’s play an integral part in delivering the planning and zoning system to businesses and communities. In particular, factors such as the ease with which development approvals can be sought, the length of time taken for assessments and the openness of the process to community consultation are some of the key factors which will influence the competitiveness implications and cost of DA processes”⁹.

Improved efficiency of DA processes is a key objective of the South Australian planning reform package. The impact of these changes needs to be monitored and further improvements which reduce the time, cost and risk involved in a development application is supported.

When delays are encountered there are usually a number of contributing factors at play including the submitting of incomplete or poor development applications. A certain percentage of developers continue to submit applications to Councils that do not contain the required information for proper assessment to occur, which in turn adds to the length of time taken to process the application.

There is also a problem with the number of experienced planning officers able to be employed by local authorities and the extent of external referral advice that is required when assessing certain types of development proposals.

⁹ Productivity Commission (2010) Business Regulation Benchmarking: Planning, Zoning and Development Assessment, Productivity Commission issues Paper May 2010

The LGA agrees with the point raised in the ALGA's submission that many of these planning 'reforms', under the guise of simplifying and making the planning process less complex and costly, have had the reverse impact on the capacity of Local Government to meet the needs of local communities in the delivery of better built and natural environments. Examples include the creation of additional referral agencies or expanding the call-in power of State Planning Ministers.

It is acknowledged that developers in South Australia have continued to emphasize the desire for consistency and arguably any measure that can successfully improve the simplicity of planning policies and processes is likely to improve competitiveness and certainty in the development assessment process. However, the diversity of Local Government must be recognised and factored into this argument. Differing powers and functions, the level of financial resources, population size, geographic area, location and availability of human resources all impact on how Councils perform their planning function. Any consideration of Local Governments' role in planning and development assessment regulation must therefore be cognisant of this diversity of roles and functions and the multiplicity of issues confronting Local Governments, and the communities they represent.

Key Comment:

Planning has a significant role to play in shaping the competitiveness of the urban and regulatory environment. The key issue for the Inquiry will be in determining whether and how constraints on the market are outweighed by wider benefits.

3. Focus Issues for the Inquiry

3.1 Zoning

Zoning can be conceptualised as regulating the use and development of land on a spatially defined basis. That is, zoning rules are the rules that enable land in defined locations to be used for certain purposes and not for others. Fundamentally zoning is about constraining the economic use of land and inherently it imposes opportunity costs on some land and not on others. The economic rationale for this is that zoning is justified on the basis that it prevents the wider economy from having to bear the costs of externalities that would otherwise be generated. To the extent that zoning impacts on the value of land, there may be an argument that zoning internalises the costs of preventing externalities.

However zoning today appears to have moved beyond the simple objectives of early land use planning, to the point where it can sometimes be difficult to prove that the competitiveness constraints imposed by controls over land are actually outweighed by measurable community benefits.

Concurrent with the increasing sophistication and scope of zoning controls has been the proliferation of different zone types. From a handful of standard short-form zoning tables in the late 1970s, South Australia currently has some 220 different zones with overlays and policy areas and 17,000 pages of planning regulations¹⁰ contained in 68 different Development Plans.

¹⁰ Planning and Development Review Steering Committee (2008) Report to the Minister for Urban Development and Planning from the Planning and Development Review Steering Committee for consideration by Cabinet, March 2008, piii

Cumulatively, it is arguable that this extent and variation of zoning control presents business with a very significant and complex additional cost burden – not only in terms of the actual impact on land use opportunities, but also in terms of the costs involved in accessing and interpreting the zoning rules.

As part of the State Government's Planning Reform agenda there is a concerted effort to address this zoning issue and the 'Better Development Plans' Policy modules are being developed to seek increased consistency between Councils' Development Plans and certainty of interpretation. However a fundamental issue for Local Government is the need to balance overall consistency with the need to retain the ability for local communities to influence the way their areas are developed.

Key Comment:

It is acknowledged that currently South Australia's zoning rules can be lengthy and complex and exhibit levels of variation which may create compliance costs for business. Reforms through the 'Better Development Plans' policy modules being implemented by the State Government as part of ongoing reforms, is seeking to address this issue. However a fundamental issue for Local Government is the need to balance overall consistency with the need to retain the ability for local communities to influence the way their areas are developed. The key is to 'get this balance right' to ensure a prosperous and sustainable future.

