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TRANSFORMING STATE AGENCY APPROVAL PROCESSES CAN CUT COSTS ON NEW HOUSING

05 MAR 2018 PROPERTY COUNCIL OF AUSTRALIA

A new report has found that fixing inefficiencies in the approval of major housing projects by state agencies could unlock \$360 million in economic value and help ease pressure on house prices.

The report – commissioned by the Property Council of Australia's Residential Development Council (RDC) – tests the state of major project approval systems around the nation.

"A continuous pipeline of supply is essential if we are going to tilt the balance firmly back in favour of homebuyers," said Andrew Whitson – President of the Residential Development Council and Stockland's CEO - Residential.

"Giving major greenfield and urban renewal projects a clear roadmap through the maze of state agency referrals and approvals will create more certainty for the industry and the community."

The report sits alongside prior research commissioned by the Property Council, including the 2015 Development Assessment Report Card, and incentives framework to fix planning systems and housing markets.

Its release coincides with the launch of a new report into housing affordability by the Grattan Institute which highlights the critical importance of building more new homes and improving planning systems in order to bring down house prices.

Property Council Chief Executive Ken Morrison said reforming planning approval processes is a central part of the solution on housing affordability.

"Mapping the inconsistencies and inefficiencies of major project approval systems across the country puts a spotlight on the need for change," said Ken Morrison, the Property Council's Chief Executive.

"State agency approval systems largely remain slow and complex – requiring developers to navigate multiple referrals and review points.

"We are needlessly adding to the time, cost and red tape of new housing – and these are baked into the price of new housing."

The report benchmarks states against key design elements of good planning systems, namely:

- The need for a single point of assessment on applications
- Referrals being limited to agencies with a statutory role
- Referrals should be for advice only
- Direction should only be given where it avoids the need for a separate approval process
- Strict timelines for responses and approvals need to apply and agencies should specify requirements in advance.

"The Queensland system known as SARA (State Assessment and Referral Agency) is seen as the benchmark – but a number of improvements can still be made there," Mr Morrison said.

"Most other states are a long way from the mark – and crucially, the nation's biggest market, NSW, has one of the worst systems in the country."

Mr Whitson said: "Governments have zeroed in on housing affordability and better co-ordination of state agency approvals gives them a further chance to make meaningful progress.

"Streamlining approval processes will help us deliver the housing supply and diversity needed across the country."

A copy of the report is available at https://files.propertycouncil.com.au/hubfs/_RDC/WebFiles/RDC_CuttingTheCosts.pdf (https://files.propertycouncil.com.au/hubfs/_RDC/WebFiles/RDC_CuttingTheCosts.pdf)

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FOREWORD

Housing affordability remains a critical public policy dilemma.

We need to foster durable and stable housing markets that deliver greater choice, ease the pressure on family budgets and serve as the bridge to strong communities and vibrant cities.

A continuous pipeline of supply is essential in tilting the balance back in favour of homebuyers. Increased approvals in recent years have helped, but still haven't closed the gap on demand.

Prior research commissioned by the Property Council – including the 2015 Development Assessment Report Card – shows inefficient planning systems remain a high hurdle to housing production.

Complex and inefficient planning processes add to the time taken to deliver new housing to the market – and feed into house prices and business costs, as well as administrative costs borne by government.

This is felt acutely on large scale greenfield and urban renewal projects that yield much of the nation's new housing supply. They currently need to wind their way through a maze of state agency referrals and approvals.

All these delays and costs are baked into the price of new housing.

That is why the Property Council of Australia has partnered with MacroPlanDimagi to scrutinise opportunities to reform practices in each jurisdiction.

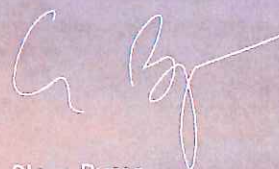
Our report confirms three things above all else:

- the current approach to state agency approvals is inconsistent, inefficient and adds to housing costs
- there is considerable scope for reform in each state and territory that would lift our capacity to boost housing supply pipelines, and
- governments interested in reducing their own administrative costs have plenty to gain from transforming approval processes.

As policy makers wrestle with the challenge of housing affordability, our report provides them with a platform for making a meaningful difference to the time, cost and red tape attached to new housing.

With the Commonwealth exploring an incentives-style model to encourage states to fix planning systems, the reforms recommended in our report represent a sound place to start.

We hope that collaborative work – across all tiers of government, and with the private sector – can begin to break the back of the housing affordability challenge.



Glenn Byres
Chief of Housing and Policy



Prepared by MacroPlan.

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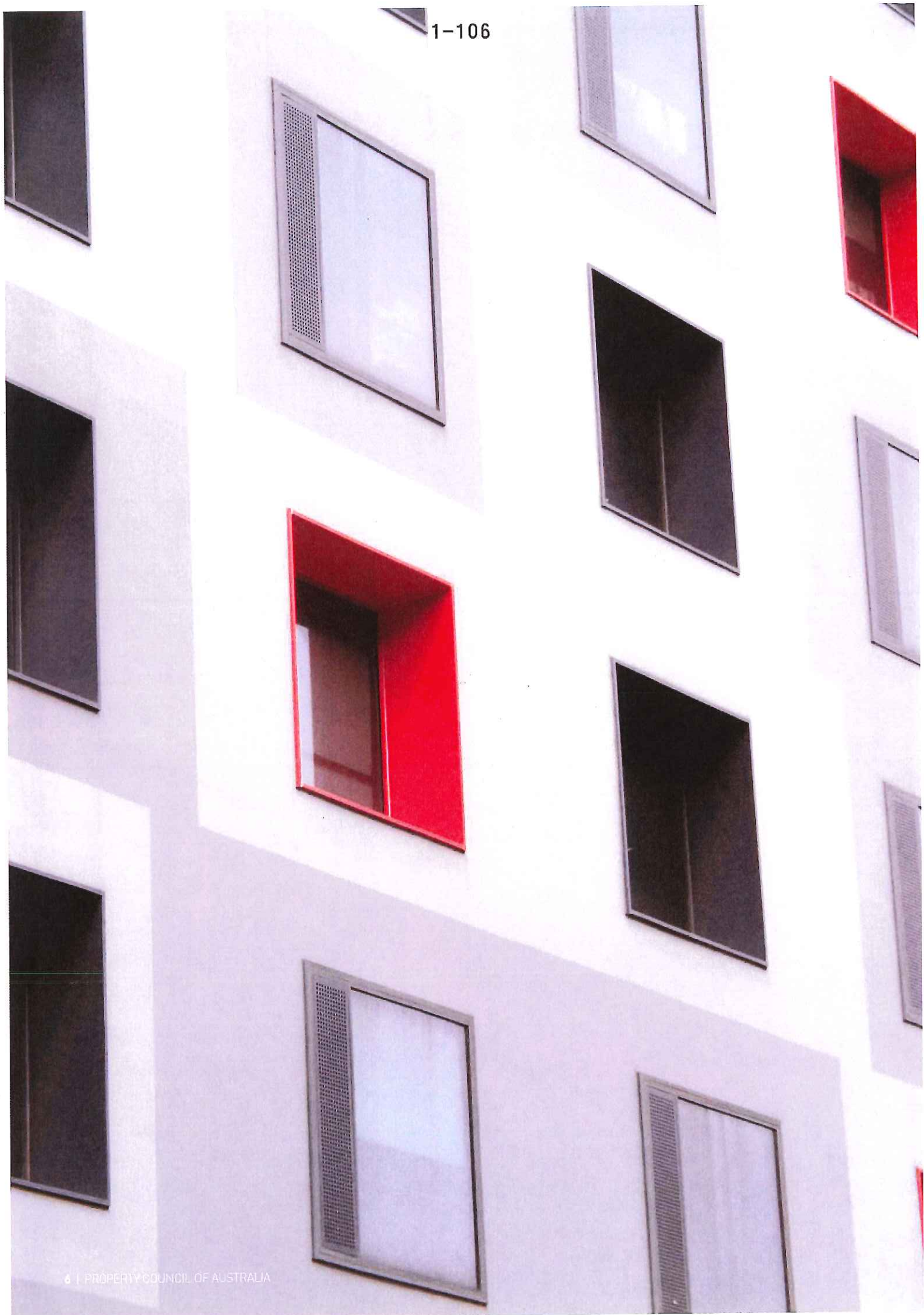
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01

EXECUTIVE SUMMARY

The willingness to continue reform processes was demonstrated by all jurisdictions in 2015 Development Assessment Report Card. However, users of development assessment systems identified a need for planning and DA reform priorities to be better coordinated. Coordinated leadership across jurisdictions will accelerate results, improve housing affordability and contribute to economic growth.

One such opportunity for coordinated reform across the country identified by Property Council members is the practice of referring development applications to state agencies for input prior to a determination.

Large scale greenfield and urban renewal projects, which are more complex, are particularly vulnerable to delays, uncertainty and significant holding costs as a result of multiple, but uncoordinated agency referrals.

These delays and costs put a brake on economic growth and add to the cost of new housing.

Modelling suggests that enduring improvements to the efficiency of the agency referral process across jurisdictions could be worth as much as \$360 million per annum in additional economic value.

This makes reform of the agency referral process a worthwhile endeavor for all jurisdictions.

Each jurisdiction differs in their approach to agency referral processes. However, coordinated reform opportunities have been identified based on COAG's Development Assessment Forum leading practice principle number five: a single point of assessment.

The leading practice principle identified allows for an evaluation of each jurisdiction's performance in the current management of the referrals process and identifies the potential areas for reform:

LEADING PRACTICE PRINCIPLE	QLD	NSW	ACT	VIC	WA	TAS	SA	NT
Only one body should assess the application	✓	✗	✓	✓	✗	✗	✓	✓
Referrals only to agencies with a statutory role	✓	✗	✓	✓	✗	✗	✓	✓
Referrals are only for primary advice	✓	✗	✓	✗	✓	✓	✗	✓
Only give direction where this avoids the need for a separate approval process	✓	✓	✓	✗	✓	✗	✓	✓
Referral agencies should specify their requirements in advance and comply with clear response times.	✓	✗	✗	✗	✗	✗	✗	✗

Queensland's State Assessment and Referral Agency (SARA) most closely reflects the key practice principles identified by the Development Assessment Forum (DAF) and is held in very high regard by the property industry. Other jurisdictions demonstrated where their agency referral processes could be reformed to be better reflect best practice.



This evaluation provides the scope for coordinated reform to improve the broader development assessment process.

Given the nuances of each jurisdiction's planning system, it is not as simple as recommending each state and territory adopt the Queensland SARA model. As such, specific recommendations for reform are made for each jurisdiction. In fully adopting these recommendations, each state and territory will reflect the best practice principles identified by DAF as appropriate for their jurisdiction.

Yet, consultation with developers and planners have identified first step recommendations to enable coordinated reform that will improve the performance and efficiency of referral processes across the country:

01

INCENTIVISE REFORM

The Federal Government can broaden the scope of its 2017 Budget announcement to incentivise state governments to reform planning system and accelerate housing supply. Ambitious reforms to the development assessment process and, specifically, the agency referral process, will cut red tape and unlock much needed housing supply. This approach will also encourage economic growth to the tune of \$360 million per annum nationally.

02

CREATE A ONE-STOP SHOP

State and Territory governments should resource a single agency to coordinate the work of multiple referral agencies. The mandate of the agency will be to actively facilitate development outcomes in a timely and efficient manner. This agency must have the authority to apply a 'reasonable' test to approval condition.

03

REGULATE THE TIMEFRAME FOR REFERRALS

Introduce clearly stated timeframes for referral responses. The consent authority must have the power to determine the application if these timeframes are not met. Regulated timeframes for referrals must be supported by an online tracking system to track responses.

04

ESTABLISH THE BOUNDARIES

Review the planning framework to ensure that referral entities and circumstances are clearly defined. Agencies should develop clear, objective boundaries to guide the provision of input. This will avoid duplication of tasks and ensure agency advice is specific to their stated role, and not over-reach.

05

CONTINUAL IMPROVEMENT

The referral process must be constantly improved to promote certainty of process and to minimise costs and delays for all stakeholders. Jurisdictions should set benchmarks with minimum improvement measures to minimise costs and delays for all stakeholders.

1-110



02

INTRODUCTION

Planning has a direct impact on economic activity and on housing affordability across Australia. On average, more than \$100 billion of construction activity (excluding mining) passes through the planning system each year.

New reforms across Australia have introduced measures to reduce time and risk measures by streamlining the assessment process for housing and other commercial activity. Most jurisdictions have, for example, introduced efficient assessment 'tracks' for routine development (e.g. new detached and other housing formats) and independent assessment panels that provide for the professional determination of non-routine projects.

These reforms make the process of gaining planning approval more efficient and timely - in turn driving economic growth and reducing the cost imposed on the supply of new housing.

However, there remain significant scope to improve the planning approval process. Approval processes largely remain slow and complex, require multiple agency referrals and review, and in doing so, add to the cost of delivering new housing supply.

These additional costs include:

- holding costs (financial and non-financial) associated with the time taken to obtain approval; and
- documentation costs associated with providing and informing development applications.

These costs add risk to the development process as they are incurred whether or not planning approval is obtained. Other costs incurred relate to the meeting of conditions of development consent or other associated requirements.

Large scale greenfield and urban renewal projects that deliver most of the country's new housing supply are particularly susceptible to these costs – and ultimately borne by consumers. This cost impact varies across Australia, shaped by the efficiency of each state and territory planning system.

There are a number of stages in the development assessment process where these costs accrue.

In this paper, we focus on one aspect of the development assessment process – the practice of referring development applications to state agencies for their consideration and input to the final assessment determination. This practice, and the rules that govern it, vary substantially across jurisdictions.

Improving the scope and efficiency of state agency referral practices provides significant scope to reduced housing costs, as considerable delays and complexities are attributed to it.

Slow and complex referral processes not only add cost to the supply of new housing – they also present an often unnecessary administrative cost to government.

applied. For example, a local council may refer a Development Application (DA) to the roads authority or to an environmental protection agency for advice on how the application may impact state assets.

Referrals are integral to the application process and can avoid the need for applicants to seek separate approvals from a range of different authorities for the same project.

Different types of referrals exist within the planning system.

A concurrence referral requires a consent authority to refer a development application to another entity and to determine the application in accordance with the response received, i.e. it cannot proceed to approve the application if the referral entity has raised objection to it.

A 'referral' relates to any instance where a consent authority (typically a local council) is required by legislation or other obligation to seek either concurrence or advice from an external agency (a referral entity). Referral entities are generally state government authorities, but can also be the Commonwealth government or service providers.

This paper investigates opportunities to improve the practice of agency referrals, documenting the practice in each of the states and territories, providing insight into the reforms that are considered necessary, and quantifying their potential benefits.

WHAT IS THE REFERRAL PROCESS FOR DEVELOPMENT APPLICATIONS?

The referral of development applications for comment by an external body is a common step in most jurisdictions.

Referrals are generally undertaken to enable the referral entity, whose interests may be affected by the development application, to provide advice as to whether an approval should be granted and what conditions, if any, ought to be

A consultation referral requires a consent authority to notify another entity of an application for advice, without legal obligation to await their response or act in accordance with it.

Whilst referrals occur for a variety of reasons and involve different entities, this paper focuses primarily on the role of state agencies in the assessment and approval of development applications.

THE IMPORTANCE OF STATE AGENCY REFERRALS

State agencies play an important role in the assessment and approval of development. They provide advice to councils and other consent authorities on key issues relating to the state's interests - including natural resource management, building design and safety, traffic generation and impacts, infrastructure capacity

and utilisation, bushfire avoidance and pollution control.

The need to obtain an agency's advice is an important protection within the planning system, but delay in the delivery of that advice or a lack of clarity that defines the agency's involvement can:

- prevent the granting of development consent,
- create uncertainty, and
- increase costs for applicants.

This in turn may deter investment or, if approved, add to the final cost of the dwelling paid for by the consumer.

A common criticism of the role of referral agencies in the assessment process is that their focus does not always balance the facilitation of

lodgement services

- untimely responses and the imposition of unreasonable conditions.

An agency referral system that is slow and complex can add significantly to the cost of development.

Delays can be caused by:

- a lack of communication between agencies, or with proponents
- manual transactions
- limited transparency in agency processes
- an absence of systematic oversight and performance accountability.

A greater challenge is to structure a referral system where the rules of engagement that frame the involvement of all participants are clearly stated and transparent from day one. A well-designed approach to the management of referrals will help to reduce assessment risks and provide a much clearer pathway for development proponents and consent authorities.

outcomes with the protection of state interests. Agencies will often seek to either protect an asset by preventing development or to deflect the cost of its upkeep and management through the imposition of assessment conditions.

Often, referral agency procedures are also not sufficiently structured to manage situations where there is inconsistency in agency advice or to allow a balanced consideration of positions to enable clear decision-making to occur.

Other common criticisms include:

- a lack of clear, published criteria that defines the role of the agency and the policy basis of its considerations
- poorly coordinated asset mapping and a lack of electronic management systems
- an absence of performance monitoring
- a reluctance to properly resource pre-

To focus solely on the time taken for an agency response to be generated, however, can be misleading. Poor advice can still be given quickly and poorly informed decisions that are made in haste can take a lot of time and effort to unravel.

