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10 August 2010

Ms Christine Underwood
Business Regulation Benchmarking –
Planning, Zoning and Development Assessments
Productivity Commission
PO Box 1428
Canberra City ACT 2601

Dear Ms Underwood,



I write to you in relation to the Productivity Commission's Issues Paper on *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments*.

Business SA is South Australia's leading business membership organisation, representing thousands of businesses through direct membership and affiliated industry associations. We represent businesses across all industry sectors, ranging in size from micro-business to multi-national companies.

Planning, zoning and Development Assessments can have a significant impact on our members and on the State's economic growth. Business SA welcomes the opportunity to provide comments on the Issues Paper.

Business SA has a number of major concerns that can flow from inefficient and inequitable planning, zoning, development assessments and related processes, many of which were identified in the Issues Paper, including:

- increased business costs (particularly for developers) due to higher land prices, red tape and excessive regulation, compliance issues and anti-competitive practices
- the potential differential treatment of businesses in the same situation, both within the same Council and across different Councils
- significant time delays in developing and redeveloping land and the negative impact that this can have on investment
- inadequate infrastructure provision and related costs, including freight which will flow on to almost all goods and services for consumers
- difficulties in integrating planning with other State Government and Local Government strategies and responsibilities
- a lack of development or the wrong types of developments and the negative consequences for economic growth and wealth generation.

In trying to address these concerns it is vital that:

- the roles and responsibilities of State and Local Governments are clarified and adequately funded
- there is greater cooperation and coordination between State and Local Governments, including with regards to broader plans and strategies
- all aspects of planning, zoning and Development Assessments are consistently applied
- the regulatory requirements associated with planning, zoning and Development Assessments are minimised
- land release policies ensure an adequate flow of land for all types of development, including residential, commercial and industrial
- business activity and involvement in land development is encouraged and impediments to such involvement are removed
- anti-competitive provisions in plans, zones and Development Assessment processes and agreements between different parties that use the same land – such as owners vs tenants – are removed, provided that the broader social interest is not impacted.

A major issue hampering development in Adelaide's Central Business District (CBD) has been and continues to be the Adelaide City Council (ACC). Major developments that would have contributed to employment and economic growth and wealth creation have been stymied by the ACC, even on occasions when their own planners have advised for developments to go ahead. The impact has been so detrimental that the State Government has taken control of the final decision on the approval for developments in excess of \$10 million in the CBD. While this has been positive for some developments, it has created substantial confusion and conflict.

Business SA released a major policy document prior to South Australia's State election in March 2010 – *A Charter for a Prosperous South Australia* – which contained a number of recommendations on the governance of the ACC. These recommendations included replacing the ACC with a more development focused Capital City Authority Board and allowing CBD based workers the right to vote in elections.

The *Charter* also recommended reducing the number of metropolitan councils from 19 to three, which would yield major efficiencies in planning, zoning and Development Assessment processes, particularly by improving consistency.

Consideration should be given to how including "use it or lose it" provisions in agreement with developers would influence the price of land and the flow-on costs to businesses and households that will ultimately use and/or own the land.

In addition to planning, zoning and Development Assessment issues, the cost of developing land is significantly impacted by the taxes and charges imposed by State Governments. Business SA urges the Productivity Commission to analyse such taxes and charges in its performance benchmarking and compare them across States.

The focus of the Productivity Commission's efforts appears to be confined to cities. However, there are numerous instances in rural areas where the operations of a business may be impacted by expanding townships. This can manifest itself as tighter requirements for the emissions of a variety of "pollutants", including dust and noise, which can unfairly add to costs. This is particularly important for the extractive and manufacturing industries. The issue of "buffer zones" between different types of land use therefore requires significant analysis and not only in major urban centres.

With regards to determining qualitative and quantitative measures for benchmarking the performance of planning, zoning and Development Assessments, it is important that these benchmarks enable comparisons both across jurisdictions and across time, so that relative improvements can be calculated.

Some potential benchmarks include:

- the cost per hectare of new developments, across residential, commercial and industrial developments
- the cost per hectare of remediating land for redevelopment, across residential, commercial and industrial developments
- the time taken between when a development is proposed and its final completion
- the time taken for Development Assessments to be processed and the cost of them, normalised for the value of the development
- the number of zones that have conflicting provisions or requirements
- the taxes and charges associated with developments.

Business SA looks forward to the draft *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments* report when it is released later this year and may provide further comments at that time.

Yours sincerely

Peter Vaughan

Chief Executive Officer