3.2 Residential Land Supply

There has been increasing recognition in recent years that the restriction of land supply reduces the number of residential developers in the market and plays a crucial role in the cost of housing. Commonwealth government actions including the establishment of the National Housing Supply Council and Capital Cities Strategic Planning Panel are intended to play a role in improving land supply and housing affordability. However, there are still polarised views within the industry on the extent to which planning policies affect house prices. At one end of the scale, organisations such as Demographia believe that planning restrictions on land supply are the main reason for house price increases in recent years:

In Australia, there is consensus in both government and the private sector that there is a severe housing crisis...yet, across Australia, conditions appear to be worsening. "Plan-driven" land use regulation (more prescriptive regulation) is at the heart of the problem. It takes from 6.25 to 14.5 years to convert urban fringe land into new houses, which compares to less than 1.5 years before urban consolidation, and which remains the case in the "demand-driven" (more responsive) markets in the United States. The extensive plan-driven process tells land sellers and buyers precisely where land for development can be bought or sold, and as a consequence increases prices¹¹.

Conversely, other commentators suggest that:

There is almost no reliable Australian research on the relationship between a specific regulatory measure such as an urban growth boundary and land price in Australia¹² and AHURI observes that there is very little evidence provided in support of claims that land use regulations reduce land supply and competition¹³.

¹¹ Demographia (2010) 6th Annual Demographia International Housing Affordability Survey

¹² Gurran (2008) in AHURI (2010) Planning Reform, Land Release and the Supply of Housing, Positioning Paper no 126, Authored by Goodman, R, Buxton, M, Chhetri, P, Schuerer, J, Taylor, E, Wood, G for AHURI, February 2010, p3

¹³ AHURI (2010) Planning reform, land release and the supply of housing, Positioning Paper no 126, Authored by Goodman, R, Buxton, M, Chhetri, P, Schuerer, J, Taylor, E, Wood, G for AHURI, February 2010, p3

Despite these differing views, it is a fact that the cost of residential land has increased at a much greater rate than the cost of building a house. The land component of a house and land package averaged between 30%-40% in the 1990's but, by 2006 this had risen to 53% in South Australia and 48% on average across Australia¹⁴.

Figure One, below, indicates that the average price of new urban land in Adelaide has increased at more than three times the rate of house construction¹⁵. This is also reflected in the high cost of land per square metre in Adelaide relative to other States - at December 2009, the median price per square metre for residential land in Adelaide was \$448 compared with \$327 in Melbourne and \$339 in Brisbane¹⁶.

The supply of residential zoned broadacre land in metropolitan Adelaide has declined significantly over the last decade¹⁷. Figure Two shows the generally declining trend in the supply of residential allotments in metropolitan Adelaide and the concurrent significant increase in the average price of allotments.

Figure One - Increase in Residential Land and New House Construction Costs in Metropolitan Adelaide