Most jurisdictions acknowledge that agency referral processes can be improved to make agencies more accountable and to ensure that they participate in the assessment process in a timely and productive manner.

This paper considers how such participation may be framed, examining the key elements that a leading practice agency referral process might comprise.

03

LEADING PRACTICE & APPLICATION

The provision of advice from state agencies in the assessment of development applications is critical to ensure that state interests are both protected and rightly pursued. Having clearly established referral processes to manage this exchange of information can help to provide clarity and certainty to the applicant, the community, the consent authority and referral entities.

The former Development Assessment Forum¹ identified leading practice principles across a range of development assessment components. Its leading practice #5 called for:

A single point of assessment:

- ✓ Only one body should assess an application, using consistent policy and objective rules and tests.
- ✓ Referrals should be limited only to those agencies with a statutory role relevant to the application.
- ✓ Referral should be for advice only.
- ✓ A referral authority should only be able to give direction where this avoids the need for a separate approval process.
- ✓ Referral agencies should specify their requirements in advance and comply with clear response times.

¹ The Development Assessment Forum comprised government and industry representatives and reported to the Australian Government through the Ministerial Council (Local Government Ministers and Planning Ministers).

The Development Assessment Principles set a framework for how development assessment systems should be developed and operated. They remain "an important reference for individual jurisdictions in advancing [the] reform of development assessment"².

The identification of a single point of assessment is key to the leading practice principle, providing ownership of the assessment process and for the determination of applications. It provides a structure for the timely provision of advice and a platform from which to address decision-making when advice from two or more agencies is in conflict.

So too is the concept of consistent policy that frames the referral process, clearly referencing the role of an agency in the assessment process and articulating what matters are to be considered by that agency in its response to an assessment referral.

Despite widespread acknowledgement of DAF's leading practice principles, almost every state's and territory's referral processes differ to some degree from the leading practice principle.

There are substantial time savings and improvements in the clarity of decision-making to be gained from a comprehensive review of referrals and concurrence processes. Notwithstanding, the reform of referral systems by most jurisdictions has either been slow or non-existent.

The impact of agency referrals on development assessment is complex and not uniform across jurisdictions.

In some states, the system works relatively well - with some delays experienced, generally commensurate with the scale of development. Errant agencies, however, exist. In other states, the referral process inappropriately empowers concurrence agencies to require substantial capital works contributions or ameliorative measures that go beyond the 'impact' of project proposals.

A summary of each state/territory agency referral process is outlined at Appendix A, with further commentary provided in detail in chapter four.

Queensland stands apart in the creation and adoption of its State Assessment and Referral Agency (SARA) system for the coordination of state agency inputs into the assessment of development projects.

Queensland's SARA system and approach to the management of agency referrals, summarised and described in detail in chapter four and Appendix A, is heralded as leading practice in Australia.

SARA's role is entrenched in legislation and supported by strong policy documentation that frames the involvement of referral agencies. It seeks to facilitate development outcomes but with due regard for a range of state interests. It secures technical input from agencies to inform assessment decisions. SARA's policy basis is transparent. SARA itself seeks to continually improve its system and reports regularly on its achievements, based on a set of key performance indicators that seek to drive the delivery of an effective agency referral system.

Our research has revealed that there is room for improvement in the resourcing and administration of agency referral practices in all jurisdictions across Australia.

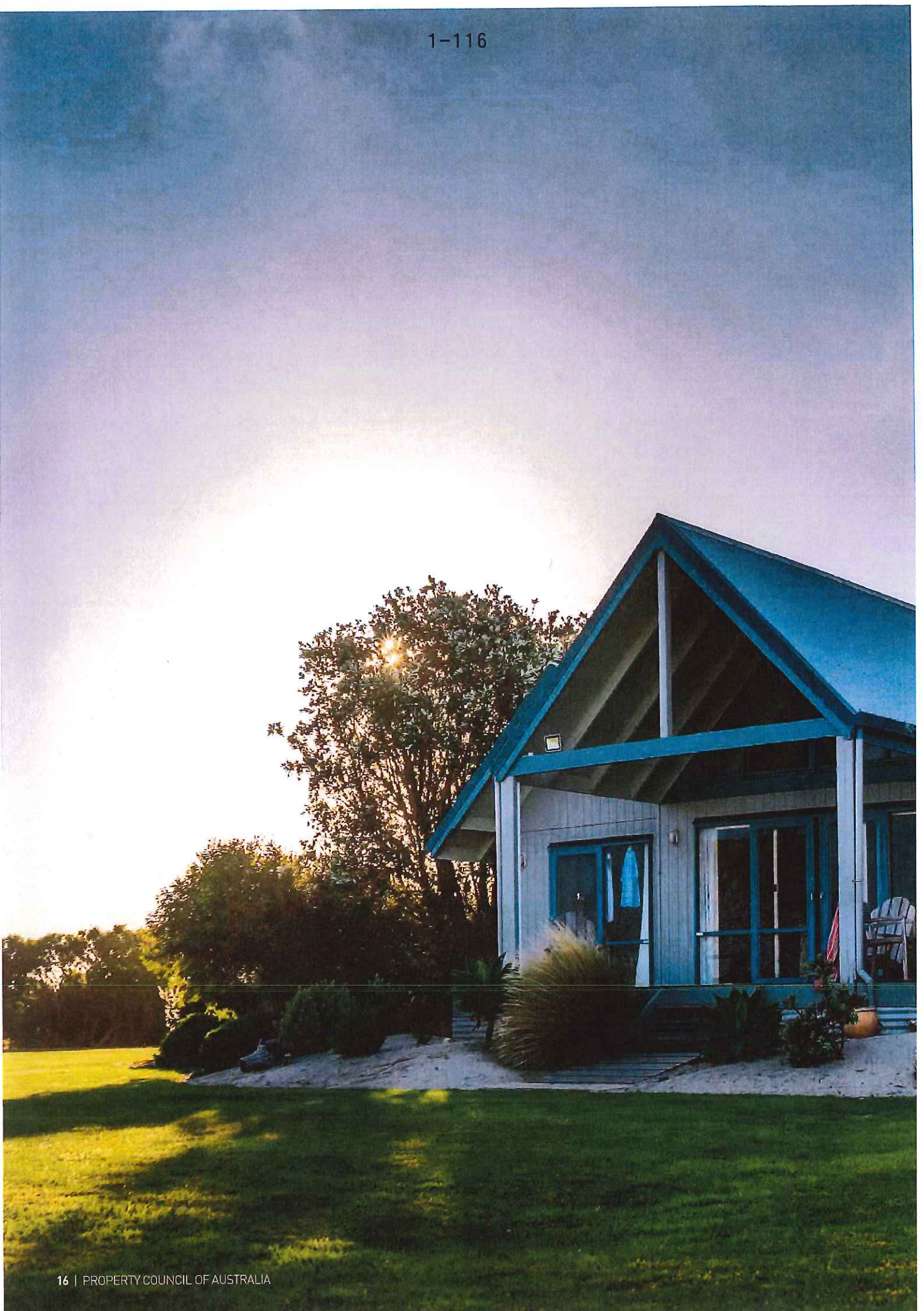
However, as not all states and territories are similarly positioned with respect to the legislative practice of referrals, the answer is not as simple as replicating the SARA model across the country. (And as noted in the detailed analysis of SARA, there is further room for improvement in its application.)

Notwithstanding, the final chapters of this paper consider the costs and benefits of a SARA-like model, demonstrating considerable cost savings from a structured (policy and protocol-based) referral system.

Initially, however, we explore what an efficient and effective referral system might look like and what are its key elements.

² Ministerial Council (Local Government Ministers and Planning Ministers) Communique, 4 August, 2005.

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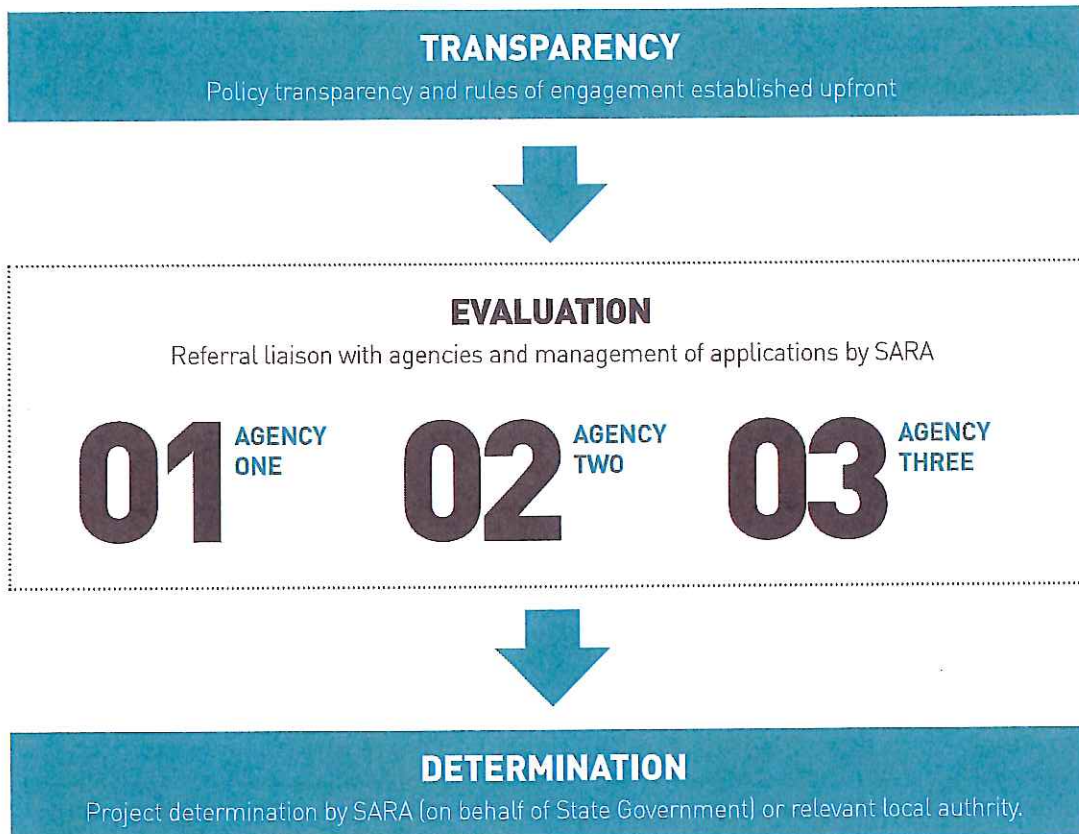
DEFINING AN EFFICIENT & EFFECTIVE STATE AGENCY REFERRAL SYSTEM

The key elements of an effective state agency referral system are:

- Understanding the role and responsibility each party plays or has in the referral process;
- Defined referral entities for each application 'track' or type;
- Clearly defined information requirements for development applications;
- Set timeframes for responding to a referral request (or deemed support);
- Clear internal procedures for referral entities and the consent authority;
- Clear, concise and focused referral advice;
- Referral entities defending their requirements or advice if appealed;
- The use of information communications systems and tailored business processes;
- The use of standard agreements that reduce the need for referrals and improve consistency across like referral entities;
- A single point of final assessment/determination of an application, based on the consistent policy and objectives rules that frame the assessment process; and
- Transparent performance monitoring by consent authorities and referral agencies.

Based on these elements and consistent with the established and acknowledged principles for development assessment, it is incumbent upon state and territory governments to streamline agency referral processes where possible.

QUEENSLAND'S STATE ASSESSMENT AND REFERRAL AGENCY (SARA) SYSTEM:



The following policy principles and actions are suggested as the basis of an efficient and transparent agency referral system. The principles and practices identified are sufficiently sound to warrant general adoption across all jurisdictions.

WHAT A PREFERRED AGENCY REFERRAL SYSTEM WOULD LOOK LIKE?

A jurisdiction looking to improve the performance of their referral system must first recognise that referrals are not a method to unnecessarily halt development. Instead it is a default process of aimed at facilitating outcomes in a timely and efficient manner. Framing this understanding of the referral system establishes a preference for transparent processes where a one-stop shop approach is favored, as:

- A single agency (or 'gateway') is responsible for coordinating other agency inputs and monitoring/reporting on achievements;
- The reasonableness of agency requests is considered by the gateway authority before inclusion as a condition of approval; and
- Approvals are coordinated so that a planning approval negates the need for other licenses or permits for the same project.

Having regard for this understanding of the role of referral agencies in the development assessment process, a preferred referral system would include the following elements.

A. IDENTIFICATION OF REFERRAL AGENCIES

PRINCIPLE: Where referrals are required, the process should not be used to halt development progress. So when the proposed development is consistent with zoning, the default response is to facilitate a timely and efficient outcome. This means that jurisdictions should review current practices to remove unnecessary referral (i.e. those that are no longer relevant or which can be avoided by the prior specification of a policy position and how compliance can be achieved) and to improve the transparency of remaining positions.

PRACTICE: The planning framework - including the Act, Regulation, and supporting development plans, codes or policies - should clearly identify the referral entities and the circumstances (i.e. the development types, activities, areas and processes) that are to be referred to them. Mandatory referral requirements for each development track or type should be clearly stated.

B. CLEAR TIMEFRAMES

PRINCIPLE: The time taken for referral responses should be regulated – all responses should be provided within a maximum number of working days. If a response is not received within this timeframe, the consent authority may proceed to determine the application. Electronic tracking of assessments, with timeframes for responses that can be tracked can easily assist.

PRACTICE: The legislation or agreed procedures should clearly state the timeframes for:

- a consent authority to refer an application that requires a response from a referral entity
- the referral entity to respond within a maximum of 25 working days.

The legislation should also state the consequence of not responding to a referral request in 25 days – that is, the consent authority can proceed to determine the application without the requested advice.

C. ESTABLISHED BOUNDARIES – POLICY TRANSPARENCY

PRINCIPLE: Agencies need to develop clear, objective policy that articulates their role in the development assessment and the basis upon which their input is provided. This includes distinguishing between their capital works program and matters of assessment and works with direct nexus to the development. A fundamental requirement of referral policy should preclude agency demands for new infrastructure that is not identified and costed on their capital works programs.

PRACTICE: Define clear boundaries on what elements a referral agency can assess or provide comment on will avoid duplication of task and cross purposes. Where the referral authority has statutory responsibilities, the advice should be limited to that role. The policy, priorities and proposed capital works of the referral agency should be publicly available and form the basis of assessment and any conditions that may be requested as a result of the referral.

D. INFORMATION REQUIREMENTS

PRINCIPLE: The information required from proponent (i.e. what to submit with an application) should be clear and available to applicants when preparing their applications. The timeframes and procedures for requesting additional information should also be transparent but constrained.

PRACTICE: Standard conditions and reference tools (e.g. agreements and protocols) should be developed to guide and frame agency involvement.

E. BINDING PRE-LODGE MENT ADVICE

PRINCIPLE: Pre-lodgment discussions between applicants, agencies and consent authorities should be encouraged and available upon request.

PRACTICE: The referral process should offer the opportunity for an applicant to seek endorsement for a proposal from a referral agency prior to submission of a DA to negate the need for the consent authority to refer the application when received. Time limits for the validity of any pre-endorsement should apply.

F. AGENCY RESPONSE

PRINCIPLE: The rationale for referral matters should be clearly articulated and prioritised in a policy sense to enable assumed compliance without the need for referral or concurrence provisions.

PRACTICE: Consent authorities should be able to determine whether a referral is necessary based on their understanding of agency policy i.e. when where compliance with is a stated policy is demonstrated, referral is no longer warranted.

If a referral is necessary, the referral agency response should clearly state whether and why the application is supported with or without conditions or comments, or not supported. The agency response should be made available to the applicant in full.

If a development application cannot be supported in the form proposed, the response should clearly set out the reasons for this. If appropriate, advice on possible amendments that would enable the development application to meet their requirements should be included in the response.

G. CONDITIONS VERSUS ADVICE

PRINCIPLE: Legislation should clearly identify whether the referral entity is required to provide conditions of approval, reasons for refusal or advisory information only.

PRACTICE: Where conditions are provided these must have a legal or policy basis under relevant legislation. Conditions that are frequently used should be standardised and agreed to by both the referral agency and the consent authority. This helps sharpen the respective roles and responsibilities each party plays in the process.

All comments should be in accordance with any approved standards or guidelines adopted by the referral agency in relation to the development type or referral issue (e.g. design standards for infrastructure).

Unless the legislation requires concurrence from a referral entity, the consent authority is the final decision maker on whether or not the requested conditions are appropriate to the approval and the manner in which they will be applied.

H. RESPONSE FORMAT

PRINCIPLE: Referral agency response should be concise and focused and should not contain comments outside of the area of responsibility of the entity. Referral agencies should also be available to defend their requirements or advice if appealed. The time taken for referral responses should be regulated.

PRACTICE: An agreement between the consent authority and referral agency on the format of responses can contribute to the effectiveness of the referral process. All responses should be provided within a set timeframe- a maximum of 25 working days. If a response is not received within this timeframe, the consent authority may proceed to determine the application.

