

24 February 2004

VIA EMAIL: [housing@pc.gov.au](mailto:housing@pc.gov.au)

**Attention: Ms Janet Savvides**

The Chairman  
Productivity Commission  
LB2 Collins Street East  
MELBOURNE VIC 8003

Dear Sir

**Inquiry into First Home Ownership: Discussion Draft**

The RAIA provides the following comments in response to the Productivity Commission's *First Home Ownership: Discussion Draft* released in December 2003. These comments are further to the RAIA's substantial submission to the Commission provided in October 2003 (your reference, submission 148).

The RAIA welcomes the Commission's recognition of the significance of planning assessment and compliance issues in its Discussion Draft. Overall, the RAIA supports the broad scope and thrust of the Commission's findings as detailed in section 6.3.

The RAIA was particularly pleased that the Commission highlighted many of the issues raised in the RAIA's original submission, particularly the financial and time-delay cost implications arising from Australia's problematic planning systems applying to both home building and home renovations. This hidden cost to affordability is ultimately passed onto the homeowner in the form of additional costs and expenses that contribute to higher housing prices. For example, as highlighted in RAIA's original submission, buyers of homes in the middle suburbs of Melbourne and Sydney can expect to pay a premium of \$50,000 or more due to the direct cost of planning and the indirect cost of inflated land values due to planning delays.

This short supplementary submission is provided, responding to a number of the points raised by the Commission, in section 6.3 (p.103-114) of the Discussion Draft.

*"Alleviate Bottlenecks"*

- The RAIA was particularly interested in the Commission's proposal to *"alleviate bottlenecks"* in the planning assessment process through the *"...increased use of outsourcing or consultancy arrangements"*. The RAIA fully supports the Commission's assertion that *"The feasibility of extending their use, and how such arrangements should be structured, warrant close attention"*. (p. 114)

- In the RAIA's original submission, it made the recommendation that external independent consultant planners or architects should be able to certify that application documents meet guidelines. Registered architects, as both professionals and as skilled building and construction design practitioners, are in a leading position to guide, assist and provide planning system support to local government planning units. The involvement of architects in the proposal suggested in the Discussion Draft would be fundamental to assisting local governments in broadly applying consistent planning assessment and compliance requirements for residential building and construction, inclusive of alterations, renovations, additions and heritage restorations as administered by local governments.
- The RAIA would support such a proposal being considered and implemented at a local government level, particularly with selection criteria concerning skill sets and experience qualifications for outsourced or external consultant service providers being at a minimum requiring registered architects or other professionals of a similar standard or competency.

#### *"Governance"*

- The Commission refers to improving the transparency of the "governance" of planning systems in order to improve decision-making during the planning application process. (p.110) The Commission suggests areas for improvement which include:
  - *"separation of policy making from implementation;*
  - *the scope to streamline permit approval processes in such a way as to allow minor or uncontentious developments to by-pass unnecessary informational or consultative requirements;*
  - *the scope to reduce delays in appeal processes, including the relevant tribunals; and*
  - *the scope to improve or expand 'as of right' provisions, whereby developments satisfying the agreed rules within a zoning category are able to proceed without scope for objections on other grounds." (p111-112)*
- The RAIA identified 15 structural reforms, which if implemented, would address the scope and the detailed problems with the governance failure identified above by the Commission. The particular reforms proposed by the RAIA which would assist with resolving the issues identified by the Commission include:
  - State government agencies responsible for local planning need to establish common procedural guidelines for all local governments to follow.
  - Local government councillors should be involved in establishing local policies, but once established, compliance or otherwise should be determined by an assessment panel comprised of council staff professionals and external assessors, not by the councillors themselves.
  - State governments should establish "planning zones" which may relate to specific interest points such as heritage, landscape etc. These zones should not be confined by local government boundaries.