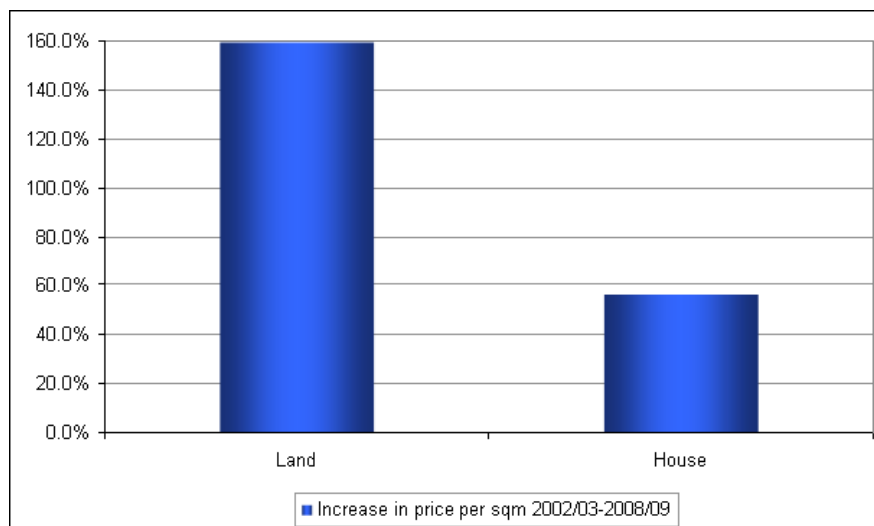


Figure Two - Average Land Price and Sales Metropolitan Adelaide

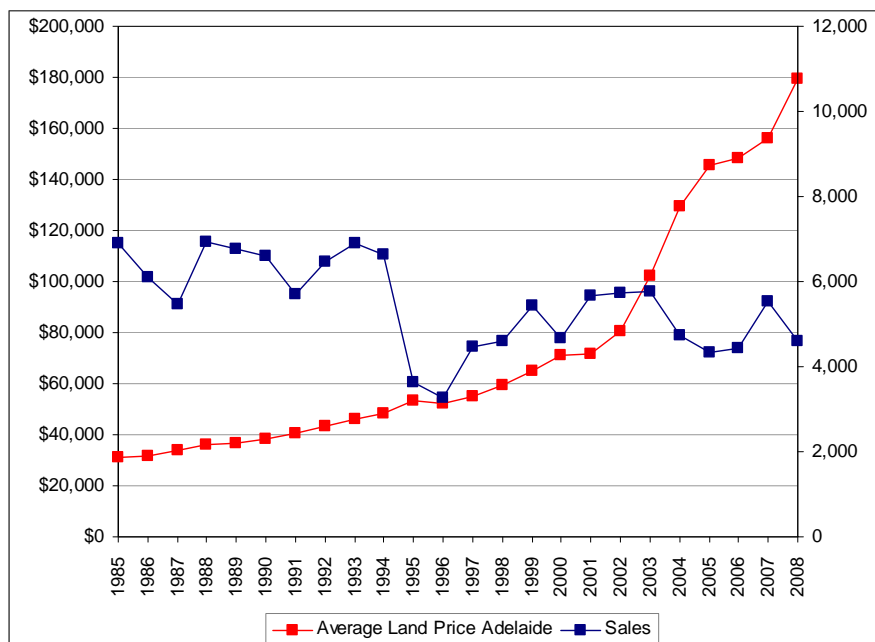
¹⁴ HIA-APM (2007) HIA-APM Land Monitor, HIA Economics Group

¹⁵ See also: DPLG (2008) Background Technical Report: The Plan for Greater Adelaide, pp 56-57

¹⁶ HIA-RP Data (2010) HIA-RP Data Residential Land Report, December Quarter 2009, HIA Economics Group

¹⁷ DPLG (2009) Analysis of Broadacre Land: Adelaide and Outer Adelaide Statistical Divisions and selected Rural Townships, June 2008, authored by Burrows, D.J. and McQueen, I, Government of South Australia.

Submission to the Productivity Commission – Performance Benchmarking of Australian Business Regulation – September 2010



Source: State Valuation Office South Australia

Land supply is not the only factor that influences land prices and housing affordability but it is apparent that planning policies which affect residential land supply are likely to have an impact on land and house prices.

The State Government has recognised the need to maintain sufficient supply of residential land to preserve housing affordability¹⁸ and is in the process of developing a Housing and Employment Land Supply Program to identify land requirements and monitor and report on housing and land targets. Proposed land supply targets recognise that the previous approach to land supply management has not adequately recognised the following factors:

- long lead times to deliver land to market;
- land withheld from market by owners; and
- land consumed by non-residential uses such as infrastructure, schools, centres, etc in urban expansion areas.

The State Government proposes that the Housing and Employment Land Supply Program will address these issues by the following changes to land supply management:

- 25 year identified land supply/15 years zoned supply;
- allow for 30% of identified land to be withheld from market; and
- allow for 40-60% of land to be occupied by non-residential uses.

Concern remains that the length of time it takes to deliver land to market means that in the short-medium term there will remain serious constraints on the supply of residential allotments in Greater Adelaide. In regard to the 30 Year Plan for Greater Adelaide, the UDIA (SA) notes that:

While the Plan has identified substantial land areas which may form part of future housing supply, it is likely that traditional planning and development processes will mean the delivery of this housing to the market will not occur for up to 15 years. In particular, it is observed that

¹⁸ DPLG (2010) 30 Year Plan for Greater Adelaide: A Volume of the South Australian Planning Strategy, Government of South Australia, p36-37

there is very little major infill land supply in the pipeline and, given the timeframes associated with the pipeline, infill opportunities will need to be accelerated if the Government's infill targets are to be met¹⁹.