I. ELECTRONIC EXCHANGE OF INFORMATION

PRINCIPLE: Best practice administration of the referrals process provides for all communications between an applicant, consent authority and referral agency to occur online.

PRACTICE: The management of referral process should be managed through an online portal including the lodgement of proposals, the payment of fees, the provision of additional information, the tracking of assessment and the notification of advices.

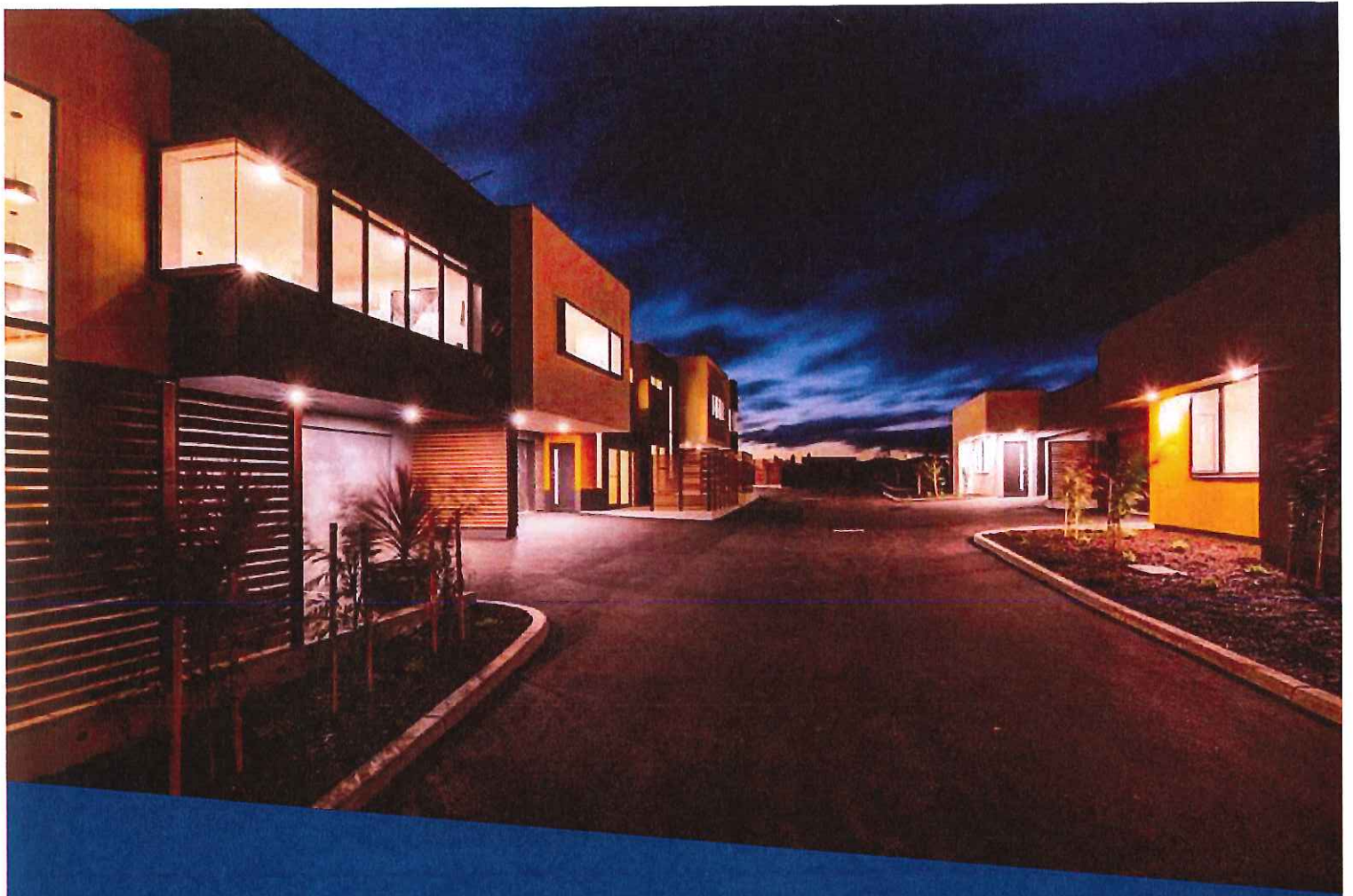
The policy basis for the agency's involvement in the assessment of development types should also be available online.

J. CONTINUAL IMPROVEMENT

PRINCIPLE: The referral process must not be set and forget and the coordinating agency must constantly work to improve the process to ensure that transparent and efficient operation of the referral process.

PRACTICE: Introduce an ongoing review of concurrences and referrals, seeking to promote certainty of process and to minimise costs and delays for all stakeholders. Key performance indicators should benchmark performance with minimum improvement measurements. Regular reviews should aim to identify unnecessary requirements and alternative tools to assess less complex applications and whether appropriate delegations are utilised.





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05

STATE & TERRITORY AGENCY REFERRAL PRACTICES

Various practices relating to state agency referrals exist across the jurisdictions. These are outlined in the following section, including an explanation of recent or proposed reforms relevant to the process.

QUEENSLAND

Property development in Queensland is valued at over \$20 billion annually.

Around 43,000 dwelling units have been approved in Queensland over the past year.

 **43,055**

Number of Dwellings Approved- May 2017

 **\$13.8 billion**

Value of Residential Approvals – 12 months to March 2017

 **\$510,000**

Median Sales Price Capital City – Houses-2016

 **\$439,950**

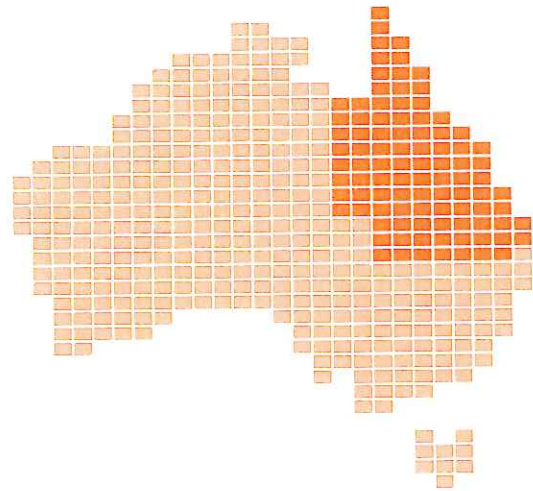
Median Sales Price Capital City – Units-2016

5.8 – 5.8 – 6.8






Development Assessment Report Card Scores 2009, 2012 and 2015

 **8/10**

DA Report Card – Single Point of Assessment Score 2015



Under current frameworks, the state's agency referral practices accord with recognised leading practice in this field.

-  Only one body should assess the application
-  Referrals only to agencies with a statutory role
-  Referrals are primarily for advice only
-  Only give direction where this avoids the need for a separate approval process
-  Referral agencies should specify their requirements in advance and comply with clear response times

Queensland's State Assessment and Referral Agency (SARA), which commenced operations in 2013, is the single assessment manager/referral agency for all development applications where the state has an interest.

Under SARA, the Director-General of Department of Infrastructure, Local Government and Planning (DILGP) is the prescribed assessment manager/referral agency for development applications where the state has an interest.

At the time of SARA's introduction, concurrent amendments to the state's Sustainable Planning Act (SPA) 2009 included, inter alia:

- simplified referrals for contaminated land and coastal development.
- the removal of referrals for applications under regional plans (except the SEQ Regional Plan).
- reduced public notification periods for certain developments to align with other general notification requirements of 15 business days.
- the introduction of the State Planning Policy (SPP), which captures matters of state interest (e.g. where development impacts on state assets such as roads, or where the state's interests must be protected from the impacts of development, such as in protecting marine plants), articulating these in a concise policy framework.
- accompanying State Development Assessment Provisions (SDAPs), which are used to deliver a coordinated, whole-of-government approach to the state's assessment of development applications. The SDAP is structured in a codified format, allowing applicants to demonstrate that a proposal addresses the impacts of development. SDAP is also used by SARA to assess a development application against the relevant provisions of the applicable state codes, calling upon technical advice from the state agencies with expertise in the particular matters covered by the relevant SDAP provisions. The SDAP is updated from time to time to reflect legislative and policy changes.

Some positive features of the Queensland referral system include:

- The process aims to balance the facilitation of appropriate development with the protection of state interests, and to ensure that it is achieved at a reasonable amount of time and cost.
- Most agency referrals are deemed "no comment" if not received within the prescribed period.
- SARA is the 'port of call' for all lodgement matters and is available to provide pre-lodgement guidance and advice (free of charge).
- A concurrence agency's power to refuse an application is clearly defined.
- A cadastral-based GIS system which 'maps' planned and budgeted infrastructure upgrades and other policy applications. Matters must be 'mapped' to have status in the assessment of applications.
- Its own KPIs that monitor performance and are the subject of annual reports.

With new planning legislation coming into effect in July 2017, a refined SARA (SARA MkII) will introduce revised agency codes, recalibrate the assessment process to ensure that appropriate time is allocated to more significant matters and that routine matters are not subject to full assessment, and consider the distribution of service fees to agencies.

The refinements reflect the commitment to continual improvement that is built in to the SARA model.

Queensland's approach is held in high regard by industry, demonstrated by the high level of user satisfaction recorded in SARA's annual KPI reports.

The system is accessible and, importantly, transparent, enabling applicants to anticipate and plan for state agency demands and ensuring that these demands are not administered or imposed in an ad hoc or unreasonable manner.

As much as SARA represents the best existing practice in the nation, there are still opportunities to improve it further.

RECOMMENDATIONS FOR CONTINUED IMPROVEMENT:

- Whilst SARA is responsible for a number of referral agency triggers, not all State interests are integrated (e.g. approvals under the Nature Conservation Act, approvals for liquor, some approvals under the Water Act, etc.). Consideration should be given to integrating these approvals under the SARA umbrella.
- Ongoing liaison with the development industry, following the introduction of SARA Mk II, to identify emerging operational issues.

WHAT DO THE QUEENSLAND STATE DEVELOPMENT ASSESSMENT PROVISIONS (SDAPS) CONTAIN?

Each state code in the SDAP will typically contain the following assessment criteria:

- A purpose statement
- Performance outcomes, and
- Acceptable outcomes (the only non-essential assessment criteria).

In simple terms:

1. If a development application complies with all of the relevant acceptable outcomes of a code, it complies with the purpose statement of the code and therefore the code itself.
2. If a development application complies with all of the relevant performance outcomes, it complies with the purpose statement of the code, and therefore with the code itself.
3. If a development application complies with some, but not all, relevant performance outcomes, SARA will determine whether it complies with the purpose statement and therefore the code itself.
4. If SARA determines that the purpose statement of the code is complied with, the code itself is considered to be complied with and an approval (with or without relevant conditions) will be issued.
5. If a development application does not comply with the purpose statement of the code, it does not comply with the code itself and will be refused.

WHAT IS THE STATUTORY BASIS OF SARA?

The State Development Assessment Provisions (SDAP) provide assessment benchmarks for the assessment of development applications where the chief executive is the assessment manager or a referral agency.

The chief executive administering the Planning Act 2016 (the Act) through the State Assessment and Referral Agency (SARA) uses the SDAP to deliver a coordinated, whole-of-government approach to the state's assessment of development applications.

RELATIONSHIP WITH THE PLANNING ACT AND PLANNING REGULATION

Queensland's planning legislation establishes a performance based approach to planning. Performance based planning seeks to regulate development to achieve a performance outcome, rather than regulating development through prescription.

Section 43(1) of the Act provides for development to be assessed against assessment benchmarks. The Planning Regulation 2017 (the regulation) sets out the assessment benchmarks that an assessment manager must assess assessable development against. Each state code in the SDAP contains the assessment benchmarks for that particular state matter.

Section 45 of the Act sets out the categories of assessment for assessable development (code assessment and impact assessment) and prescribes the matters that the chief executive may or must have regard to when assessing an application for particular development. In assessing and deciding a development application, the chief executive is bound by the decision-making rules outlined in the Act.

The Regulation prescribes development that is assessable development, and prescribes when the chief executive is an assessment manager or a referral agency for particular development applications.

NEW SOUTH WALES

Property development (excluding mining) in New South Wales is valued at over \$38 billion annually.

Over 72,000 dwelling units were approved in New South Wales over the past year.



72,816

Number of Dwellings Approved- May 2017



\$25.5 billion

Value of Residential Approvals – 12 months to March 2017



\$1,000,000

Median Sales Price Capital City – Houses-2016



\$700,000

Median Sales Price Capital City – Units-2016

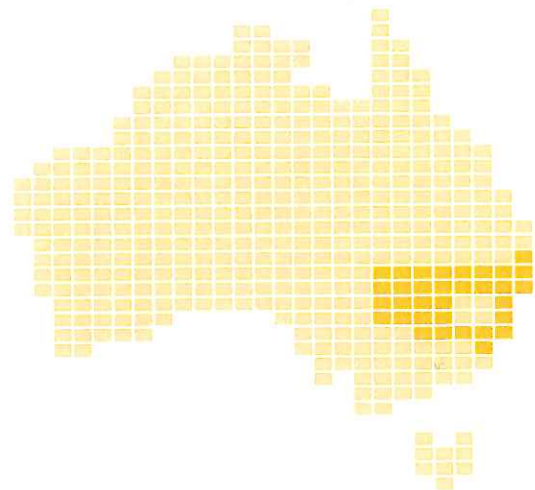
5.2 – 5.9 – 5.9

Development Assessment Report Card Scores 2009, 2012 and 2015



7/10

DA Report Card – Single Point of Assessment Score 2015



The state's agency referral practices do not accord with recognised leading practice – and for the nation's largest jurisdiction, it arguably has the worst practices in the country.

- ✗ Only one body should assess the application
- ✗ Referrals only to agencies with a statutory role
- ✗ Referrals are primarily for advice only
- ✓ Only give direction where this avoids the need for a separate approval process
- ✗ Referral agencies should specify their requirements in advance and comply with clear response times

Depending on the legislative trigger, state agencies in NSW state agencies provide:

- advice, being general comments on a proposal;
- concurrence, being agreement to an element or elements of a project; or
- 'general terms of approval', being an in-principle approval, given where a development requires approval under the Environmental Planning and Assessment (EP&A) Act 1979 and another Act.

For **integrated development** approval will need to be obtained from other public authorities (e.g. the EPA) before consent can be granted. Integrated development applications require a permit listed in s91 of the EP&A Act. For example, this might involve a pollution license, a heritage approval or a road access or work permit under the Roads Act.

The consent authority must refer the development application to the relevant agency and incorporate the agency's general terms of approval. It must not approve the development application if the agency recommends refusal. If the advice is not received in 21 days after the agency has received the application or requested additional information, the consent authority can determine the development application.

Development that requires approval under multiple Acts is known as 'integrated development'. For this form of development, state agencies have a power of veto, i.e. if concurrence, often in the form of approval conditions, is not provided, the consent authority must refuse the application.

According to the NSW Department of Planning and Environment (DP&E)¹:

- NSW agencies provide some 8,000 pieces of advice on local development applications each year.
- Approximately 10 per cent of these take longer than 40 days.

- The annual value of development applications with more than one concurrence and/or referral is approximately \$6.1 billion.

Under current draft planning reforms, 'step-in' powers are suggested to negotiate outcomes where there is disagreement amongst agencies about how a proposal should be dealt with. It is proposed that the Secretary of the Department of Planning and Environment (DP&E) will be able to give advice, concurrence or general terms of approval on behalf of another agency where:

- the agency has not provided the advice, granted or refused concurrence, or provided general terms of approval within statutory timeframes; and/or
- the advice, concurrence or general terms of approval from two or more agencies are in conflict.

A performance-based approach to agency responses is also proposed, where the DP&E will play a leadership role in working with councils and agencies to improve processes. This intervention is proposed to be supported by an electronic system to digitise transactional elements of the system and promote collaborative work practices.

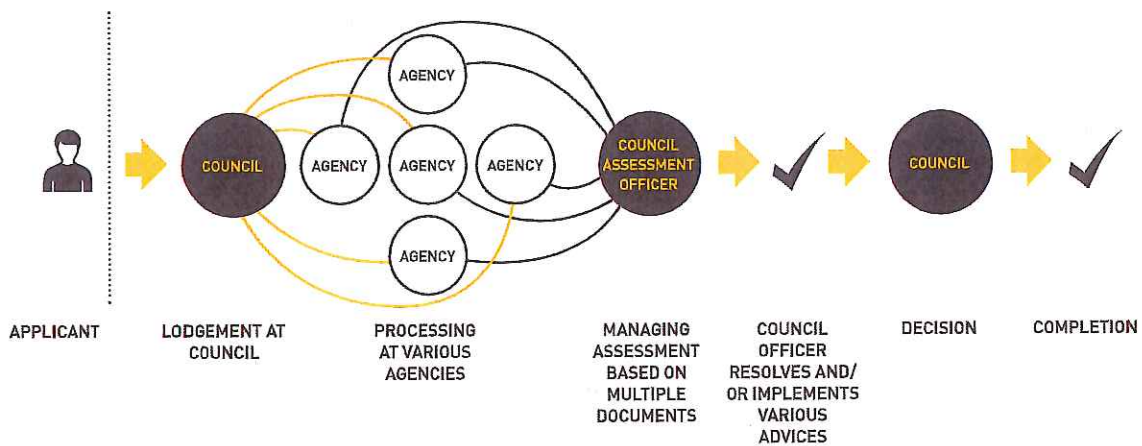
Industry has welcomed the proposed reforms but is wary of the ability to deliver on their promised effectiveness, especially given the entrenched role of agencies in the assessment process – and prior promises of reforms have stalled in the Parliament. Current referral practices are seen by many to prop up agency capital works budgets and to mask heavy demands on development delivery.

