

DEVELOPMENT ASSESSMENT FORUM

SUBMISSION TO PRODUCTIVITY COMMISSION

INQUIRY INTO FIRST HOME OWNERSHIP

Area of Interest:

This submission relates primarily to point (b) “ *the efficiency and transparency of different planning and approval processes for residential land*” in the Inquiry’s the terms of reference.

As noted in the Inquiry’s Issues Paper (pp15-16), regulatory instruments governing land use policies (including planning regulations) and building controls, influence the supply, timing and costs of development. The Submission will provide background information on the role of Development Assessment Forum (the DAF) which brings together stakeholders in the development sector for the specific purpose of reviewing and streamlining development assessment and approval processes – but without sacrificing the quality of decision making.

It will include information about the DAFs’s seminal work on developing a simpler ‘code-based’ model for development assessment which, when implemented by States/Territories and Local Government, would significantly improve efficiency by streamlining the approval process which will in turn, help to minimise delays; and reduce holding costs for developers.

Other DAF projects delivering sector reform include the development of national standards for the electronic interchange of DA data; a guideline for enhancing the role of the private sector in assessment; setting benchmarks to drive continuous improvement; and agreeing on national definitions and terminology.

Development Assessment Forum

The Development Assessment Forum (DAF) is making this submission to the First Home Ownership Inquiry to raise awareness of the role of the DAF in reforming and harmonising the nation's development assessment regulatory regimes. The DAF was created in recognition of the need to make Australia's building and development sector more responsive and more efficient – its focus encompasses the entire sector – including residential development.

DAF - Background

Harmonising and improving Australia's development assessment system is a long term focus for both the development industry and government. Reduced compliance burdens and more flexible regulatory systems will improve business efficiency, stimulate growth and help business generate employment. The DAF was formed to bring together the relevant parties to reach agreement on ways to streamline the processes used for development approval and cut red tape - without sacrificing the quality of the decision making. The Forum's membership includes the three spheres of government - the Commonwealth, State/Territory and Local Government; the development industry; and related professional associations.

History

The Small Business Regulation Task Force, which was established in 1996 to review the compliance and paperwork burden imposed on small business, recognised the need to improve development assessment systems. In its report *Time for Business* (the Bell Report) Recommendation 29 proposed that the three spheres of government develop a reform strategy for referral and concurrence procedures in the building and development industry. In the Prime Minister's 1997 response *More Time for Business*, he endorsed this recommendation and in addition, stressed the need for regulatory reform in development and building approvals processes. Industry groups and relevant professional bodies also prepared their own recommendations and an action plan entitled *Unfinished Business*. It was this report that prompted a meeting of stakeholders – including industry groups, government and the major professions, in Adelaide in June 1998 and the formation of DAF.

DAF commissioned a number of research reports including *Principles of Leading Practice in Development Assessment* and a Charter (see below) for its operation.

DAF Charter

The following include extracts from the DAF Charter, the complete documents may be viewed on the DAF website at www.daf.gov.au.

Mission

To encourage the harmonisation of Australian development assessment systems, through the promotion of leading practice regulatory reform.

Aims

- facilitate harmonisation between state, territory and local development assessment systems;
- facilitate integration of approval requirements, and reduction of unnecessary referral and concurrence requirements;
- develop and exchange information regarding leading practice in planning systems between sectors and jurisdictions;
- identify benefits of and priorities for agreed common approaches between jurisdictions;
- maintain accessible information nationally regarding different approaches within different jurisdictions to assist all sectors and jurisdictions in understanding, managing and learning from the differences;
- reduce unnecessary resource duplication in developing individual state/territory development assessment systems; and
- promote cost savings to both the building and development industry and all tiers of government.

Membership

Refer **Attachment A**

Linkages

The composition of the DAF ensures strong linkages with the custodians of planning systems and decision-makers, namely Planning Ministers, the Planning Officials Group, and Local Government.

Strategies

- (i) work towards the achievement of a harmonised development assessment system, based on demonstrated leading practice, which:
 - focuses on achieving high quality sustainable outcomes
 - is cost effective
 - encourages an appropriate performance based approach to regulation
 - encourages standard definitions and terminology
 - encourages innovation and variety in development
 - is streamlined, simple and accessible
 - integrates all policies and assessments applying to a given site
 - promotes transparency and accountability in administration
 - provides clear information about system processes and requirements
 - incorporates performance measurement and evaluation
 - promotes sharing leading practice and continuous improvement.
- (ii) undertake effective nation-wide consultation and liaison, education and training through DAF, on reform of development assessment systems;
- (iii) facilitate the coordination and integration of development assessment and planning reform activities between all stakeholders, in order to ensure a satisfactory level of consistency and efficiency in planning systems;
- (iv) promote an efficient and competitive regulatory environment; and

- (v) encourage the simplification of planning documents to achieve a user friendly and plain english style.