The Plan envisages a target ratio of infill development to fringe development of 70:30. The Plan aspires to deliver the highest quality in integrated design for Adelaide's future heritage and recognises the potential contradiction between the goals of providing developers with a pipeline of greenfield land supply and the concentration of development in Transit Oriented Developments and infill. However Local Government is concerned about the market effect of price drivers for high value inner-urban land (where much of the infrastructure – including social infrastructure – is already in place) and fringe development where the cost of infrastructure has traditionally been carried by Councils and the community.

Local Government has a key role to play, working with the State Government to ensure that areas identified for growth can be connected to existing infrastructure and community services. Similarly, the coordination of State Government agencies in planning for and delivering infrastructure (including community infrastructure like schools, public transport and health), has often in the past returned less than optimal results for communities. Where Councils have been involved in planned developments involving joint venture agreements or clearly negotiated agreements with developers there have been benefits for the community (such as Mawson Lakes and Edinburgh Parks in South Australia) and Councils have been able to prioritise their resources to achieve the agreed outcomes.

The processes involved in the identification of land for residential development, rezoning, structure planning, master planning, infrastructure negotiation, subdivision and development approval take many years to complete.

This is demonstrated by the rezoning progress of land identified for urban development and brought within Adelaide's urban boundary in December 2007. Of the 2,076 hectares of land brought within the urban boundary in 2007 in order to address a pressing shortage of land, only 415 hectares (20%) has so far been rezoned to enable urban development – and this was for areas where structure planning had actually commenced as long ago as the 1990's. The remaining 80% of the area added to the urban boundary is either working its way through the rezoning process or is now considered unsuitable for urban development.

The long timeframes involved in rezoning this land are particularly concerning given that the 2008 Planning and Development Review-conducted in the months following the inclusion of this land within the urban boundary-highlighted that *'immediate action should be taken to rezone more land to address the land supply shortfall'²⁰.*

Current very long rezoning timeframes appear driven by a range of issues primarily including:

- lack of a clear and consistent approach to infrastructure planning, coordination and funding (discussed in detail in Section 3.4 below);
- lack of a cohesive "whole of government" approach to rezoning, characterised by different positions being advanced between (and sometimes within) State agencies and a lack of commitment to resolution;
- difficulty in coordinating the development of multiple fragmented land holdings;
- attempts in some areas to contractually resolve all elements of infrastructure provision across all stages or a release area to a very high level of detail prior to DPA

¹⁹ UDIA (SA Division) (2009) Land Supply and Housing Affordability in Greater Adelaide, November 2009

²⁰ Planning and Development Review Steering Committee (2008) Report to the Minister for Urban Development and Planning from the Planning and Development Review Steering Committee for consideration by Cabinet, March 2008, p102

authorisation (including methods of infrastructure provision and costs and co-ordination/apportionment of costs and benefits between multiple land owners); and

- lack of effective co-operative arrangements between Local and State Government, communities and developers.

Key Comment:

An abundant supply of zoned and serviced land is an essential (but not sufficient) requirement for promoting housing affordability and supporting economic activity. Providing this supply of land is a core role of the planning system and one which has been identified in the 30 Year Plan for Greater Adelaide. State and Local Government will need to continue to collaborate in order to achieve and deliver recognised targets. As part of this process Local Government has a key role to play, working with State Government, to ensure that areas identified for growth can be connected to existing infrastructure and community services.

3.3 Retail Land Supply

The issue of the role of planning in protecting the interests of existing uses/owners is particularly relevant to the retail sector. South Australia's planning system has operated a "centres policy" since the early 1980s. This policy provides for retail floor space of various sizes to be developed in a hierarchy of centres zones. Opportunities for retail development outside these zones are virtually non-existent, conferring a significant competitive advantage on entities owning land in designated centre zones.

There has been a lot of debate on planning and competition in the retail sector since the ACCC released their inquiry into grocery prices in 2008. The ACCC found that little regard is had to competition issues in considering zoning or planning proposals and recommended that:

*"all appropriate levels of government consider ways in which zoning and planning laws, and decisions in respect of individual planning applications where additional retail space for the purpose of operating a supermarket is contemplated, should have specific regard to the likely impact of the proposal on competition between supermarkets in the area. Particular regard should be had to whether the proposal will facilitate the entry of a supermarket operator not currently trading in the area"*²¹.