This concern is entrenched by the power of veto that agencies hold over 'integrated' development proposals and the nature of agency demands that stem from this. Current structures in NSW enable agencies to demand substantial investments from applicants to accommodate development. There are blurred lines between impact assessment with reasonable mitigation requests and exacting capital improvements, allowed by a current lack of 'coordination' and 'rules of engagement'.

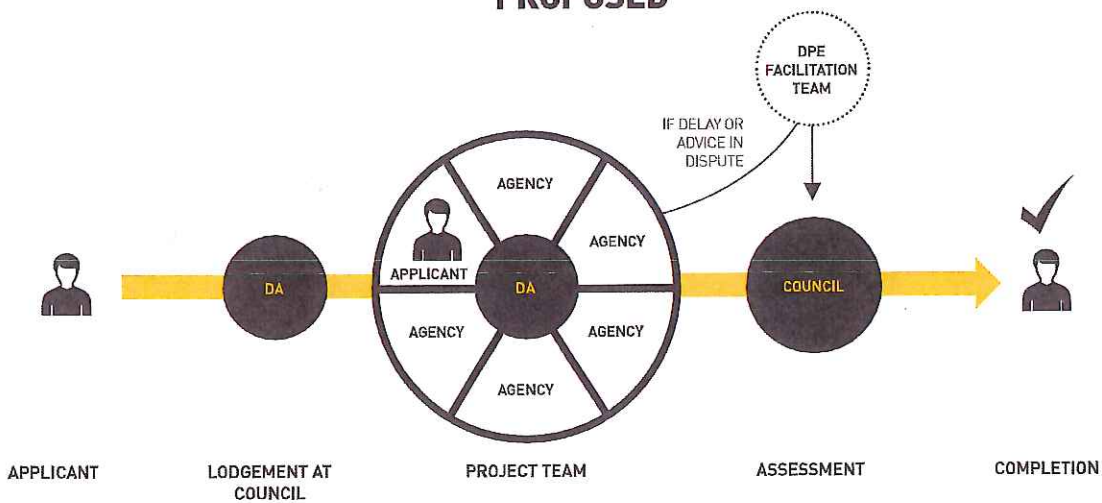
¹ NSW DP&E, Planning Legislation Update, January, 2017

NSW – EXISTING AND PROPOSED CONCURRENCE AND REFERRAL WORKFLOWS

EXISTING



PROPOSED



Source: NSW Planning Legislation Updates, Summary of Proposals, January 2017

A loosely defined 'no cost to government' approach is taken by agencies, without policy or legislative credence.

A focus on the timeliness of agency responses, as suggested by current proposed reforms, is unlikely to address the cultural issues that arise from agencies being empowered to negotiate their own outcomes.

Improvement has been noted in some agency practices, especially since the introduction of new frameworks, but the majority of agencies operate in the absence of clear, public guidelines or 'rule books' which frame their assessments.

WHAT IS THE SCALE OF THE AGENCY REFERRAL PROCESS IN NSW?

According to the NSW Planning Legislation 'White Paper', published in 2013:

- There are presently a total of 232 different clauses in State Environmental Planning Policies (111 clauses), Local Environmental Plans (100 clauses) and State Acts (21 sections) that trigger a requirement for a government agency to have input into a planning decision.
- In 2011-12, there were 13,972 referrals, concurrences or general terms of approval completed in New South Wales, arising from 6,881 separate development applications. This is 12% of DAs lodged, with approximately 1,200 applications having multiple referrals.
- Nine agencies each reviewed more than 100 development applications.
- The NSW Rural Fire Service (4,550 or 32.5 per cent) and Mine Subsidence Board (4,467 or 31.9 per cent) had the largest share of referrals, followed by referrals to the Roads and Maritime Services (RMS).

NSW White Paper, A New Planning System for NSW, April 2013

RECOMMENDATIONS FOR CONTINUED IMPROVEMENT:

- A preferred outcome for NSW is to create a SARA-like agency to manage the state's interests in the assessment and facilitation of development projects.
- Alternately, to give effect to the proposed coordinating role of the Secretary of the Department of Planning and Environment, NSW should:
 - Undertake a comprehensive review of agency referral practices.
 - Develop a referral protocol and agency-specific policies that clearly spell out the role of agencies and matters relevant to the provision of referral advice.
 - Introduce KPIs similar to those utilised by SARA to 'lock-in' continuous improvement.

AUSTRALIAN CAPITAL TERRITORY

Property development (excluding mining) in the Australian Capital Territory is valued at over \$2 billion annually. Over 5,500 dwelling units were approved in the ACT over the past year.



5,482

Number of Dwellings Approved- May 2017



\$1.6 billion

Value of Residential Approvals – 12 months to March 2017



\$677,000

Median Sales Price Capital City – Houses-2016



\$474,500

Median Sales Price Capital City – Units-2016

6.2 – 6.5 – 6.8

Development Assessment Report Card Scores 2009, 2012 and 2015



6/10

DA Report Card – Single Point of Assessment Score 2015



The ACT's agency referral practices generally accord with recognised leading practice.

- ✓ Only one body should assess the application
- ✓ Referrals only to agencies with a statutory role
- ✓ Referrals are primarily for advice only
- ✓ Only give direction where this avoids the need for a separate approval process
- ✗ Referral agencies should specify their requirements in advance and comply with clear response times

Development applications in the ACT are assessed against the relevant code of the Territory Plan, the objectives of the land's zone and the suitability of land for the development.

The Planning and Land Authority (PLA) also takes into account representations made during notification, advice from other entities like ActewAGL, a plan of management for any public land and the likely impact of the development, including any environmental impact.

Agency referrals are a common step in assessing 'impact' proposals – that is, those development types that are listed in Schedule 4 of the Planning and Development Act 2007 or in the relevant Territory Plan zone as impact assessable.

Entity advice may be supplied with the development application at the time it is lodged, or plans or other information as required by the entity may be submitted with the development application and referred by the PLA. If entity advice is provided in writing at the time the development application is lodged:

- it must relate to the same application plans and given less than six months before lodgement date; and
- the application does not need to be formally referred.

Schedule 2 of the Planning and Development Regulation prescribes the referral entities and circumstances for referral.

An entity must give advice within 15 working days of referral. If the entity does not meet the deadline, it is considered as support. This is consistent with the referral practices suggested by this review.

Where the Planning and Land Authority gives an approval that is consistent with the referral entity advice, that advice is binding – the referral entity must act consistently with its advice when issuing subsequent approvals and undertaking compliance or other actions.

In practice, ACTPLA can override or elevate matters to facilitate assessment outcomes.

Deemed-to-satisfy codes also exist for all agencies (at least, in theory) and a new e-development system is proposed to facilitate the lodgement of plans electronically. Industry has identified that the targeted turnaround times are not being met by ACTPLA and has noted that early sign-off by referral agencies has become a necessary approach to ensure timely outcomes.

An additional concern is agencies raise new matters once the referred project has been approved. This 'two bites of the cherry' approach undermines efficiency. It typically occurs at the asset acceptance stage of development when new matters are raised that differ from what was agreed at the design acceptance (DA) stage. This causes delay at the peak debt stage of a project. E-development processes are due to change, and seen by industry as a significant opportunity to improve current processes – a standard acceptance of electronic files is anticipated.

It is noted that the ACT model is a little different to other states as there is only one level of government involved in development assessment. The Environment, Planning and Sustainable Development Directorate (EPSDD) also takes on a coordinating function with other service-directorates and service agencies. This essentially means that, with a commitment to improvement, the ACT referral system can equal Queensland's best practice SARA model.

RECOMMENDATIONS FOR CONTINUED IMPROVEMENT:

The ACT should:

- Develop a referral protocol and agency-specific policies that clearly spell out the role of agencies and matters relevant to the provision of referral advice.
- Focus on improving the referral response practices of specific agencies, e.g. Transport Canberra and City Services (TCCS), which has been identified as a source of delay in the provision DA advice and with regards to its changing of view at the asset acceptance stage of development.
- Roll-out the promised e-DA system to enhance the efficient and transparent operation of current referral practices.

VICTORIA

Property development (excluding mining) in Victoria is valued at almost \$35 billion annually.

Around 67,000 dwelling units have been approved in Victoria over the past year.

 **67,194**

Number of Dwellings Approved- May 2017

 **\$23.4 billion**

Value of Residential Approvals – 12 months to March 2017

 **\$590,000**

Median Sales Price Capital City – Houses-2016

 **\$500,000**

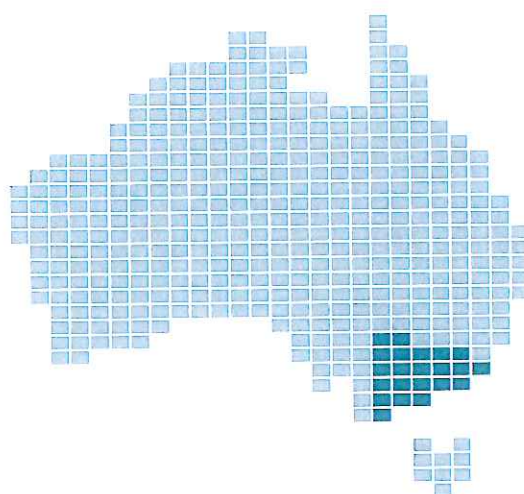
Median Sales Price Capital City – Units-2016

6.2 – 6.2 – 6.9






Development Assessment Report Card Scores 2009, 2012 and 2015

 **7/10**

DA Report Card – Single Point of Assessment Score 2015



The state's agency referral practices presently do not accord with all aspects of recognised leading practice.

-  Only one body should assess the application
-  Referrals only to agencies with a statutory role
-  Referrals are primarily for advice only
-  Only give direction where this avoids the need for a separate approval process
-  Referral agencies should specify their requirements in advance and comply with clear response times

Victoria has an extensive referral system for the seeking of advice or concurrence from state agencies.

The Planning and Environment Act 1987 (the Act) provides for the listing of all referral and notice requirements in individual local government planning schemes. This provides some flexibility to councils, in addition to the requirements of the State Planning Policy Framework, on what matters are referred.

Section 55 of the Act requires that a responsible authority give a copy of an application to every person or body that the planning scheme specifies as a referral authority for that kind of application.

There are two types of referral authority: a determining referral authority and a recommending referral authority. Clause 66 of each council planning scheme identifies the type of referral authority for each kind of application that must be referred.

If a determining referral authority objects to the application, the consent authority must refuse to grant a permit, and if a determining referral authority specifies conditions, those conditions must be included in any permit granted.

In contrast, the consent authority must consider the recommending referral authority's advice but is not obliged to refuse the application or to include any recommended conditions. A recommending referral authority can seek a review at the Victorian Civil and Administrative Tribunal if it objects to the granting of a permit or it recommends conditions that are not included in the permit by the consent authority.

The Regulations set out the information that a consent authority must give to a referral authority when it refers an application. The Regulations also specify the times by which a referral entity must respond.

Applicants are encouraged to meet with referral authorities to receive comments and pre-application consent. An application does not need to be referred if the referral authority provides consent to the proposal within three months preceding lodgement and that the development proposal has not changed in that time.

A recent \$25m investment in the state's planning program, which includes an online planning portal and a tracking system for state agency

referrals, commenced in late 2016. It is budgeted to be rolled out over 2 years. The program also includes a streamlined State Planning Policy Framework which integrates state and local policy to reduce duplication and complexity.

Notwithstanding recent program investments, industry has cited a lack of ownership at a local level and a lack of urgency amongst state referral agencies as driving an increase in assessment delays. Industry has suggested that a fast-track capacity be established for non-routine applications that comply with known policies.

Some agencies are available for pre-DA meetings but, in practice, this process is considered 'hit and miss', and lacks representation at a senior level.

Whilst infrastructure cost and formats are generally agreed through the Precinct Structure Plan (PSP) process, industry has also cited that agencies have a tendency to change their mind at the assessment stage and apply policy in an ad hoc manner.

RECOMMENDATIONS FOR CONTINUED IMPROVEMENT:

Victoria should:

- Establish a 'fast-track' capacity for non-routine applications that comply with known policies, in order to circumvent the growing assessment times for most applications.
- Mandate and improve pre-DA lodgement practices for all councils and state agencies.
- Develop and introduce referral agency protocols that clearly explain the policy basis of referral agencies and their role in development assessment and facilitation.
- Introduce a mechanism whereby agency consent is assumed to have been given if referral responses are not received within set timeframes.

WESTERN AUSTRALIA

Property development (excluding mining) in Western Australia was valued at almost \$11 billion in the 12 months to April 2017. Over 20,000 dwelling units were approved in WA over this period.



20,306

Number of Dwellings Approved- May 2017



\$6.2 billion

Value of Residential Approvals - 12 months to March 2017



\$525,000

Median Sales Price Capital City - Houses-2016



\$410,000

Median Sales Price Capital City - Units-2016

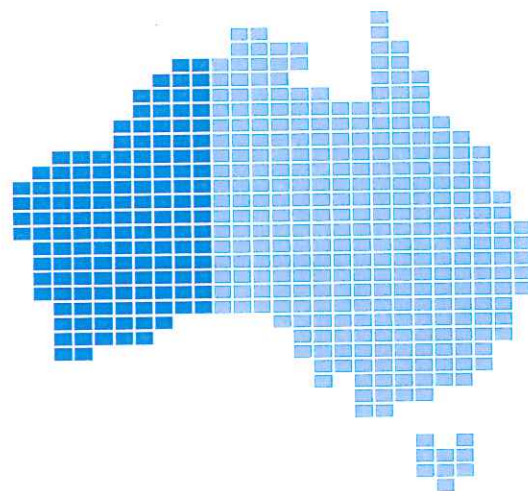
5.3 - 7.1 - 7.5

Development Assessment Report Card Scores 2009, 2012 and 2015



7.5/10

DA Report Card - Single Point of Assessment Score 2015



The state's agency referral practices presently do not accord with all aspects of recognised leading practice.

- Only one body should assess the application
- Referrals only to agencies with a statutory role
- Referrals are primarily for advice only
- Only give direction where this avoids the need for a separate approval process
- Referral agencies should specify their requirements in advance and comply with clear response times

The Western Australian Planning Commission (WAPC) determines all freehold, vacant and survey strata subdivisions in the state and certain applications under the Metropolitan Region Scheme. Other development applications are generally received and assessed by local councils. Larger applications (determined by a dollar threshold of the project cost) are determined by metropolitan and regional Development Assessment Panels (DAPs).

The WAPC also has a primary role in preparing and amending State planning policies and approving integrated land-use planning strategies for the coordinated provision of transport and infrastructure. It is assisted by a number of committees, including the Infrastructure Coordinating Committee (ICC), with representation across key state agencies, and which advises on the planning for physical and community infrastructure throughout the State.

Through the WAPC, planning and infrastructure provision and the protection of state assets is coordinated at a state level and implemented through the State planning framework. Agencies are directed by higher level policy that informs their assessment of state interest in responding to individual application referrals.

The WAPC has recently published a standardised set of subdivision conditions for referral agencies to use¹, and has taken a position that it will “not support the use of a non-standard condition when the circumstance is adequately covered by a model condition”. This strongly reflects the principles of a preferred referral system as it provides up-front certainty to proponents.

In Perth, the Metropolitan Redevelopment Authority (MRA) also performs a planning and assessment function. It assesses development applications and creates planning schemes, design guidelines, policies and frameworks to deliver a ‘revitalised Perth’. It operates across five redevelopment areas: Central Perth, Armadale, Midland, Scarborough and Subiaco. In its project assessment role the MRA will refer applications to local councils, relevant agencies and/or to independent consultants, design review panels etc. A 42-day period is allocated to this part of the assessment process.

The WA Government has also recently prepared the draft Perth and Peel Green Growth Plan for 3.5 million (Green Growth Plan) to meet this challenge of accommodating future population growth. Importantly, the draft Green Growth Plan proposes to cut red tape by securing upfront Commonwealth environmental approvals and streamlining State environmental approvals for the development required to support Perth’s future growth.

The draft Green Growth Plan allows for the cumulative environmental impacts of growth to be considered and minimised at an early stage of the planning process. It will secure approval under Part 10 of the Commonwealth Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) and deliver streamlined approvals processes under the Western Australian Environmental Protection Act 1986 (EP Act) for the following development actions or ‘classes of action’:

- Urban and industrial development
- Rural residential development
- Infrastructure development
- Basic raw materials extraction
- Harvesting of pine plantations.

Industry has reported that whilst most referral agencies ‘can be difficult at times’ they generally operate in a manner consistent with state policy direction. Service authorities, for example, generally apply universal standards that are well known by industry.