DAF Structure

The Forum may be best described as offering a ‘research and development’ service to the development sector. Its broad membership represents stakeholders across the three spheres of government; industry interests; and the relevant professional associations – as well as diverse geographic representation.

The DAF comprises 30 members and has an independent Chair, elected from the membership. The development industry is represented by the four peak industry associations; relevant professions by some seven associations; while the three spheres of government are represented across all jurisdictions.

In the 2003, the Forum was formally recognised as an advisory committee which ultimately reports to the newly established Local Government and Planning Ministers’ Council, which met for the first time in July 2003. This arrangement has strengthened the governance structure for the DAF with a clear line of upwards reporting through the Planning Officials Group (comprising senior officials from the Commonwealth Department of Transport and Regional Services; State and Territory Planning agencies to address issues of national concern).

More detailed information about the Council, including its terms of reference, may be viewed at its web site at <http://www.dotars.gov.au/lgpmcouncil/index.aspx>.

The current Chair is Mr Peter Verwer, Chief Executive of the Property Council of Australia. The Commonwealth Department Transport and Regional Services supports the work of the DAF through the provision of a small Secretariat and modest funding for the work programme. Specific projects may be supported by supplementary funding or in kind contributions from the membership or sponsorship.

The full Forum meets twice annually to set strategic direction and the work plan while a smaller Working Group meets regularly to review progress on the specific projects. Project Implementation teams have been established to draw on relevant expertise from the membership.

Business Plan 2003-04 to 2004-05

The Forum’s 2003-04 to 2004-05 Business Plan has recently been developed. It is based on:

- an agreed set of **Outcomes** which identify the following strategic objectives:
 - **Better quality built environment** – that enhances the community’s quality of life and economic productivity in balance with the natural environment;

- **Community satisfaction** - where the community has confidence in the legitimacy and effectiveness of the processes which govern development assessment;
 - **A simplified, universal model for DA** – implementation of the DAF’s new ‘code based’ Model for Development Assessment by the States and Territories, along with endorsement by other leading stakeholders;
 - **A national standard for electronic data exchange (eDA)** – adoption of the DAF’s endorsed standard protocol for electronic implementation of its Model DA procedures;
 - **Setting benchmarks for measuring and improving processes** – to drive the continuous improvement of the DA system and its outcomes;
 - **A national standard for definitions & terminology** – that underpins the DA process that is integrated with the Building Code of Australia; and
 - **An Inter-governmental Action Plan for DA reform** – a COAG-level agreement for reform of DA based on the DAF’s ongoing research and recommendations.
- **Strategic ‘pathways’** which identify the means of achieving the outcomes:
 - consulting widely with stakeholders and building relationships;
 - improving project management, reporting and governance;
 - developing a sustainable business model (including funding);
 - promotion and communication of DAF activities; and
 - monitoring and evaluating DAF’s recommendations
 - **Scorecards** which detail specific projects and activities developed by **Implementation Teams** comprising DAF members or their delegates.

DAF achievements and current activities

Since its establishment in 1998 the DAF has delivered initiatives such as:

- a first tranche of 14 national development assessment definitions;
- an agreed set of principles of leading practice in development assessment;
- a Good Strategic Planning Guide (which received Certificate of Merit at 2003 Planning Institute of Australia National Awards);
- a Practice Guideline to extend private sector involvement in DA certification processes;
- a website (www.daf.gov.au) to provide resource material and contacts; and
- a free-access web based database of all Commonwealth planning instruments.

Key projects currently underway include:

- the development of a leading practice model for development assessment – the initial phase of the project involved reviewing each element of the development assessment process; assessing the use of innovative legislation, processes and technologies; examining opportunities to use performance indicators deliver better services; and enhanced use of the private sector has been completed. As a result a

draft model has been developed for consideration – it identifies some nine key innovations which will be the subject of a comprehensive consultation round with all stakeholders. A more detailed overview of the draft Model DA is at **Attachment B**;

- establishing a national electronic data exchange standard for data transactions associated with the DA process – across all jurisdictions. The ‘eDA’ project aims for universal on-line lodgement of building and land development applications and can deliver significant time and cost benefits to consent authorities, developers, applicants and the community;
- an examination of ways to enhance comparative performance measurement and benchmarking of planning and development assessment systems; and
- developing agreed national standards for terminology and meaning in DA definitions.