The LGA considers that uniform changes to centres policy should not be made lightly and is concerned that policy positions such as "all centres have a right to grow" may have substantial, unintended impacts on urban form, accessibility, environmental sustainability and competition.

Greater flexibility in the size, number and/or location of centres may be counter-productive to increasing competitiveness. Specifically, if there are no limits on centre size, it is likely some centres will expand and others will be unable to compete and close. Similarly, if centres are permitted to locate wherever they choose, multiple centres may establish on major intersections, as seen in the United States. Such an outcome is unlikely to increase access to viable business opportunities for new operators and small businesses and would also result in built form and service/employment distribution that creates diseconomies and is at odds with key policy directions in the South Australian Planning Strategy.

While it has been argued that the deregulation of planning policies which affect the retail market would result in true market competition and result in lower prices for consumers²², the

²¹ ACCC (2008) Report of the ACCC inquiry into the competitiveness of retail prices for standard groceries, July 2008

²² Fels, A, Beare, S and Szakiel, S (2008) Choice Free Zone, prepared by Concept Economics for Urban Taskforce Australia, p 36

State Government has not undertaken rigorous investigations into the South Australian retail market to test this assertion locally and develop possible solutions. It should also be remembered that the rationale for planning regulation of the retail (and other) market is to minimise the negative effects of free market operations. The removal or relaxation of these regulations will therefore have other consequences for the community.

Key Comment:

Whilst it is arguable that centres policy and zoning in South Australia is a barrier to entry for potential competitors in the State's retail sector, relaxation of centres zoning needs to be carefully handled if negative and costly impacts to the broader community are to be avoided. Further research would be beneficial in exploring this issue more fully.

3.4 Infrastructure Coordination and Funding

Infrastructure planning and funding is an aspect of urban development that is of particular concern in South Australia. Infrastructure planning, coordination and funding processes are currently a significant source of delay in rezoning processes in South Australia.

There is no doubt that the planning and financing of required infrastructure is a responsibility of governments but there is an important role to be performed by the developers of the land, both public and private, through the structure planning process.

The provision of appropriate infrastructure in a timely fashion is critical to the economy. The Productivity Commission has calculated that the services from economic infrastructure account for more than 10% of Australia's Gross Domestic Product (GDP)²³.

Both Local and State Governments will need to invest heavily in infrastructure in the coming decades to upgrade and augment infrastructure to meet the needs of a growing population and changing urban form, and \$11.4 billion in State and Commonwealth funding has been allocated to infrastructure in South Australia over the next four years²⁴.

There is considerable concern within the development sector that rising infrastructure charges continue to undermine the viability of residential projects and housing affordability. There is also substantial evidence to suggest that, from the perspective of increasing competitiveness, this approach is not the most efficient. Allen Consulting found that developer contributions, as a funding method, do not deliver optimal infrastructure outcomes in terms of timing, quality and economic growth and recommended that:

*"The trend towards ad hoc and wasteful infrastructure funding techniques should be halted. If the modelling results presented in this report are reflective of economic outcomes, the continued reliance upon producer levies such as developer contributions would have a harmful impact upon economic activity and jobs"*²⁵.

In South Australia, infrastructure contributions are currently negotiated on an ad-hoc basis between developers and planning authorities, with limited mandatory infrastructure contributions (which apply to the provision of open space, roads, hydraulic connections, car

²³ Productivity Commission (2009) Public Infrastructure Financing: An International Perspective, Productivity Commission Staff Working Paper, Canberra

²⁴ DPLG (2010) 30 Year Plan for Greater Adelaide: A Volume of the South Australian Planning Strategy, Government of South Australia

²⁵ The Allen Consulting Group (2003) Funding Urban Public Infrastructure: Approaches Compared, Report for the Property Council of Australia

parking and affordable housing in certain developments). In the absence of a formal framework for additional infrastructure charges, local authorities are negotiating infrastructure contributions from developers as part of the development approval and/or rezoning process.