Notwithstanding, there are concerns relating to the lack of consistency in the interpretation and application of policy – this varies regionally and across the agencies. Some agencies tend to operate as if they are the planning authority rather than technical advisors to the process.

A further issue relates to the variation in interpretation by the various approval authorities – Councils, the DAPs and by the State Administrative Tribunal.

Pre-lodgement meetings with agencies are not required by law and not largely promoted by the agencies – they are available but most agencies form a real interest once an application is ‘live’. The WA process would benefit significantly from

¹ WAPC Model Subdivision Conditions Schedule, May 2016

a more disciplined and rigorous approach to the use of pre-lodgement meetings. The WAPC must provide a strong leadership role and demonstrate that these meetings save costs not just for the proponent, but for the referral authority. The application of consistent policy at the pre-DA stage should also help to minimise the variation in policy interpretation by Councils, DAPs and the SAT.

Industry also reported that the application of standard conditions tends to 'nullify surprises'.

Further suggestions were also made that the rules at the time of lodgement should apply for the duration of the assessment period and that the transparency of timeframes for approvals processes could be improved.

RECOMMENDATIONS FOR CONTINUED IMPROVEMENT:

WA should:

- Restate previous Government commitments to the introduction of ICT system to integrate all planning, subdivision and development approvals and service entity processes.
- Develop protocols to appropriately guide referral agencies as to their role in the assessment of referral matters and the facilitation of development matters.
- Mandate pre-DA processes to achieve improved council and agency involvement, with a demonstrated commitment from the WAPC to lead this reform.
- Reduce the amount of time allowed for referral responses and consider the introduction of a mechanism whereby agency consent is assumed to have been given if referral responses are not received within set timeframes.

TASMANIA

Property development (excluding mining) in Tasmania is valued at over \$1.13 billion annually. Over 2,000 dwelling units have been approved in Tasmania over the past year.



2,097

Number of Dwellings Approved- May 2017



\$0.6 billion

Value of Residential Approvals – 12 months to March 2017



\$397,000

Median Sales Price Capital City – Houses-2016



\$323,000

Median Sales Price Capital City – Units-2016

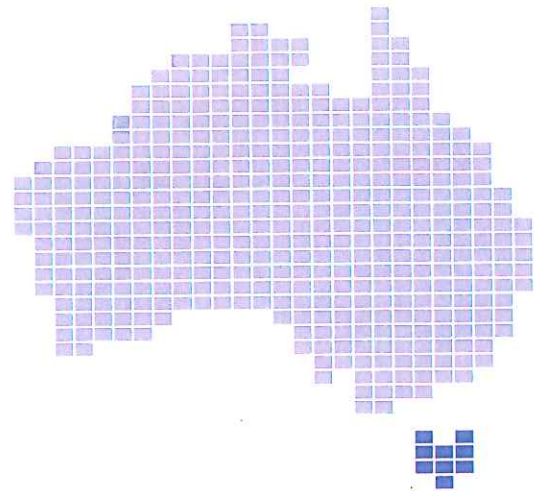
5.2 – 5.4 – 5.6

Development Assessment Report Card Scores 2009, 2012 and 2015



7/10

DA Report Card – Single Point of Assessment Score 2015



The state's agency referral practices presently do not accord with all aspects of recognised leading practice.

- ✘ Only one body should assess the application
- ✘ Referrals only to agencies with a statutory role
- ✓ Referrals are primarily for advice only
- ✘ Only give direction where this avoids the need for a separate approval process
- ✘ Referral agencies should specify their requirements in advance and comply with clear response times

In Tasmania, the Land Use Planning and Approvals Act 1993 defines the planning assessment process, including the roles and functions of the Minister for Planning and Local Government, the Tasmanian Planning Commission and local councils. The Act also sets out the various requirements and timeframes that apply to the planning process, e.g. making an application for a permit or requesting an amendment to a planning scheme.

State Policies are made under the State Policies and Projects Act 1993. The Department of Premier and Cabinet (DPAC) is responsible for the Act and the Premier is the relevant Minister. Three state policies have been made under this Act:

- Tasmanian State Coastal Policy, 1996
- State Policy on Water Quality Management, 1997
- State Policy on Protection of Agricultural Land, 2009

Tasmania is moving towards a generic planning system, based on a singular 'state wide' Tasmanian Planning Scheme. At this stage, the proposed Tasmania Planning Scheme does not include a system for standard referrals. It is unclear whether the final version of the scheme will provide a framework for agency referrals.

The Tasmanian Planning Commission is responsible for the assessment of projects deemed to be of regional or state significance. Final decisions for such matters are made by the Minister or an appointed Development Assessment Panel.

Formal referrals apply only at the state level for matters of significance, relating to heritage, environmental and water supply issues.

Local planning schemes mostly do not include formal referral requirements or procedures. Planning referrals for local development matters are determined by each municipality and are often based on informal protocols that exist between councils and service/referral entities.

In the absence of a formal, prescribed referrals system, the practice of obtaining state agency comments on development applications in Tasmania has been described as "loose", although "without a great many surprises". Referrals are undertaken for matters relating

to biodiversity, heritage, roads, servicing (e.g. Heritage Council, TasWater and Infrastructure Tasmania) and for applications that relate to or impact on established state policies.

Industry frustration was reported with respect to separate heritage assessments undertaken at the local and state levels, however these concerns will be addressed in part by the new Tasmanian Planning Scheme. Industry has also expressed concern that there is an inconsistency with respect to the practice of referring applications once the local provisions of the new Tasmanian Planning Scheme are drafted.

RECOMMENDATIONS FOR CONTINUED IMPROVEMENT:

Tasmania should:

- Look to standardize agency referral practices with the introduction of a single Tasmania Planning Scheme and its local provisions.
- Develop a referral protocol and agency-specific policies that accurately reflect state agency roles in the assessment of referral matters and in the facilitation of development.
- Reduce the amount of time allowed for referral responses and consider the introduction of a mechanism whereby agency consent is assumed to have been given if referral responses are not received within set timeframes.

SOUTH AUSTRALIA

Property development (excluding mining) in South Australia is valued at over \$5 billion annually.

Around 11,000 dwelling units were approved in South Australia over the past year.



11,401

Number of Dwellings Approved- May 2017



\$3.04 billion

Value of Residential Approvals – 12 months to March 2017



\$460,000

Median Sales Price Capital City – Houses-2016



\$389,375

Median Sales Price Capital City – Units-2016

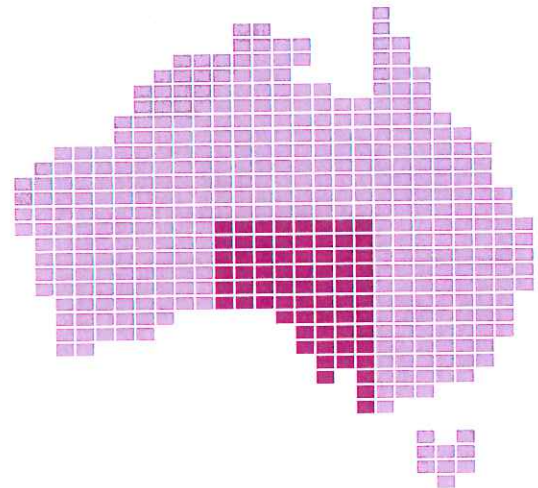
6.8 – 6.5 – 6.9

Development Assessment Report Card Scores 2009, 2012 and 2015



7/10

DA Report Card – Single Point of Assessment Score 2015



The state's agency referral practices presently do not accord with all aspects of recognised leading practice.

- ✓ Only one body should assess the application
- ✓ Referrals only to agencies with a statutory role
- ✗ Referrals are primarily for advice only
- ✓ Only give direction where this avoids the need for a separate approval process
- ✗ Referral agencies should specify their requirements in advance and comply with clear response times

Section 37 of the Development Act 1993 and regulation 24 of the Development Regulations 2008 outline the requirements for referrals. Schedule 8 of the Regulations lists the kinds of applications that must be forwarded to particular referral bodies for comment before a planning consent decision is made.

Applications for large and complex developments may be referred to state, local or federal government agencies (such as the Environment Protection Authority (EPA), the Adelaide Airports Authority, SA Water) to review certain elements of the proposed development.

The SA referral process avoids the need for an applicant to obtain separate planning decisions from different bodies under different Acts. This 'one stop shop' feature aims to facilitate assessment processes, reducing time and costs for the applicant, and is consistent with recognised leading practice.

The Act allows for applicants to enter into formal discussions with one or more referral bodies prior to lodging an application.

If the EPA directs conditions be imposed or a refusal of Development Plan Consent be issued, the relevant authority must impose and separately identify such conditions or reasons for refusal. The applicant has a right of appeal against a condition imposed by the EPA and the appeal is against the EPA and the relevant authority.

The applicant may also appeal against a refusal directed by the EPA and in this situation, the EPA is the respondent to the appeal.

In 2014-2015 period, there were almost 2,000 agency referrals made under Schedule 8 of the Regulations, 87% of which were processed within the statutory timeframe¹. There were 212 requests from the referral agencies for further information. Separately, another 679 non-statutory referrals were received.

The Planning, Development and Infrastructure Act 2016 provides a new blueprint for South Australia's planning system. The Act is due to be introduced in stages over the next 3 years. It will introduce a new independent State Planning Commission, establish a community engagement charter and deliver new,

streamlined assessment pathways. It is not clear at this stage how agency referrals will operate under the new Act.

Industry has reported that, in practice, there is little restraint on the purview of a state referral agency, which opens the door for referrals to trigger a broader, sometime unrelated consideration of proposals or gives rise to assessment matters that were not anticipated by proponents.

There is not really a system in place to manage conflict between agencies. At times, applicants have been asked to negotiate this process themselves.

Some agencies provide applicants a copy of their advice, despite there not being a formal requirement for them to do so.

Concern was also expressed about the role of the Government Architect. Virtually anything lodged with the DAC (e.g. CBD DAs) is referred to the Architect, with reservations expressed about the level of input this encourages.

DAC also relies heavily on councils for technical input around stormwater and roads, despite it not being an official trigger.

It was reported also that the pre-lodgement process does not work all that well. A referral agency cannot be compelled to attend. Also, the principle is well-intended but those agencies that do attend often request a higher level of detail than would normally be made available at a pre-lodgement stage.

A balanced approach to pre-lodgment discussions could save costs for both proponents and government agencies and minimise opportunities for conflict between agencies once the referral process has begun.

¹ South Australian Government, Annual Report on the Administration of the Development Act, 2014-2015.

RECOMMENDATIONS FOR CONTINUED IMPROVEMENT:

SA should:

- Provide clarity to ensure a common understanding of state agency roles in the assessment of referral matters. This could be achieved through the publication of assessment protocols and agency specific policies. Such protocols should standardise practices regarding:
 - The provision of agency advice to applicants.
 - The resolution of conflicts arising from inconsistent advice from agencies.
- Mandate that all referrals can only be triggered by the relevant provisions of Schedule 8, including the referral of matters to local councils by DAC.
- Mandate that the consent authority can proceed to determine an application without the requested advice where the prescribed timeframe is exceeded.
- Seek to formalise the current pre-DA lodgement process through the introduction of practice guidelines or through legislation in order to encourage council and agency involvement and to establish clear rules for the presentation and consideration of application material.

NORTHERN TERRITORY

Property development (excluding mining) in the Northern Territory is valued at over \$1 billion annually. Over 1,100 dwelling units were approved in the Northern Territory over the past year.

 **1,087**

Number of Dwellings Approved- May 2017

 **\$0.48 billion**

Value of Residential Approvals – 12 months to March 2017

 **\$452,500**

Median Sales Price Capital City – Houses-2016

 **\$475,000**

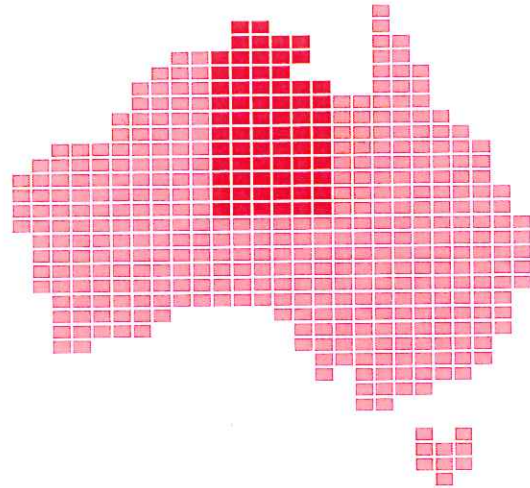
Median Sales Price Capital City – Units-2016

7.3 – 7.5 – 7.7






Development Assessment Report Card Scores 2009, 2012 and 2015

 **8.5/10**

DA Report Card – Single Point of Assessment Score 2015



The Territory's agency referral practices presently accord with most aspects of recognised leading practice.

-  Only one body should assess the application
-  Referrals only to agencies with a statutory role
-  Referrals are primarily for advice only
-  Only give direction where this avoids the need for a separate approval process
-  Referral agencies should specify their requirements in advance and comply with clear response times

The Northern Territory Government has direct responsibility for strategic and statutory planning. Local government in the Territory (including Darwin City) does not have statutory responsibility for planning matters, other than as a referral body. The Power & Water Corporation (PWC) is the principal service authority to which development proposals are referred. The Government Architect reports directly to the Chief Minister and serves on various committees and boards in relation to heritage protection and urban design, and is provided opportunity to comment on relevant applications.

Development Consent Authorities (DCAs) are established under the NT Planning Act to determine development applications. Membership of the DCAs includes representatives from local government and the community.

Development applications are lodged directly with the Department of Lands, Planning & Environment (DLPE) and are assessed under a single Northern Territory Planning Scheme, introduced in 2007.

The NT Planning Scheme generally applies to the whole of the Territory. It includes strategic land use plans, policy, zoning, performance criteria guidelines and assessment references.

Industry has reported that agency/service authority criteria and guidelines relating to their assessment considerations could be made clearer, along with the expectation that referral advices are consistent with these guidelines. This concern is reflected in the practice that conditions are imposed without explanation of their need or policy basis.

Further concern has been expressed with the amount of time taken for agency advice to be provided, with frustration that service authority sign-off is required in areas that are zoned for development.

RECOMMENDATIONS FOR CONTINUED IMPROVEMENT:

The Northern Territory should:

- Introduce greater transparency with respect to the policy basis for referral agency matters.
- Provide improved clarity as to the assessment considerations and guidelines used by service authorities to assess applications.
- Consideration should also be given to the streamlining of referral practices, such that matters that do not compromise known policy, published standards or zoning expectations are not referred.



06

COSTS & BENEFITS OF LEADING PRACTICE

Regulatory standards are typically developed over a lengthy time period with substantial opportunities for input and review by the business community and others, thereby reducing uncertainty.

Regulations can also establish rules of operation that diminish uncertainty.

A central part of planning policy is forging partnerships with individuals, groups, and organisations in an effort to facilitate and co-ordinate development. Planning departments team up with developers, urban planners, environmental and transport regulators, community groups, business leaders and local government personnel to deliver built form outcomes and service infrastructure. The machine has many parts, that require coordination, accountability and timeliness in their delivery.

Ultimately, responsibilities are allocated between a project proponent and the Government. It is possible, however, for a government agency to overload the planning process, and seek

to achieve separate functions outside of a reasonable planning process. Alternatively, it is possible that regulators are unmotivated or unwilling to take on a responsibility that is required for the delivery of planning outcomes.

If these problems become systemic within one or more Government agencies, then there can be benefit from a (temporary) process of co-option and compulsion by a third-party regulator (TPR), such as SARA in Queensland. SARA functions as a third-party regulator by having outcomes that are not defined by the various objectives of singular legislation that applies to referral agencies, but by the overall efficiency of the planning process.

A long-term goal is to ensure that Government agencies take greater responsibility for explicitly defining the planning parameters that determine their role in development assessment (reducing uncertainty) and avoiding delays in decision making (reducing duration). The explicit definition of planning parameters would be formulated as an evidence-based approach to the requirements of Government.

There is an implicit factor that Government agencies do not function effectively in their contribution to the planning process. This has been clearly observed across all jurisdictions. The avoidance of inefficient resourcing within agencies is one form of benefit that may arise from actions taken by a third-party regulator.

For any given agency, greater efficiency can also be achieved by delivery of policy standards. By implication, most of an agency's likely response should be formulated before it even considers a project proposal. This environment would

deliver consistent outcomes over time for similar projects. It might also require greater forward planning for specific regions/project types, in response to a change in Government policy (e.g. a new release area) or market conditions (e.g. a downturn in housing markets or increasing affordability pressures). By implication, better forward planning would require more Government agency resources.

On the surface, it may seem self-defeating to resource a new Government entity to ensure the efficiency of another. However, if a purpose of the TPR is to gradually refine and codify the interface and standards delivered by Government entities in the planning process, then its resourcing effort should gradually reduce over time as points of contention are diminished.

The table below compares the nature of costs and benefits associated with a TPR for planning policy.