- Leading on from the above recommendation, a local government assessment panel should be able to assess an application, even for applications that span across planning zones or boundaries.
- The local government planning assessment report on an application should be completed before public advertising and should form part of the advertising package.
- Specialist reports such as heritage compliance, landscape overlays, energy audits, should not be required at lodgement but should be provided, if necessary, prior to issue of approval or as a condition of approval.
- Following planning approval by local council or appeals body, endorsed plans should be certified by private independent planning consultants.

*“Quota of development permits”*

- The Commission refers to a proposal involving the allocation of local governments with planning and development permits, linked to an incentive programme.(p.112) The proposal as described by the Commission was offered as a means of improving time delays with planning and development approvals.
- The RAIA has not had an opportunity to study this proposal to any great extent. However, at face value, the RAIA agrees with the Commission in its assessment that initiating such a proposal would inevitably lead to “...*difficult implementation issues, including how to decide local quotas and whether to compensate residents adversely affected by the new construction*”. (p.112)
- The other concern not raised by the Commission, but which would appear to be self-evident, is that such a programme could be open to some significant manipulation by some participating local governments. For example, progressing applications early in the funding/incentive programme cycle in order to fulfil the quota and receive the incentives. This could lead to leaving reduced opportunities for the submission of successful planning applications later in the period.

*“Better Decisions Faster”*

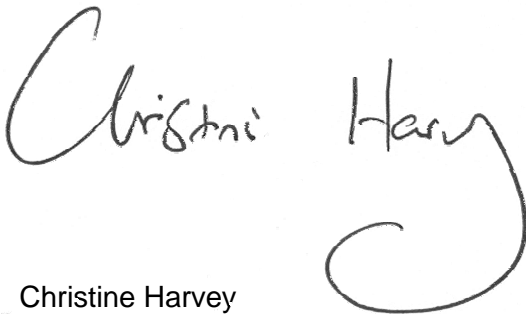
- The Commission proposes a possible planning model as detailed in the Victorian Government’s *Better Decisions Faster* - Opportunities to improve the planning system in Victoria: Discussion Paper, August 2003 (p.113).
- While the RAIA accepts that the Commission’s inquiry is not itself an inquiry into the merits of the Victorian Government’s *Better Decisions Faster* model, it is important to note that the RAIA has commented directly to the Victorian Government that *Better Decisions Faster* may only deliver marginal improvements. The substantial areas for reform and restructure, and which are common to other planning jurisdictions, were outlined by the RAIA in its original submission to the Commission and also in the RAIA Victoria Chapter’s response to *Better Decisions Faster*.
- A particular issue arising from the *Better Decisions Faster* model is that the recommendations proposed concentrate on process and ‘time and motion’ improvements to planning. There is very little analysis as to the cost saving efficiencies to planning processes, leading onto improved home affordability. The paper intimates

that cost savings arise, but the actual dollar numbers forecast are absent. Given this, it is difficult to make a considered assessment of the cost benefits of the recommendations proposed. Further, there are a number of recommendations made in *Better Decisions Faster* that are actionable only by local government authorities. It is not yet clear whether most if not all local governments would implement the recommendations pertinent to their jurisdiction.

- The RAIA notes the Commission's reference to the Development Assessment Forum (DAF) and its work towards developing a national model addressing development assessment. The RAIA is a key participant in DAF and supports DAF activities and initiatives leading towards a national best practice model. The RAIA is of the view that rather than endorsing individual state models, the Development Assessment Forum provides the best system to develop a consistent and co-ordinated reform programme to improve planning systems across the country, as the the DAF is inclusive of the key stakeholders (government and industry) concerned with this important issue. The RAIA and the Planning Institute of Australia are currently working together on developing the key principles for a framework for the planning assessment process which will be submitted for DAF's consideration.

Should the Commission require further information concerning this submission, or the RAIA's original submission, please contact me on (02) 6273 1548 or email [christine.harvey@raia.com.au](mailto:christine.harvey@raia.com.au).

Yours faithfully



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