There are advantages and disadvantages to a negotiated contribution system. KBR found that in South Australia it is:

“...common practice for a local authority to negotiate with the developer the possible inclusion of contributions to cover perceived external costs. It is apparent that the success of these negotiations to provide the necessary infrastructure is dependent on the negotiating skills of all parties. There is anecdotal information that indicates that elements of bluff, the use of process and legislative “blocks” and the costs of delay are factors that are sometimes brought to bear on the negotiating process. This is not fulfilling the objectives of transparency and equity.”²⁶

KBR, in a report prepared for LGA to scope the potential for expanding mandatory developer contributions in South Australia state that:

“the impacts of developer contributions upon housing affordability need to be carefully considered and researched in the next phase of this study”²⁷.

A report prepared for the LGA in 2008 discusses how four options for the implementation of developer contributions could be established by legislation and policy and highlights some practical issues for the implementation and operation of each option. The report did not significantly extend the investigations into housing affordability conducted by KBR and concluded that it is not possible to provide a meaningful analysis of how housing affordability may be affected by increased developer contributions without comparing current and proposed developer infrastructure contributions.²⁸

The apportioning of infrastructure costs between spheres of government and developers/land owners is particularly complex in areas with fragmented ownership. The rezoning process to zone or up-zone land for urban development typically involves structure planning and the identification of multiple zones/land uses such that, in areas with multiple owners, means some owners benefit more from the rezoning than others in terms of the uplift in their property value. This is a contentious process in itself and a requirement to resolve infrastructure coordination and funding to a high level of detail prior to rezoning is likely to delay or prevent any rezoning occurring.

In the past, government ownership of urban land stocks in South Australia has meant there is little experience of structure planning for fragmented ownership areas in South Australia but as Government land stocks are depleted and the infill agenda is pursued, Government ownership will no longer be an effective control mechanism in most situations.

²⁶ KBR (2006) Developer responsibilities/contributions – Analysis and Framework Study, prepared for the Local Government Association of South Australia, February 2006

²⁷ KBR (2006) Developer responsibilities/contributions – Analysis and Framework Study, prepared for the Local Government Association of South Australia, February 2006

²⁸ Heynen Planning Consultants (2008) Development Contributions Final Report prepared by Heynen Planning Consultants in consultation with Griffin Hildich Lawyers, Wallmans Lawyers and Dean Newbery and Partners, for the Local Government Association of SA, January 2008

Key Comment:

The absence of a clear policy and process for the planning, coordination and funding of infrastructure to serve urban growth areas in South Australia is a source of economic inefficiency and should be addressed as a matter of urgency by the State Government in consultation with the Local Government sector and the development industry.

3.5 Major Development Processes

Most planning jurisdictions contain provisions which allow the relevant Minister to “call in” matters that are of significance to the State. In South Australia the *Development Act 1993* allows, the Minister for Urban Development and Planning to declare a proposed development to be a “major development” if the Minister forms the opinion that the proposal is of “major economic, social or environmental importance” and also forms the opinion that such a declaration is necessary to ensure that the “proper assessment of the matter occurs”.

The consequence of a declaration is that the matter is placed into an entirely different assessment process. Zoning rules no longer apply, public notification requirements are different, appeal rights are removed (both for applicants and third parties) and the matter is ultimately determined by the Governor (and not by Council or the Development Assessment Commission as would normally be the case).

The time taken to assess a major development is typically much longer than for a “normal” development application (and can approximate the time taken to process a rezoning) and the extent of documentation required from applicants is extensive. However the removal of appeal rights, the exemption from compliance with zoning rules and the removal of Council’s normal assessment role mean that many applicants see major development as an advantage, while it remains a cause of concern for Councils and communities. These concerns are magnified where the rationale for the proposal being declared a major project is either unclear or inconsistent.

Investigations commissioned by the LGA²⁹ have identified that, while the major projects process has a legitimate role in the planning system, there is a need for increased objectivity and transparency in how the Minister chooses to use these provisions. Anecdotally, it is understood that some elements of the property and development sector share these concerns and perceive that major project declarations give some projects an “unfair advantage” over competing similar projects.

Partly in response to these concerns, the State Planning and Development Review³⁰ recommended that a policy (non-statutory) be developed to clarify and specify the types of projects that would be eligible for major project declarations. To date the Government has not finalised or released such a policy.

Key Comment:

A Ministerial “call in” for major projects is an important feature of the South Australian planning system. However clear policy guidelines are needed regarding the exercise of this power in order to promote certainty on the part of both investors and Councils that matters are being considered according to their merits.