BENEFITS	COSTS
Greater public awareness and accountability of policy parameters and execution	TPR budget resources on policy delivery and definition of role in assessment process
More up-front certainty in relation to project costs and required development outcomes (and the parameters by which these are assessed (lower risk profile)	TPR budget resources towards codifying interface and evidence standards
Less developer resources (inc. time) required for project evaluation	TPR budget resources on project evaluation
Streamlined agency frameworks that allocate time to needy projects and allow for routine assessments of others	Net increase in entity resources (more on forward planning & 'policy ready' response capacity, and less on project evaluation)
Reduced litigation time involved in resolving disputes and sorting conflicting objectives	Entity costs in articulating clear policy framework that enables proper and balanced decision-making
Consumer transparency - policy mapping and online assessment tracking	Establishment costs in forward planning and in actual ICT implementation

It is difficult to assess the scale of benefits and costs associated with the introduction of a TPR for planning process. Time and certainty (risk) can be framed as units that have a dollar value, but the scale of work is much harder to frame, with numerous questions to be answered: it is uncertain as to how many projects would qualify for assessment; how large & complex these projects are; how difficult it is to codify the interface and standards; what is the frequency of change in Government policy?

Slow and complex referral processes therefore do not only add cost to the supply of, say, new housing – they can also impose considerable administrative costs on government – arising from time taken, the duplication of process, the sometimes ad hoc nature of advice and the necessary defense and ‘sorting through’ of agency recommendations and positions.

Typically, it is easier to identify the costs of Government regulation than the benefits. As a reference point, we draw on Queensland Government data for the SARA entity, which began operations in FY2013. This entity employs a total of 120 people, with 40 working on Brisbane projects and 80 on regional Queensland matters.

We estimate that SARA’s direct labour costs and indirect consulting costs are \$200,000 per person (including overheads). This would equate to operating costs of \$24 million. There would be additional costs for the entity’s net increase in resources, which might equate to a quarter of SARA’s total costs. In this event, the SARA process would cost \$30 million.

We note that approximately 30% of SARA’s operating costs are reportedly recovered through fees levied on project proponents. A willingness to pay for this service by many proponents suggests that the benefits created are at least 30% of \$24 million (\$7.2 million).

In terms of quantifying benefits, we can consider the number of projects that are facilitated by SARA. Based on information reported by SARA, we estimate that it determines approximately 500 major projects per annum that undergo a multiple agency referral process (as distinct from its processing and administration of a large number of other referral matters for which it is not the consent authority). If the SARA cost

base is allocated wholly to this component of its outputs, the economic benefits associated with the operation of SARA would need to average approximately \$60,000 per project to be equal to the estimated cost of \$30 million.

Quantifying the benefits of SARA can be considered purely in terms of the time saved by proponents on project liaison and negotiation. If we assume that there are two professional executives responsible for this stage of project delivery (on average), with a daily rate of \$3,000 per person (including overheads), then the time saved would need to amount to 10 days. This estimation sets aside the benefit of a lower risk profile, which is likely to vary considerably by project size and duration (the risk profile is expected to be lower at the commencement of the project definition, as the existence of SARA feeds into the initial probability of a successful outcome). In turn, a lower risk profile may generate a greater number of projects, with associated benefits from an increased level of economic activity.

Based on these estimations, we turn our attention to another state to consider the potential of a SARA-like model. We note that the NSW Government is pursuing a degree of tighter policy around the agency referral process, with estimated time savings in the order of 11 days per project.

Integrated development, concurrence and referral processes can be improved to make agencies more accountable to councils and proponents, and to ensure they participate in a timely and productive manner. The changes discussed in this section are expected to save applicants approximately 11 days as part of the average integrated development process¹

This target benchmark of 11 days saved is presented as a meaningful goal for the NSW Government. By our reckoning, it accords with the scale of benefit that is needed to deliver substantive improvements in the delivery of complex projects.

The question is whether this outcome can be achieved in NSW or other states without the regulatory intervention of an independent third-party regulator (TPR), with a comparable form of constitution to SARA.

¹ Source: NSW Planning Legislation Updates, Summary of Proposals, January 2017

SARA has been shown to effectively function as a TPR for the implementation of planning policy in Queensland, with the necessary commitment of skilled resources and legislative imperative for agencies to be co-operative.

As an alternative reference point, we assume that a referral agency takes 30 business days

As the objective of a NSW TPR would be to assist in management of multiple referrals, the relevant number of projects appears to be 1,200 applications, as noted above. This number of applications is considerably higher than the estimated 500 projects estimated for the Queensland process.

Our estimations indicate that if the SARA obligations can deliver an improvement of 10 fewer days in the decision process, then the average proponent benefits might be expected to at least equal the Government's additional costs. This comparison means that if the process is reduced from, say, 30 days (or more) to 20 days, then there should be a net benefit from the implementation of SARA.

to assess an application. Presumably this obligatory timeframe represents a substantive improvement in the duration of typical response times.

The annual performance reports issued by SARA suggest that this level of time savings and derived benefit is regularly achieved.

These calculations are working on an average value per project. It seems possible that the average project metrics for outcomes in NSW, for example, will be similar to those that have been reported in Queensland.

In terms of the scale of relevant projects in NSW, we refer to data reported in the White Paper discussion documents:

In 2011-12, there were 13,972 referrals, concurrences or general terms of approval completed in New South Wales, arising from 6,881 separate development applications. This is 12% of DAs lodged, with approximately 1,200 applications having multiple referrals.²

It seems likely that the Queensland total is reduced by the function of the Brisbane City Council, which contrasts with the multitude of Council's in Sydney, and the role undertaken by Economic Development Queensland (EDQ)³ in the state's south-east.

As noted earlier, the SARA functions dedicate only one-third of its resources to projects in Brisbane, but the capital city accounts for approximately of 60% of the state's building and civil works.

² NSW White Paper, A New Planning System for NSW, April 2013

³ Economic Development Queensland (EDQ) is a specialist land use planning and property development unit within the Department of Infrastructure, Local Government and Planning. EDQ engages with state and local government, the development industry and the public to identify, plan, facilitate and deliver property development and infrastructure projects to create prosperous, liveable and connected communities.

EDQ drives a range of development projects including large complex urban sites which facilitate renewal, regional residential projects which respond to community need, industrial activities which generate on-going employment opportunities and infrastructure projects which activate further development.

Economic Development Queensland operates under the Economic Development Act 2012.

SARA – IDAS TIMEFRAMES

MEASURE	2013-14			2014-15		
	TARGET	ACTUAL	TARGET ACHIEVED	TARGET	ACTUAL	TARGET ACHIEVED
ASSESSMENT MANAGER DECISION (DECISION STAGE)						
PERCENTAGE OF TOTAL APPLICATIONS DECIDED WITHIN 40 BUSINESS DAYS	95%	97%	✓	98%	90%	✗
PERCENTAGE OF TOTAL APPLICATIONS DECIDED WITHIN 20 BUSINESS DAYS	40%	88%	✓	60%	73%	✓
PERCENTAGE OF TOTAL APPLICATIONS DECIDED WITHIN 5 BUSINESS DAYS	5%	58%	✓	15%	41%	✓

Source: SARA Key Performance Indicators and Customer Satisfaction Survey 2014-15: Report

AGENCY REFERRAL PROCESS IMPROVEMENT – ESTIMATED NATIONAL VALUE

In the section above, the cost base of the Queensland referral process was simplified to be \$60,000 per major project requiring multiple agency referrals. Using this value per Queensland project, it is possible to construct a national value of implementing an agency referral process in all states.

Scaling of national value refers to the NSW Government project numbers specified in 2011 (see above). At that time, a total of 1,200 projects were identified as going through multiple referrals. For a mid-cycle view, we assume that there are 2,000 NSW projects that would be subject to a multiple agency referral process. At a national aggregate, it is estimated that 6,000 projects would be engaged in a multiple agency referral process.

The scale of residential building activity is used as a metric for estimating the national value of activity. Residential projects are expected to account for a large majority of the agency referral process at a national level. This situation

is sensible because the multiple requirements from Government agencies are unlikely to arise for non-residential building (such as an office building, child care centre or warehouse).

NSW suffered from weak economic conditions in 2011, particularly for the residential building sector. State total dwelling starts amounted to approximately 30,000, which were extremely low numbers. Most recently, the number of dwelling starts has rebounded strongly, reaching 68,000 in 2015/16, with a national total of 225,000 starts. This relativity suggests that the national number of projects would be three times the NSW number.

Based on these calculations, the national economic value of a coordinated referral agency process within each state would total \$360m per annum (at an estimated \$60,000 per project).

Enduring improvement in the efficiency of State Government administration of development is a key goal of the recommended agency referral process. The value of improved efficiency is part of the annual national economic value. Improved efficiency would be realized once the new arrangements are fully implemented at the

agency level. Efficiency savings might account for an estimated one-third of the total economic value (with the remainder accounted for by the cost of the agency referral process, and value derived by developers).

In this case, the annual value of efficiency savings would be \$120m per annum, or \$480m over a four-year budget period.

These metrics and derived values are presented below:

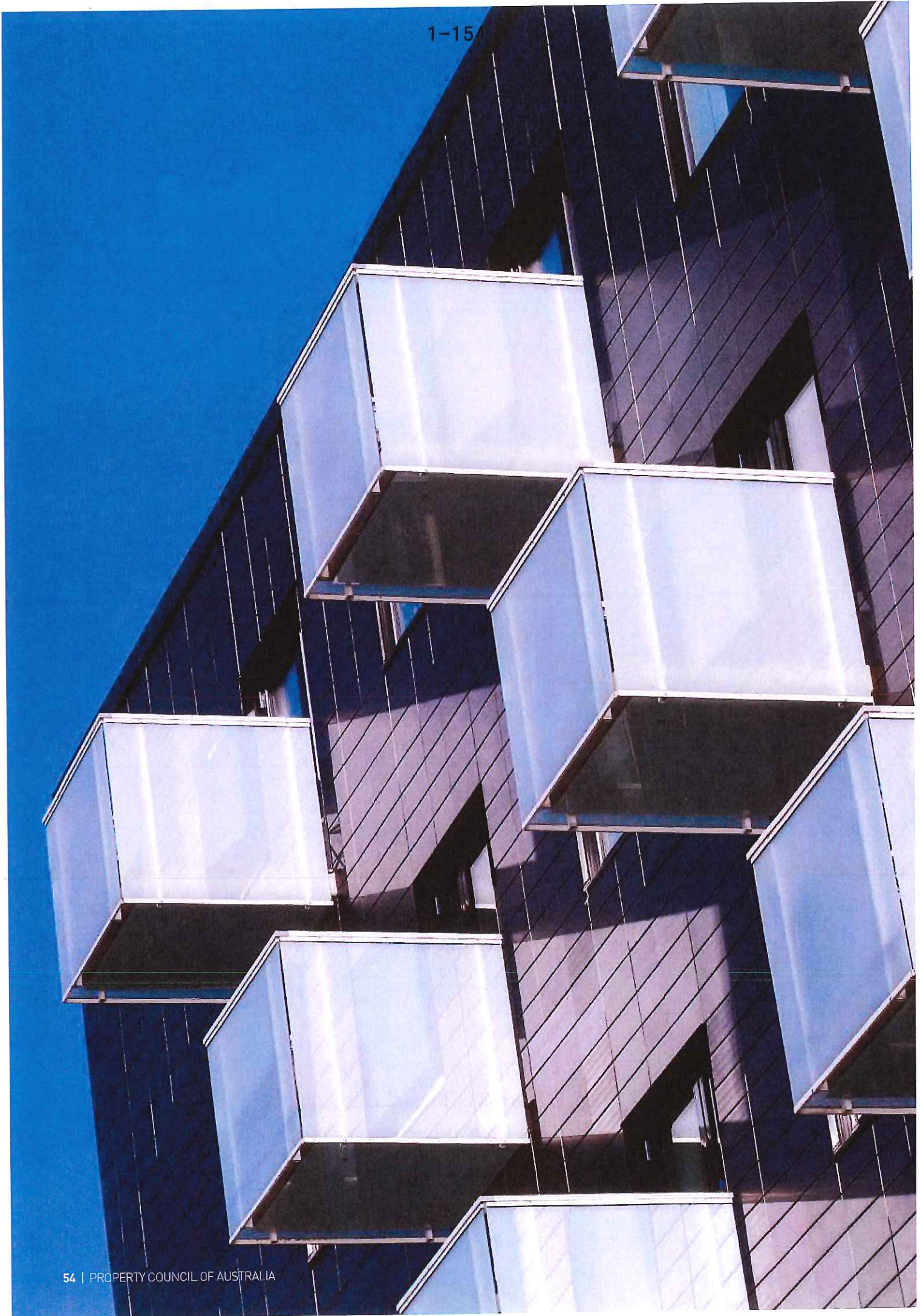
ESTIMATED NATIONAL VALUE ESTIMATES

METRIC	VALUE
Estimated economic value per project	\$60,000
NSW projects identified in 2011 white paper (no.)	1,200
NSW projects at mid-cycle (no.)	2,000
Estimate national projects at mid-cycle (no.)	6,000
National economic value (\$m p.a.)	\$360
Efficiency savings (\$m p.a.)	\$120

Source: ABS; MacroPlan

The introduction of a SARA-like agency to coordinate agency referrals in all states and territories has been found to potentially deliver substantial economic value to projects, in the order of \$360m per annum nationally. Further, inherent efficiency savings derived from the introduction of such services is estimated to attribute a savings of \$120m per year, i.e. as the system is introduced and rolled out, it is expected to become more efficient each year, potentially saving \$480m to government over a four-year budget period.





07

APPENDIX A

STATE & TERRITORY PROCESS SUMMARY

STATE & TERRITORY COMPARISON – CONCURRENCE & AGENCY REFERRALS

	QLD	NSW	ACT	VIC
1. Current System Characteristics				
Referral Requirements	<p>SARA established in 2013 as a single State Agency Referral Agency to replace previous 7 different referral authorities (with 56 different triggers).</p>	<ul style="list-style-type: none"> • Integrated Development – links approvals under EP&A Act with other approvals, licences etc required under other legislation. • Other referrals – undertaken for advice purposes. 	<ul style="list-style-type: none"> • Referral entities and circumstances for referral are outlined in Schedule 2 of the Planning & Development (P&D) Regulation. • EPD is single DA authority. 	<ul style="list-style-type: none"> • Section 55 of P&E Act requires that referrals specified in a planning scheme must inform the consideration of a DA.
Rules	<ul style="list-style-type: none"> • Dep't of Infrastructure, Local Government & Planning (DILGP) takes on the single point of lodgement, coordination and decision-making on behalf of all state agencies. • Agencies provide advice to DILGP but only one state agency decision notice is issued. • Applicants are able to deal directly with individual agencies as required. • Pre-lodgement discussions are encouraged. 	<ul style="list-style-type: none"> • 'Integrated development' – councils must refer DA to relevant agencies & incorporate their 'general terms of approval'. • It must not approve the DA if agency recommends refusal. If the advice is not received in 21 days, the consent authority can determine the DA. • Other referrals occur for advisory or 'concurrence' purposes 	<ul style="list-style-type: none"> • If a DA is referred to an entity, that entity must give advice within 15 working days. If a referral entity does not provide advice within this time, the entity is taken to have given advice that supports the application. • Where ACTPLA gives an approval that is consistent with the referral entity advice, that advice is binding – the referral entity must act consistently with the advice when issuing subsequent approvals. 	<ul style="list-style-type: none"> • Section 55 – two referrals: <ul style="list-style-type: none"> – 'Determining Authority' – where referral authority direction is mandatory; – 'Recommending Authority' – where referral authority's comments are advisory.. • Clause 66 of the VPPs applies to all schemes. It specifies those authorities that DA matters must be referred to. • Additional local provisions may be included in some schemes.
Scope	<ul style="list-style-type: none"> • Relates to same referral agencies as stipulated under Sustainable Planning Act except these now take on an advisory role only 	<ul style="list-style-type: none"> • →200 different clauses in SEPPs, LEPs and State Acts that trigger a requirement for a government agency to have an input into a planning decision. • Referrals cover matters regarding main roads, bushfire assessments, mine subsidence, heritage and environmental protection. 	<ul style="list-style-type: none"> • For some DAs approval from other ACT agencies such as ActewAGL and the Territory and Municipal Services Directorate (TAMSD) is necessary. • Statutory time for code DAs is 20 working days. • Time for merit and impact DAs is 30 & 45 days if representations received. 	<ul style="list-style-type: none"> • Referrals typically required for heritage matters, environmentally sensitive land etc.
Specific Features	<ul style="list-style-type: none"> • SARA processing measured by annual KPI reviews. • State Development Assessment Provisions (SDAP) used by agencies to assess DAs – 19 modules with a series of state codes. 	<ul style="list-style-type: none"> • Power of veto applies to a referral agency under the integrated development provisions; i.e. DA cannot be approved without agreement of agency. 	<ul style="list-style-type: none"> • Liaison with referral entities can be undertaken before DA lodgement • Entity advice may be supplied with DA at time of lodgement. 	<ul style="list-style-type: none"> • Many councils subscribe to SPEAR – online planning system which allows for the tracking of referrals. • Planning Practice Note 54, June 2015, advises on process principles