DAF Membership

Attachment A

COMMONWEALTH GOVERNMENT

Department of Transport and Regional Services

Department of Industry, Tourism and Resources

Australian Building Codes Board

Institute of Engineers, Australia

Institute of Surveyors of Australia &
Association of Consulting Surveyors

Australian Institute of Building Surveyors

STATE AND TERRITORY GOVERNMENTS

Planning Institute of Australia

Australian Capital Territory

ACT Planning and Land Authority

Royal Australian Institute of Architects

New South Wales

Department of Infrastructure, Planning and Natural
Resources

LOCAL GOVERNMENT

Australian Local Government Association

Local Government NSW

Northern Territory

Department of Infrastructure, Planning and
Environment

Local Government Association of the Northern
Territory

Queensland

Department of Local Government and Planning

Local Government Association of Queensland

Local Government Association of South Australia

South Australia

Planning SA

Local Government Association of Tasmania

Tasmania

Department of Primary Industries, Water and
Environment

Municipal Association of Victoria

The Western Australian Local Government
Association

Victoria

Department of Sustainability and Environment

SECRETARIAT

Western Australia

Department for Planning and Infrastructure

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INDUSTRY ASSOCIATIONS

Housing Industry Association

Ms Lucy Jenkin
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Master Builders Association

Property Council of Australia

Urban Development Institute of Australia

PROFESSIONAL ASSOCIATIONS

Australian Council of Building Design Professions

Building Designers Association of Australia

Attachment B

Attachment B

A Model Development Assessment Process

Important Disclaimer: The views expressed in Attachment B do not necessarily represent the views of all DAF members.

Road Map to a Model DA Process Engaging with Stakeholders

DAF was created to identify leading edge approaches to development assessment in Australia.

To achieve this, DAF plans to recommend a model DA process that will cut red tape, and deliver:

- a quality built environment acceptable to the community;
- less cost and greater efficiency of approvals process;
- stronger investment; and,
- more jobs.

DAF's consultants have researched existing Australian and international development assessment systems and devised a new approach. It's now time to test their model with key stakeholders before undertaking a full cost-benefit analysis.

DAF will then provide its final recommendations to the nation's planning and local government Ministers in May 2004.

WHAT'S WRONG WITH THE CURRENT SYSTEM?

Australia's development systems were designed for a different era.

These days, Australians expect more of their built environment.

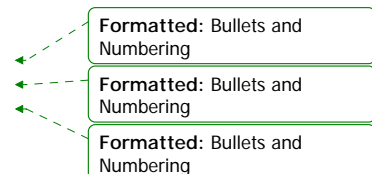
Our economic needs are more diverse and environmental issues are more prominent. In addition, the built environment plays a crucial role in delivering community benefits such as health, education, security, leisure and entertainment.

There is plenty of research that shows our current approach to assessing new developments is confusing, slow and wasteful.

There are also strong arguments for taking a more consistent approach across the country.

We need quicker, more efficient development assessment processes that deliver world class economic, social and environmental outcomes. Such an approach needs to deliver a system that the community trusts.

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A NEW APPROACH – IN BRIEF

Clarity lies at the heart of the proposed model system.

The aim is to translate development and planning policies into clear rules for assessing individual development proposals.

There are three key elements to the consultation model.

Leading Practice Principles	The principles describe the key features of a better approach, in terms of both process and outcome.
Leading Practices	The practices explain the fundamental operating features of the model system.
Leading Practice Logic	The logic details the ladder of decision making steps relevant to different types of projects.

Leading Practice Principles

There are twelve leading practice principles that are the basis of the proposed model system. They indicate that a development assessment system should:

- focus on achieving high quality sustainable outcomes;
- encourage innovation and variety in development;
- integrate all legislation, policies and assessments applying to a given site;
- encourage appropriate performance based approach to regulation;
- promote transparency and accountability in administration;
- be cost effective;
- be streamlined, simple and accessible;
- encourage standard definitions and terminology;
- incorporate performance measurement and evaluation;
- promote continuous improvement;
- promote sharing of leading practice information; and,
- provide clear information about system operation.

Leading Practices

There are nine leading practices.

Practice One: Separation of Roles

Goals:

- transparency and equity;
- minimise conflicts of interest; and,
- match skills and responsibilities.