²⁹ Major Developments or Projects Discussion Paper, Heynen Planning Consultants for the Local Government Association of South Australia, June 2007

³⁰ Report to the Minister for Urban Development and Planning from the Planning and Development Review Steering Committee, June 2008, Recommendation 40

3.6 Investor Confidence

One aspect to the relationship between planning policies and competitiveness that is not given much weight in the Issues Paper is the role of planning in enhancing investor confidence. Generally investor confidence is linked to certainty, for instance a homebuyer gains confidence from planning policies which restrict non-residential land uses and set controls on height, allotment size, etc. Such policies give the homebuyer confidence that the amenity of their area and the value of their investment will be preserved.

Similarly, an industrial business locating in a zone where conflicting uses (such as residential development) are restricted and policies allow the business flexibility in their operations and potential for expansion provide confidence.

In limited circumstances, investor confidence can be linked to change rather than certainty, in other words speculative investment that anticipates a change in zoning or other planning controls. This is not an intentional outcome of the planning system and indeed the government has taken steps in the past to minimise the impacts of such speculation in fringe land markets. In South Australia, a government agency (now known as the Land Management Corporation) was established for purposes including the purchase of fringe land and protecting housing affordability.

While planning can provide a level of certainty to investors, planning policies can and should respond to societal changes and market preferences. For instance, the 'infill agenda' in Adelaide and other Australian cities will change residential zoning in selected inner and middle suburban areas to allow redevelopment at higher residential densities. Similarly, obsolete/ fragmented industrial areas may be rezoned to allow other land uses within these areas. Zoning and planning policy is and should be constantly reviewed and altered where appropriate.

Key Comment:

Changes in planning policy are invariably contentious, particularly in established areas. There is a fine line between providing a positive, stable investment environment and protecting the interests of existing businesses and residents at the cost of economic growth and competition.

3.7 “Gaming” of Appeal Processes

The “gaming” of appeal processes is understood to refer to the use of planning appeals to gain commercial advantage. While this may occur from time to time in South Australia, the incidence appears to be lower than in other jurisdictions for three reasons.

Firstly, most key challengeable decisions are based on the discretion of the relevant authority and not on a legal fact. For example, South Australian planning authorities are able to issue approval to any proposal that is not, *in the opinion of the authority*, “seriously at variance” with the Development Plan. Therefore the legal test is not whether or not the matter is – as a matter of fact – seriously at variance with the Plan, but rather whether or not the authority *is of the opinion* that it is seriously at variance. This reduces the scope for legal challenge.

Secondly, third party appeal rights in South Australia are limited in scope and are aligned with the intent of the zone such that third party appeal rights will generally not exist in relation to matters which are consistent with the intent of the zone.

Thirdly, the Development Act contains provisions expressly aimed at eliminating competitor appeals. Sections 88A, 88B and 88C of the Act apply to any party to legal proceedings who stands to gain commercially from those proceedings, and require any party in this position to declare their interest as a commercial competitor. In the event that the competitor fails in their proceedings, the Court is then empowered to require the competitor to meet the costs of any economic loss suffered by the defendant. While in practice these provisions are seldom used, anecdotally they appear to be a significant deterrent to commercial competitor appeals.

However while the Development Act itself is not commonly a vehicle for “gaming” of appeals processes, other statutes can be used to prevent successful applicants from exercising planning approvals. For example:

- competitors not infrequently challenge the establishment of liquor outlets that have received planning approvals using the “impact on the premises vicinity” provisions of the *Liquor Licensing Act 1997*, and
- competitors have been known to challenge the establishment of new supermarkets by petitioning the Australian Consumer and Competition Commission (who have power under the *Trade Practices Act 1974 (C’wlth)* to prevent new development occurring if they consider it would give rise to an anti-competitive outcome).

In addition, it is not uncommon that a proposal which has been granted planning approval is prevented from exercising that consent by falling outside other overlapping approval requirements. Examples include vineyards or commercial forest plantations that gain planning consent but fail to gain the required (but separate) consents to clear native vegetation or secure a water allocation.

In South Australia therefore, the main issue associated with “gaming” of appeals processes relates not to proceedings under the Development Act but to the interaction of the Development Act with other statutes and the potential for competitors to use those statutes to frustrate or delay the ability of applicants to exercise planning approvals.