WA	TAS	SA	NT
<ul style="list-style-type: none"> • DAs are generally dealt with by Councils; subdivisions by WAPC. • Larger applications are determined by the relevant Assessment Panel (DAP). • The Metropolitan Redevelopment Authority (MRA) determines DAs in 5 redevelopment areas. 	<ul style="list-style-type: none"> • The Land Use Planning & Approvals Act 1993 does not include specific requirements for DA referrals to state agencies and other bodies. 	<ul style="list-style-type: none"> • SA has well defined trigger for agency involvement - under regulatory schedule • Schedule 8 defines the type of development that requires referral & nominates the manner for advice to be given/taken. 	<ul style="list-style-type: none"> • A single NT Planning Scheme applies.
<ul style="list-style-type: none"> • Councils have 60 calendar days to determine local DAs or 90 days if proposal is subject to public advertising. • For subdivisions (managed by WAPC) referral agencies (including Councils) are given 42 days to respond. • MRA allocates 42 days for agency and other referrals. 	<ul style="list-style-type: none"> • Projects of regional or state significance are managed by the Planning Commission through which state agency views are coordinated to inform the assessment process. 	<ul style="list-style-type: none"> • Schedule 8 table determines: <ul style="list-style-type: none"> - whether consent authority must 'have regard' to comments provided; - whether 'concurrence' is required before approval; - whether referral agency may 'direct' the consent authority to refuse or impose conditions. • Various referral times (from 4-8 weeks) are prescribed in Schedule 8 	<ul style="list-style-type: none"> • DAs are lodged directly with the DLPE. • A planner from the Department's Development Assessment Services is assigned to 'manage' each application. • The Department seeks and manages other agency inputs to the assessment process and prepares a report to the Development Consent Authority (DCA).
<ul style="list-style-type: none"> • A Mandatory DAP application is a DA project valued at → \$7m (or \$15m in City of Perth). • Referrals typically required for heritage matters, environmentally sensitive land and for DAs with potential major impacts. 	<ul style="list-style-type: none"> • For state & regionally significant DAs, referrals are required for major heritage, environmental & water supply matters. • Planning referral processes are stipulated & managed at the local level, although there are no standard provisions that relate to the exercise of this process. 	<ul style="list-style-type: none"> • Relates to DAs: <ul style="list-style-type: none"> - on main roads or on coastal, heritage or sensitive environmental land; - of a particular type (e.g. mining, airports, wind farms) or scale (e.g. large retail centres to DAC); or - height/value (to Gov't Architect). 	<ul style="list-style-type: none"> • As the DCA is the sole authority for most DAs, the role of the local council is limited to the making of submissions with respect to matters that it has control over (e.g. local roads, drainages etc).
<ul style="list-style-type: none"> • Where no response is received it is assumed that the agency has no objection to or requirements for the DA or subdivision proposal. 	<ul style="list-style-type: none"> • The new Tasmanian Planning Scheme will require local provisions. Industry is keen to ensure that such provisions do not result in a myriad of different referral practices. 	<ul style="list-style-type: none"> • Applicants can access a formal pre-lodgement agreement with agency. • DAC coordinates referrals for land subdivision & strata, community titles. 	<ul style="list-style-type: none"> • A single consent authority determines DAs. • There are 7 DCAs that serve the Territory

STATE & TERRITORY COMPARISON – CONCURRENCE & AGENCY REFERRALS

QLD	NSW	ACT	VIC
<h3>2. Current Issues / Commentary</h3>			
<ul style="list-style-type: none"> • With new planning Act, to be launched in July 2017, a refined SARA will take effect. • New SARA will refine the agency codes, recalibrate the process to remove routine matters and consider service fees. 	<ul style="list-style-type: none"> • Blurred lines between impact assessment with reasonable mitigation requests and exacting capital improvements etc. • Some agencies 'gaming the system' – use 'one bite of cherry' to best advantage. • Lack of 'coordination' or 'rules of engagement'. 	<ul style="list-style-type: none"> • ACTPLA can override agencies, but assessment times generally not met. • Agencies have a few 'bites of the cherry', e.g. at construction stages. • More rigorous Pre-App' and DA conditions - critical. • Certain agencies (TCCS) are problematic. • Standard operating system required for e-lodgement and assessment. 	<ul style="list-style-type: none"> • DA assessment times are lagging. • Minister call-in can override agencies, but used mostly for large projects. • A rigorous pre-DA process does not exist in Victoria, where early advice can inform the process. • Some agencies change their minds during DA assessment or implement policy on the run.
<h3>3. Future Reforms</h3>			
<ul style="list-style-type: none"> • MyDAS allows for electronic lodgements. • Need for continued improvement of electronic tracking and lodgement processes recognised. • New Planning Act due to commence mid-2017 – will further refine SARA and its associated tools. 	<ul style="list-style-type: none"> • Legislation Update 2017 focuses on referral delays & proposes DP&E facilitation when advice not received or where there is conflict between agencies. • Update also proposes DP&E monitoring and use of digital platform to improve efficiencies. 	<ul style="list-style-type: none"> • Territory Plan review is underway – will need focus on improving planning process efficiencies. • E-DA process is about to change – a more standard means of electronic lodgement etc. is expected. 	<ul style="list-style-type: none"> • 'Smart Planning' being introduced - \$25m funding – will upgrade online planning portal to allow tracking of referrals etc.

WA	TAS	SA	NT
<ul style="list-style-type: none"> • Universal awareness of agency requirements – these are generally known upfront. • There is, however, some inconsistent interpretation of agency requirements by Councils & DAPs. • DA conditions can be appealed to SAT – no third party appeal rights. 	<ul style="list-style-type: none"> • Current rules and provisions to govern the referral process are non-existent. 	<ul style="list-style-type: none"> • No restraint on content of agency comments. • Little review of comments – leads to conflicting DAs. • Gov't Architect seen to impose own design view. • DAC relies on Councils for technical input despite not being an official trigger. • Pre-DAs don't work so well – needs rigour to ensure agency participation. • E-practices need to be improved. 	<ul style="list-style-type: none"> • There is a current lack of transparency in terms of the criteria and guidelines used by agencies to assess and provide comment on applications. • This concern is reflected in the practice that conditions are imposed without explanation of their need or policy basis.
<ul style="list-style-type: none"> • ePlan to be further developed to manage on-line lodgement and referrals. • The current draft Green Growth Plan allows for the cumulative consideration of EPBC and approvals required under WA Env't Protection Act for urban development. 	<ul style="list-style-type: none"> • A single Tasmanian Planning Scheme is anticipated to come into force during 2017. • New local provisions will be needed to give effect to the state-wide Scheme. • This could provide an opportunity to lock-in and standardise practices. 	<ul style="list-style-type: none"> • New Planning legislation is being introduced – may resolve identified practice issues. 	<ul style="list-style-type: none"> • The NT Government has approved implementation of the Construction and Development Advisory Council's recommendations to reduce red tape in the construction sector. • Progress has been made on implementation, although further reforms will introduce Uniform Subdivision Guidelines and concurrent processes and upfront approvals. These may have implications for referral practices.



CUTTING THE COSTS

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PROPERTY COUNCIL LAYS PATH TO GREATER HOUSING SUPPLY

04 OCT 2018 PROPERTY COUNCIL OF AUSTRALIA

TasNetworks, TasWater and the Tasmanian Government must commit to further reform in order to fix the key issues which continue to hold back Tasmania's housing supply, according to the state's leading property industry body.

The Property Council of Australia Tasmanian Division today released *Removing the regulatory handbrake: Seven steps to fix Tasmania's housing supply*, as a blueprint for decision makers to fix the issues at the heart of the state's worsening housing shortage.

The document contains seven strategies to increase housing supply, including accelerating the approval process, clearing the TasNetworks bottleneck, streamlining TasWater's processes, finalising the Tasmanian Planning Scheme, encouraging housing development, developing the Glenorchy to Hobart transit corridor and taking advantage of the Hobart City Deal.

Executive Director of the Property Council of Australia Tasmanian Division, Brian Wightman said the document will be used to stimulate discussion and inform key policy makers and stakeholders about planning for Tasmania's housing future.

"We are putting these ideas out there to spur on action and ignite debate about how we can work together as a state to ensure future Tasmanians have sufficient access to housing," Mr Wightman said.

"A short-term fix for housing is much needed, however it is imperative key decision makers begin planning for longer term outcomes immediately.

"The problems at the root of Tasmania's housing shortage are multi-layered and require coordinated, insightful planning to properly address.


"The initiatives outlined in the document will take time to implement, but when completed will go a long way towards ensuring Tasmanians are able to access suitable and affordable housing into the future.

"At the top of the list is Tasmania's convoluted approval process and the Property Council insists the Tasmanian Government legislates for approval timeframes across all regulatory bodies involved in the planning and building process.

"Navigating through the approval process is an unnecessarily difficult task for developers and without timeframes for the assessment of aspects such as detailed engineering designs, the process can become a long and drawn-out affair.

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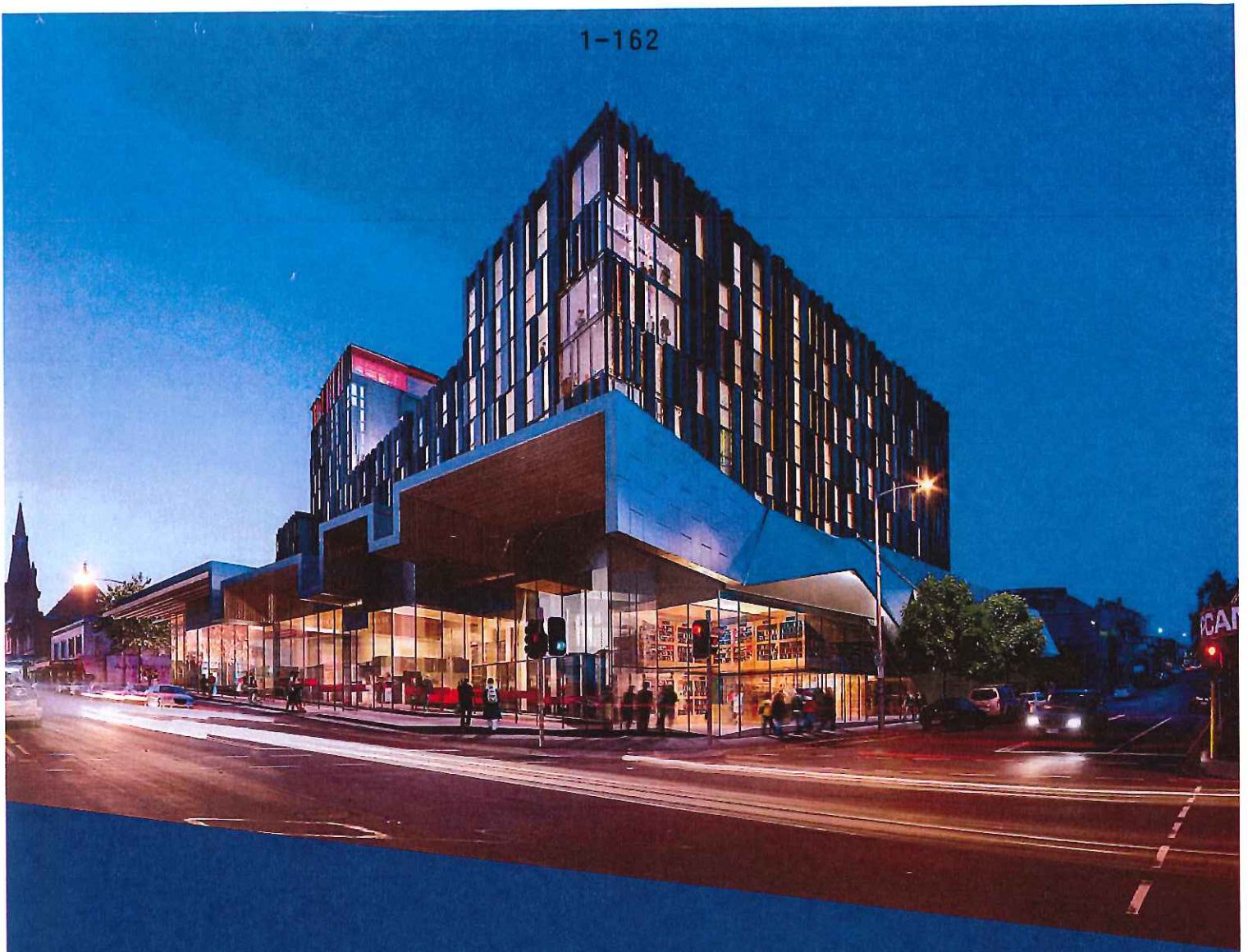
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REMOVING THE REGULATORY HANDBRAKE

Seven steps to fix Tasmania's housing supply

TASMANIAN HOUSING SNAPSHOT



0.7%

In June 2018 the residential vacancy rates in Hobart were the lowest in nation (national vacancy rate 2.3%)

15.1%

Median asking rent growth in Hobart from March 2017 – March 2018 was the highest capital city in nation (Canberra second highest at 6%)

17.3%

Growth rate of Hobart's housing prices in 2017 were highest in nation (Melbourne second highest at 11.3% while Sydney's growth rate was 4%)

29%

In May 2018 the average percentage of wage spent on rent in Hobart, equates to least affordable city in nation (Sydney second at 27%)



Hobart's house prices saw a 17.3 per cent growth rate over 2017, much higher than the second highest performing city Melbourne, which recorded 11.3 per cent growth.

The cost of renting a house in Hobart grew 15.1 per cent between March 2017 and March 2018, which was the only double figure increase in the nation. Canberra recorded the second highest rental price increase at six per cent.

These surging rent prices combined with the lowest residential vacancy rate in the nation (0.7 per cent in June 2018) have contributed to Hobart assuming the unenviable position of Australia's least affordable capital city to rent a home compared to the average wage.

Media attention has been focused on the plight of people sleeping rough at the Hobart Showgrounds and while homelessness is not a new issue and has many potential underlying causes, it serves to highlight the greater housing supply problem in Tasmania.

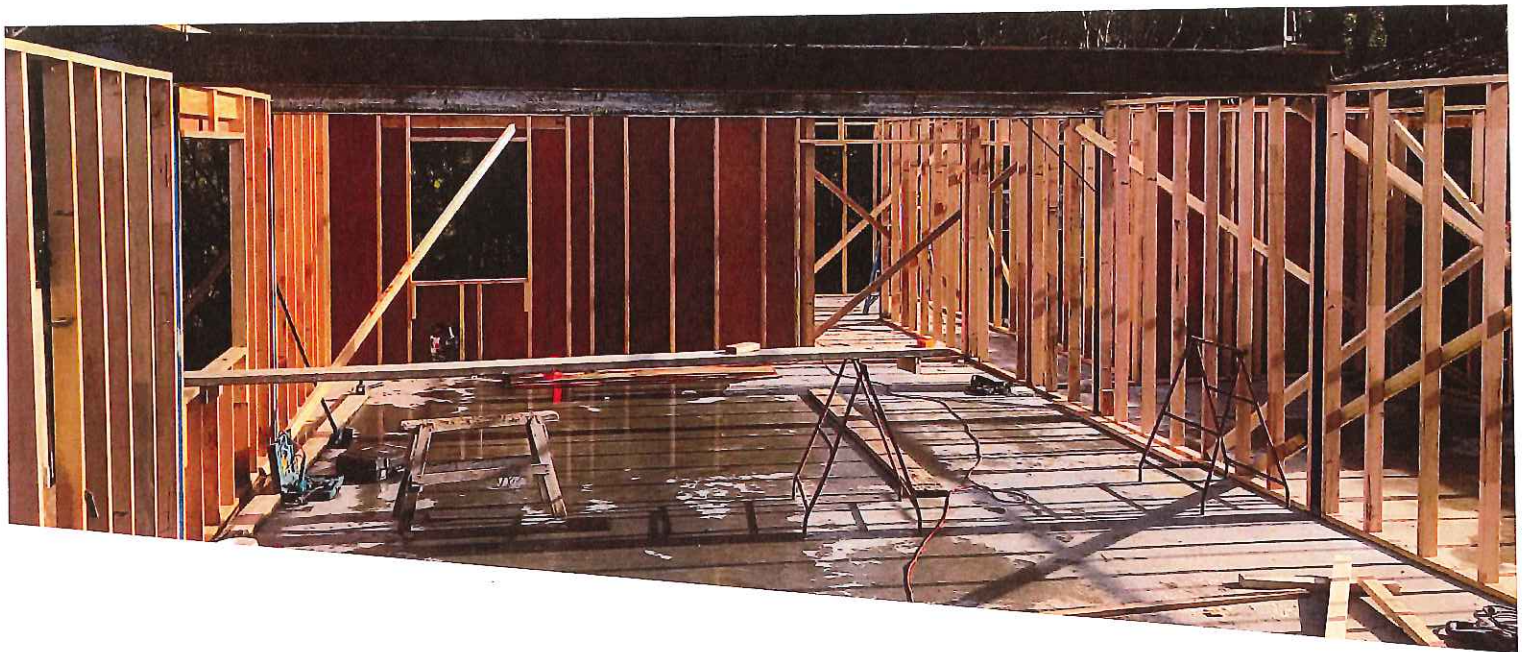
As a short-term fix, The Tasmanian Government has granted \$500,000 to Housing Connect to provide emergency accommodation.