Proposal:

It is recommended that elected politicians take responsibility for the development of planning policies and independent bodies be responsible for assessing applications against these policies.

Practice Two: Technically Excellent Criteria Based on Community Consultation

Goals:

- engage the community in clear policy development;
- convert policies into clear rules and assessment criteria.

Proposal:

The community values and policy objectives set by governments should be codified as objective tests and rules.

It is important to engage with the community early in the policy making process

Once developed, these rules are the criteria by which development applications are assessed.

Practice Three: A Single Point of Assessment

Goals:

- limit referrals to those agencies with a statutory role;
- increasing policy consistency; and,
- a whole of government approach.

Proposals:

Decisions on development applications, based on technically excellent criteria are the responsibility of a single entity.

The decisions should be based on advice by relevant expert assessors, generally at the local council level.

Other government agencies, with a defined statutory role, will also provide their advice; however, this advice must conform to their own technically excellent assessment criteria.

Practice Four: Independent and Expert Assessment at State/Territory and Local Levels

Goals:

- match project complexity to assessment skills;
- separate policy making from assessment;
- increase transparency; and,
- cut red tape.

Proposals:

The level of decision-making about a development proposal should reflect the complexity and impact of the application being considered.

It is proposed that panels be established at local or regional level to assess projects not determined by professional staff, and to review staff decisions.

It is anticipated Ministers may wish to retain call-in powers based on criteria prescribed by statute.

Practice Five: Appeals as a Second Expert Assessment

Aims:

- reduce legal complexity and cost;
- maintain the integrity of an approach based on technically excellent criteria; and,
- ensure equity.

Proposals:

All development assessment decisions should be reviewable.

Appeals should be judged against the same criteria as a first application by a second more senior assessor or independent body, and the second assessment should focus on the issue of dispute.

Recourse to the legal system should remain available.

In addition, it is proposed that each state and territory establish an independent expert commission to assess projects called in by the relevant Minister and to review appealed local panel decisions.

Practice Six: No Third Party Appeals

Aims:

- ensure political policy making remains independent of administrative assessment of applications;
- greater certainty; and,
- fewer delays.

Proposals:

Under the proposed model, a development assessment is made against technical criteria that enshrine policy developed after community consultation.

Unless an error in administration occurs, third parties are encouraged to advocate change to the policy driven criteria.

Consequently, no third party appeals are required to deal with the outcomes produced by this approach.

Appropriate checks and balances will need to be included to ensure appropriate governance of the panel process.

Practice Seven: Private Sector Involvement

Aims:

- provide flexibility and free up staff ; and,
- speed up approvals.

Proposals:

In specified circumstances it is recommended private sector experts provide advice that attests to compliance with technically excellent criteria.

In most cases, this advice would be considered by the assessing authority (whether government officer, local panel or commission).

Practice Eight: Streaming of Development Assessment into Tracks

Goals:

- matching project complexity and impact to decision-making processes;
- reducing assessments backlogs; and,
- better use of resources.

Proposals:

Early in the development assessment cycle, a project application should be streamed into a specific assessment track.

Each track would comprise a specific set of decision-making steps relevant to the project's complexity and impact on the built and natural environments.

Some projects will be exempt or self assessed, while others will require greater examination. The scope and nature of these tracks is a policy issue to be decided by governments.

The track to be used for each assessment will need to be clear from the outset.

Practice Nine: Built-in Improvement Mechanisms

Aims:

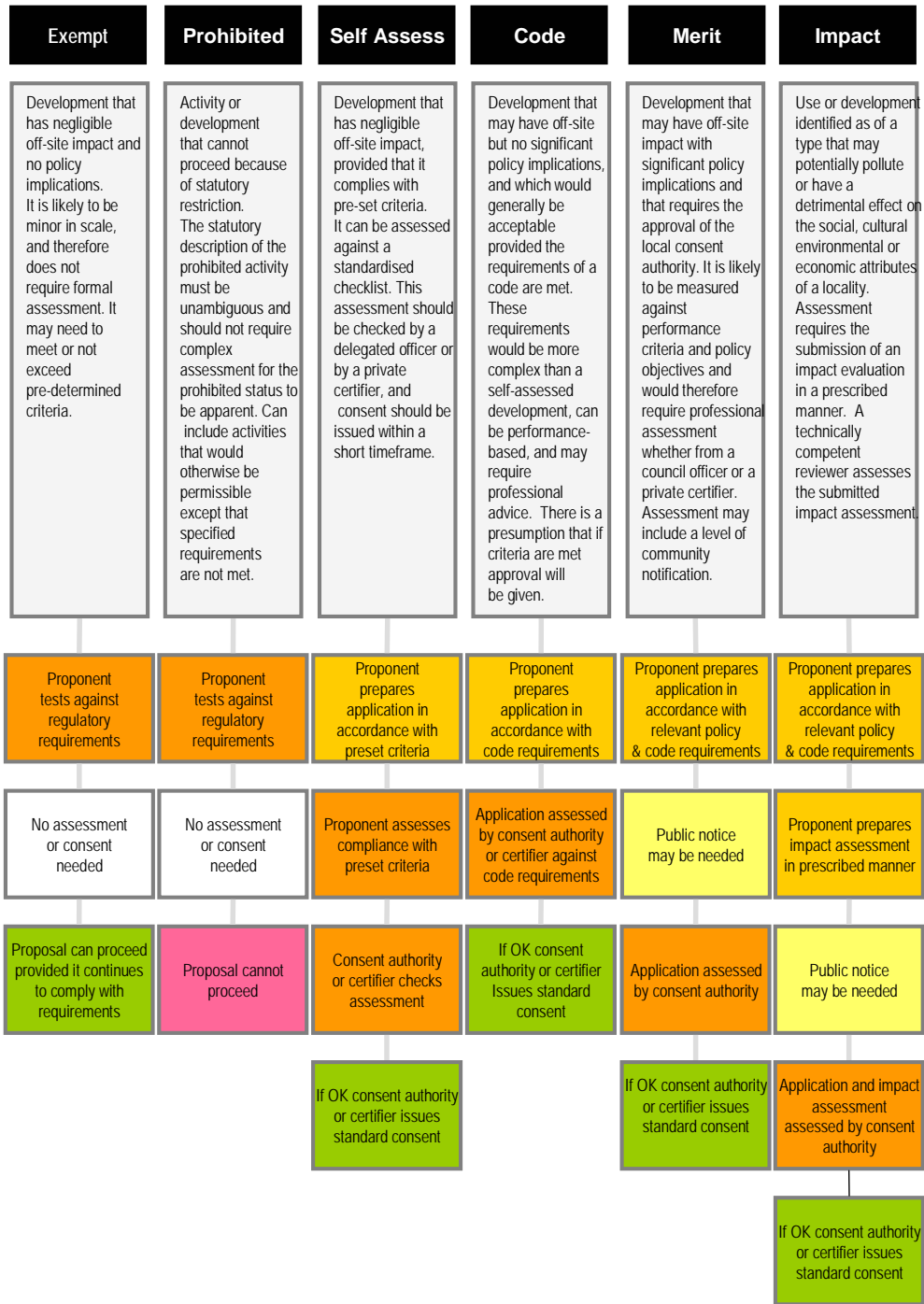
- continuous improvement of the development assessment process;
- greater strategic thinking by stakeholders; and,
- real world practice to help inform policy.

Proposals:

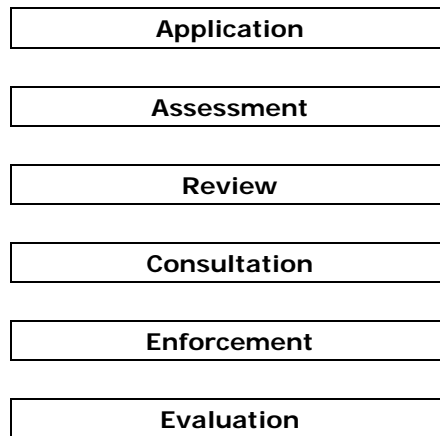
Formal feedback loops with the development assessment are proposed. This approach should seek to incorporate lessons learned by key stakeholders into overall planning policy, technical assessment criteria and the operation of the development assessment system.

Development Assessment Logic

The model proposes six assessment tracks based on project complexity and impact. These are:



Once a track is agreed, the project application follows the following assessment cycle:



Within each of these basic assessment processes is a ladder of decision making steps. In simple tracks, there are very few steps, in the more complex tracks there are many.

DAF's consultants have worked out each of these steps for all assessment tracks in great detail.

Next Steps

DAF is about to commence an exhaustive consultation process based on this model.

If you are interested in participating please send an email to Lucy.Jenkin@dotars.gov.au to **REGISTER YOUR INTEREST**.

Contact

Web Site: <http://www.daf.gov.au>

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