Key Comment:

Use of planning appeal processes for commercial advantage is relatively uncommon in South Australia, primarily due to relatively more flexible zoning rules and the “commercial advantage” clauses of the *Development Act*. However other statutes can from time-to-time prevent planning consents being exercised, and anecdotally some of these are being used by commercial competitors seeking to suppress competing development opportunities.

4. **Summary**

This Submission raises some of the key interactions between the South Australian planning system and the economic competitiveness of the urban and regulatory environment within which business operates.

At a broad system-wide level, the key observations of this Submission are that:

- The South Australian Local Government sector contributes the vast majority of the overall resources required to run the SA planning system. Councils should be “key partners” in the Inquiry and in implementing its findings.
- The SA planning system is relatively less complex than that in most other jurisdictions, providing avenues to implement the Inquiry’s recommendations without the need for substantial legislative change.
- A range of current reform initiatives are underway aimed at improving the economic competitiveness of South Australia’s planning and development system. The Inquiry may wish to review and build on these reforms.
- A key role for the Inquiry will be in determining whether and how constraints on the market are outweighed by broader benefits – in other words, addressing market failure without unnecessarily distorting the operation of the market.

The Submission draws attention to the following key issues that are of particular relevance in the South Australian context, being:

- **Zoning**

Currently South Australia’s zoning rules can be lengthy and complex and exhibit levels of variation which may create compliance costs for business. Significant delays in the processing of Development Plan Amendments (DPAs) have contributed to a negative impact on the efficiency and effectiveness of the planning system in South Australia. The South Australian experience has been that the majority of Development Plan Amendments initiated by Councils have taken several years to be processed and approved by the State Government, and many are essentially ‘out of date’ by the time approval is granted. Reforms through the ‘Better Development Plans’ policy modules being implemented by the State Government as part of the ongoing reforms to the State’s planning system, is seeking to address this. A fundamental issue for Local Government is the need to balance overall consistency with the need to retain the ability for local communities to influence the way their areas are developed.

- **Residential Land Supply**

An abundant supply of zoned and serviced land is an essential (but not sufficient) requirement for promoting housing affordability and supporting economic activity. Providing this supply of land is a core role of the planning system, and one which the State Government has identified in the 30 Year Plan for Greater Adelaide and in its Regional Planning Strategies. State and Local Government will need to continue to work closely together in order to achieve and deliver recognised targets. As part of this process Local Government has a key role to play to ensure that areas identified for growth can be connected to existing infrastructure and community services.

- Retail Land Supply

Whilst it is arguable that centres policy and zoning in South Australia is a barrier to entry for potential competitors in the State's retail sector, relaxation of centres zoning needs to be carefully handled if negative and costly impacts to the broader community are to be avoided. Further research would be beneficial in exploring this issue more fully.

- Infrastructure Coordination and Funding

The absence of a clear policy and process for the planning, coordination and funding of infrastructure to serve urban growth areas in South Australia is a source of economic inefficiency and should be addressed as a matter of urgency by the State Government in consultation with the Local Government sector and the development industry.

- Major Development Processes

A Ministerial "call in" for major projects is a feature of the South Australian planning system. However clear policy guidelines are needed regarding the exercise of this power in order to promote certainty on the part of both investors and Councils that matters are being considered according to their merits.

- Investor Confidence

Changes in planning policy are invariably contentious, particularly in established areas. There is a fine line between providing a positive, stable investment environment and protecting the interests of existing businesses and residents at the cost of economic growth and competition.

- "Gaming" of Appeal Processes

Use of planning appeal processes for commercial advantage is relatively uncommon in South Australia, primarily due to relatively more flexible zoning rules and the "commercial advantage" clauses of the *Development Act*. However other statutes can from time-to-time prevent planning consents being exercised, and anecdotally some of these are being used by commercial competitors seeking to suppress competing development opportunities.

It is understood that the question at the heart of the Commission's Inquiry is whether and how planning should restrain the use of land in order to achieve wider benefits. On the one hand, the market must be provided with a competitive regulatory environment. On the other, there will remain a need to address market failure (in particular the externalities associated with the unregulated use and development of land).

Local Government, as the sphere of Government that is closest to the community and as the only sphere of Government with a "place management" charter, should be a key partner in the Inquiry process and in implementing its recommendations.