However, the problems at the root of Tasmania's housing shortage are multi-layered and require coordinated, long term planning to properly address.

The following initiatives to fix housing supply will take time to implement, but when completed will go a long way towards ensuring Tasmanians are able to access suitable and affordable housing into the future.

The Property Council's seven steps critical to increasing housing supply and enhancing the experience of living and working in Tasmania:

- 1 ACCELERATE APPROVALS**
- 2 CLEAR THE TASNETWORKS BOTTLENECK**
- 3 STREAMLINE TASWATER'S PROCESSES**
- 4 FINALISE THE TASMANIAN PLANNING SCHEME**
- 5 ENCOURAGE INNER CITY HOUSING DEVELOPMENT**
- 6 DEVELOP THE GLENORCHY TO HOBART TRANSIT CORRIDOR**
- 7 TAKE ADVANTAGE OF THE HOBART CITY DEAL**



1 ACCELERATE APPROVALS

ISSUE

While a consolidated statewide planning scheme will help speed up housing development, complex and inefficient approval processes across several regulatory bodies still greatly impede the time taken to deliver new housing to the market.

Time limits exist for the assessment by councils of applications for planning approval, however there are no such limits for the assessment of detailed engineering designs.

Detailed engineering design delays also contribute to further delays for infrastructure developers (i.e. NBN Co. and TasNetworks), who cannot start to assess development applications until these have been approved.

Aside from the delay in delivering housing to the market, the costs associated with delays are incurred by developers and ultimately drive up end prices and lower investment appeal.

THE SOLUTION

The Tasmanian Government must legislate for approval timeframes across all regulatory bodies involved in the planning and building process.

- ▶ Strict timeframes must be set for the processing and assessment of post planning detailed design information prepared and submitted by developers in accordance with conditions of planning approvals.

- The timeframes should be implemented via an amendment to the *Land Use Planning and Approvals Act 1993* (Tas) and be similar in length to the existing timeframes for determining planning applications.
- Under this amendment, the planning authority must assess the detailed design information and confirm satisfaction of the relevant planning permit condition by giving notice to the applicant within the period of 42 days from the day on which it received that information.
- A mechanism must be considered whereby consent is automatically granted if information submitted in accordance with conditions of planning approvals is not processed and assessed within the timeframes.
- ▶ Development applications should trigger a referral process to allow TasWater, TasNetworks and NBN Co. to forward plan work schedules and avoid design delays and supply problems.
- ▶ The Government must provide specially allocated funds to the Land Titles Office and State Revenue Office to assist them in overcoming approval backlogs which currently hold up the system.
- Similar to measures taken by the Victorian Government, these funds would only be provided until offices regain the capacity to assess new requests in a timely manner and would not require an ongoing budgetary allocation.

2 CLEAR THE TASNETWORKS BOTTLENECK

ISSUE

TasNetworks currently hold an effective monopoly on designing and building energy infrastructure, with a lack of regulation on their processes, coupled with an inability for competitors to enter the market contributing to unnecessary delays in housing development.

Once a Form O request is lodged, the current situation for most stages of a residential subdivision is that it takes over a year for the cables to be installed.

On top of this, TasNetworks do not currently hold any basic stock needed for installation, with the wait times for stock to be delivered from their one mainland supplier adding even more time and associated costs to projects.

THE SOLUTION

TasNetworks' processes must be streamlined and set out in legislation to provide transparency and accountability regarding energy connections for residential developments.

- ▶ A detailed review of the contestability of TasNetworks' services must be undertaken to understand why competitors are not entering the market.
- ▶ TasNetworks must increase the number of designers available to increase their ability to undertake requests in a timely manner or legislation must be introduced requiring both scope and design to be completed within 42 days.
- ▶ Provision must be made for TasNetworks to develop a sufficient stockpile of the resources required to install power connections once designs have been approved, thereby avoiding delays associated with awaiting delivery from a mainland supplier.





3 STREAMLINE TASWATER'S PROCESSES

ISSUE

While the Tasmanian Division of the Property Council of Australia remains a strong advocate for the creation of a TasWater Government Business Enterprise, it cautiously welcomes progress in the form of the agreement between TasWater and the Tasmanian Government to improve service delivery and governance arrangements.

TasWater has improved immensely in the areas of planning and design detail, however administrative, legal and resource deficiencies still contribute to delays in building development.

THE SOLUTION

The agreement between TasWater and the Tasmanian Government provides a great opportunity for a detailed review of TasWater's overall design and approval process, however further efforts must continue to restructure TasWater ownership to form a Government Business Enterprise to improve overall service efficiency and delivery.

- ▶ Part of the process which contributes most to delays is the time it takes to obtain sign off for approvals; this issue must be addressed as a matter of urgency.
- ▶ TasWater must increase their holding stock of essential equipment (such as water meters) to a level which allows an instantaneous supply of product once it has been paid for by the client.
- ▶ The review must be undertaken with consultation from developers who will be able to identify the areas of the process that are most in need of change.

4 FINALISE THE TASMANIAN PLANNING SCHEME

ISSUE

The introduction of the statewide planning scheme advocated by the Property Council of Australia will undoubtedly help to address inconsistencies and excessive red tape across the state's interim planning schemes and help accommodate growth. However, securing the resources to facilitate these changes remains an issue for local councils.

As part of the Tasmanian Planning Scheme, local councils have been made responsible for creating Local Provision Schedules to apply State Planning Provisions while also meeting the unique needs and objectives of areas under their governance.

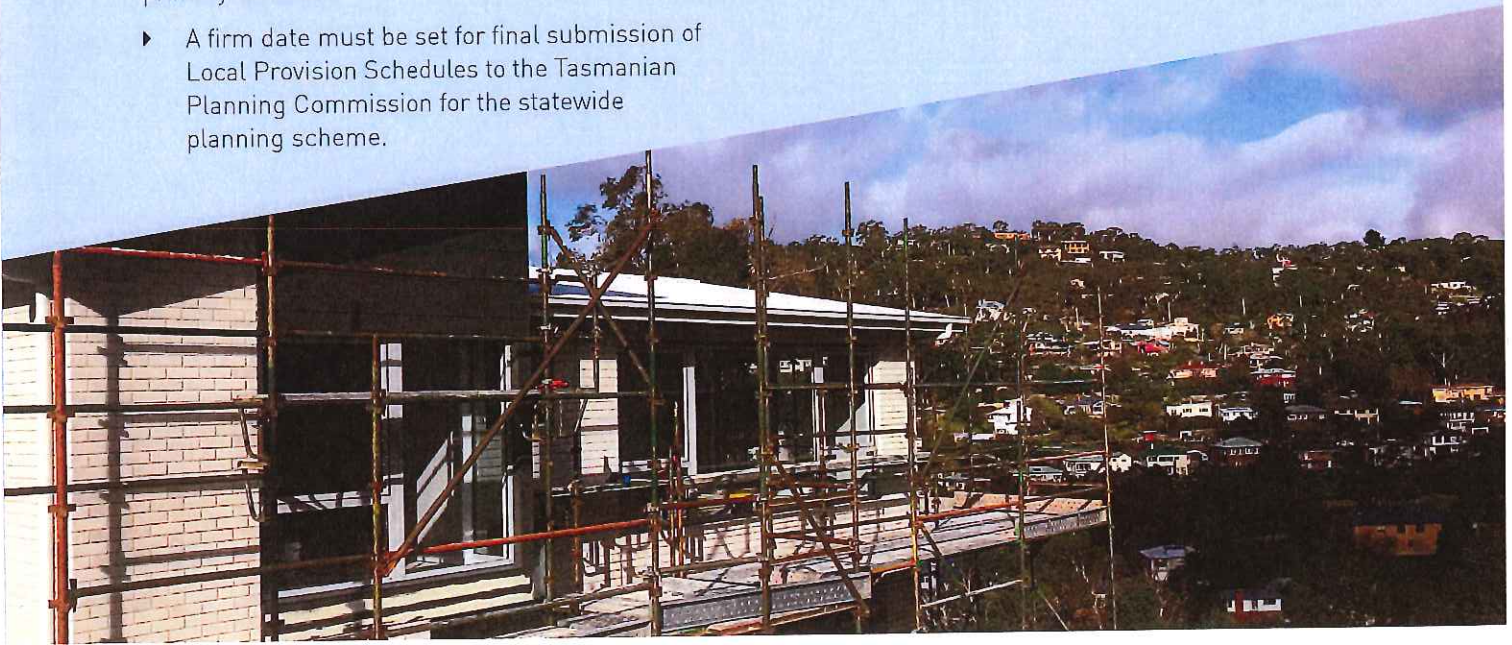
Most councils are yet to complete and submit their Local Provision Schedules to the Tasmanian Planning Commission and this is holding back implementation of the Tasmanian Planning Scheme.

THE SOLUTION

To further accommodate growth, the Tasmanian Government must project manage the development of Local Provision Schedules through funding a unit to lead finalisation as their primary function.

- ▶ A firm date must be set for final submission of Local Provision Schedules to the Tasmanian Planning Commission for the statewide planning scheme.

- The Government must ensure councils have adequate resources to complete these schedules and set a hard deadline for all schedules to be finalised.
- Where resources are insufficient, the Government should provide assistance in the form of standardised documentation and consultant support.
- The Tasmanian Planning Scheme must be implemented in a single coordinated step, not in a drip-fed or staged manner across different municipal areas over an extended period of time.
- ▶ To speed up the process, the Tasmanian Planning Scheme should be amended to remove the requirement that Local Provision Schedules be submitted to the Tasmanian Planning Commission prior to public exhibition.
 - This amendment will allow public representations to be coordinated within a singular submission to the Tasmanian Planning Commission, without delays encountered due to double handling.
- ▶ The Tasmanian Planning Scheme must include more certainty about the location and quantity of public open space contributions for individual parcels of land in the Local Provision Schedules.
- ▶ At a minimum, all interim planning schemes must be immediately available on the IPLAN website.
 - The IPLAN user interface should also be refined to improve website navigation and clarity around planning information.





5 ENCOURAGE INNER CITY HOUSING DEVELOPMENT

ISSUE

Throughout Tasmania there is a shortage of options for the increasing number of people wanting to live near or in our CBDs for employment or lifestyle reasons. Proximity to employment, services and infrastructure also positions inner city developments as viable social housing options.

Many under-utilised buildings and land parcels have the potential to be developed into either large-scale housing projects or standalone residences to offer increased diversity and amenity in inner city areas and accommodate the changing culture of the Tasmanian community.

THE SOLUTION

To increase housing supply in built up areas which are close to employment opportunities and established services and infrastructure, development of inner city land must be incentivised through several measures.

- ▶ Provision of land tax and stamp duty concessions for in-fill or inner-city residential development up to the equivalent value of the First Home Builder's Grant.
- ▶ Incentivisation of heritage and commercial building revitalisation through project grants coupled with reasonable and consistent development requirements.
 - Maintenance, revitalisation and use of existing buildings is important for upholding the unique cultural and architectural integrity of our cities.
- ▶ Waiving or deferring early development fees and bonds for key development precincts to encourage bold new ideas and reduce construction times in high use areas.
- ▶ Developing a strategy with key infrastructure providers such as TasNetworks and TasWater to fast-track installation for inner city projects.
- ▶ Adopting a social housing model of private sector investment and development matched with Tasmanian Government subsidies and community sector management.
 - This model would deliver better outcomes for low income Tasmanians and dependable returns for investors, all while reducing pressure on the public housing system.
- ▶ State and local government commitment and cooperation to meet the objectives of the Hobart City Deal.

6 DEVELOP THE GLENORCHY TO HOBART TRANSIT CORRIDOR

ISSUE

The transit corridor running between the Glenorchy Interchange and Hobart CBD via Main Road, New Town Road and Elizabeth Street has been identified as a key strategic area to support further growth of the greater Hobart region.

Public transport and infrastructure development along the Glenorchy transit corridor is a key initiative in improving connectivity to Hobart's growing northern suburbs, an area with significant capacity to accommodate increased housing density.

Residential and commercial development along the corridor will follow improved public transport, increasing urban population density and activity in the region, making it a more desirable place to live and in turn, support the increased investment and use of public transport services.

The management and resources required to deliver such an integral component of continued economic and residential development in Tasmania are above what local governments can provide.

THE SOLUTION

To support and encourage increased residential density in the northern suburbs, the Government should take action to develop the Glenorchy to Hobart transit corridor, increasing amenity for people living along the length of the corridor through improved access to services, employment and education opportunities.

- ▶ Funds must be allocated to establish the required public transport infrastructure quickly, providing immediate support for increased medium density housing in the northern suburbs.
 - Bus system optimisation and bus travel priority measures must be implemented to improve public transport travel time and reliability.
- ▶ Land use change to support urban renewal and development along the length of the corridor (such as rezoning Light Industrial sites in the Glenorchy central area to Inner Residential) must occur in order to accommodate and encourage further residential activity in each of the nodes it services.
- ▶ Existing barriers to development, such as planning restrictions in relation to height and other matters, must be eased along the length of the corridor in order to provide further incentives for medium density housing investment. Additional measures to incentivise development, such as Government funding of contamination assessments, should also be considered.
- ▶ Improved urban design in the street and park networks within the corridor must also be encouraged.



7 TAKE ADVANTAGE OF THE HOBART CITY DEAL

ISSUE

The Hobart City deal aims to provide a framework to support Hobart as it grows as a vibrant, liveable capital city.

Aside from major projects such as the proposed Antarctic precinct at Macquarie Point, the deal provides a great opportunity to consolidate land use planning and facilitate increased housing development.

Without state and local government coordination towards a long-term strategic view for Tasmania's major urban areas, developers will be less motivated to commit to residential development projects due to uncertainty in relation to costs, timeframes and approval outcomes.

THE SOLUTION

The Hobart City Deal must be managed by state and local governments in a considered, coherent and coordinated manner to leverage public and private investment while delivering a strategic framework for future land use planning outcomes.

- ▶ The Hobart City Deal should deliver a Metropolitan Act which provides mechanisms to deliver investment certainty and a planning framework to attract development in inner city areas.
 - This Act should contain clear development guidelines and provisions for limited exemptions from regulations for projects in line with the objectives of the city deal.
- ▶ For the Hobart City Deal to facilitate increased housing supply into the future the three tiers of government (Federal, State and Local) must work together to include long-term plans for:
 - Education
 - Private investment leverage
 - Water and sewerage reform
 - Public transport infrastructure
 - Traffic management
 - Digital connectivity



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TRANSFORMING STATE AGENCY APPROVAL PROCESSES CAN CUT COSTS ON NEW HOUSING

05 MAR 2018 PROPERTY COUNCIL OF AUSTRALIA

A new report has found that fixing inefficiencies in the approval of major housing projects by state agencies could unlock \$360 million in economic value and help ease pressure on house prices.

The report – commissioned by the Property Council of Australia's Residential Development Council (RDC) – tests the state of major project approval systems around the nation.

"A continuous pipeline of supply is essential if we are going to tilt the balance firmly back in favour of homebuyers," said Andrew Whitson – President of the Residential Development Council and Stockland's CEO - Residential.

"Giving major greenfield and urban renewal projects a clear roadmap through the maze of state agency referrals and approvals will create more certainty for the industry and the community."

The report sits alongside prior research commissioned by the Property Council, including the 2015 Development Assessment Report Card, and incentives framework to fix planning systems and housing markets.

Its release coincides with the launch of a new report into housing affordability by the Grattan Institute which highlights the critical importance of building more new homes and improving planning systems in order to bring down house prices.

Property Council Chief Executive Ken Morrison said reforming planning approval processes is a central part of the solution on housing affordability.

"Mapping the inconsistencies and inefficiencies of major project approval systems across the country puts a spotlight on the need for change," said Ken Morrison, the Property Council's Chief Executive.

"State agency approval systems largely remain slow and complex – requiring developers to navigate multiple referrals and review points.

"We are needlessly adding to the time, cost and red tape of new housing – and these are baked into the price of new housing."

The report benchmarks states against key design elements of good planning systems, namely:

- The need for a single point of assessment on applications
- Referrals being limited to agencies with a statutory role
- Referrals should be for advice only
- Direction should only be given where it avoids the need for a separate approval process
- Strict timelines for responses and approvals need to apply and agencies should specify requirements in advance.

"The Queensland system known as SARA (State Assessment and Referral Agency) is seen as the benchmark – but a number of improvements can still be made there," Mr Morrison said.

"Most other states are a long way from the mark – and crucially, the nation's biggest market, NSW, has one of the worst systems in the country."

Mr Whitson said: "Governments have zeroed in on housing affordability and better co-ordination of state agency approvals gives them a further chance to make meaningful progress.

"Streamlining approval processes will help us deliver the housing supply and diversity needed across the country."

A copy of the report is available at https://files.propertycouncil.com.au/hubfs/_RDC/WebFiles/RDC_CuttingTheCosts.pdf (https://files.propertycouncil.com.au/hubfs/_RDC/WebFiles/RDC_CuttingTheCosts.pdf)

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