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### Federal Productivity Commission calls for Planning Reform

Urban Taskforce welcomes the release of the Federal Productivity Commission paper is titled: Plan to identify planning and zoning reforms.

In July 2020, the Council on Federal Financial Relations asked the **Federal** Productivity Commission to prepare 'a plan to identify planning and zoning reforms to progress and implement over the next six months' to guide State and Territory governments process and system improvements for economic recovery post COVID.

The Productivity Commission raise a series of important questions which, because of the serious problems with the performance of the planning system in NSW, are particularly important for this state.

The paper draws on a wealth of recent research in this area.

The Federal Productivity Commission paper responds to overwhelming evidence on how *'planning and land use regulations, and regulatory practices, can adversely impact housing affordability, the cost of doing business and the economy generally'* by highlighting key issues with strategic planning and development assessment and identifying priority directions for reform.

The priority reform areas identified in the Productivity Commission's paper are:

- 1. Ensure local plans can deliver on state development objectives**
- 2. Move to fewer zones with broadly stated allowable and as-of-right uses**
- 3. Standardise permissible land uses within zone types**
- 4. Create defined and efficient processes for rezoning applications**
5. Increase use of fast, streamlined assessment tracks
6. Reduce the time taken to assess DA applications
7. Use the right decision makers for statutory consent
- 8. Promote faster appeals and review processes**
- 9. Improve post-approval processes**

In the context of the recovery from COVID-19 and the chronic lack of new housing supply in Greater Sydney and surrounding regional areas (thus the price bubble), this report is particularly pertinent and timely.

Once again, this Report shows that policy makers (and Ministers) who casually reject the realities of economic analysis are, over time, left out of the decision-making process. Ignoring the economic fundamentals will not solve the problem. The Reserve Bank of Australia understands this. The NSW and Federal Productivity Commissions understand this. The Urban Taskforce urges the NSW Government to re-double its efforts to drive planning reform. The slow down in approvals from mid-2019 is now reflected in a boom in prices, caused by a drop in supply and low interest rates combined.

To date, there has been a lot of talk in NSW about reform and there are moves in the right direction (a proposal is soon to be released on the rationalisation of employment zones; efforts to reduce timeframes for rezoning assessment and determinations; DPIE "fast track" programs like New Horizons, the Planning Acceleration Program and the establishment of the Planning Delivery Unit (PDU)), but the nature of the NSW Parliament, the unwillingness of the Government to mount a case for significant change to the EP&A Act, the refusal to take on Councils in any serious way (no matter how recalcitrant they behave) is creating a crisis.

For example: the Greater Sydney Commission (GSC) has set the targets in the LSPS assurance letters for each local government area. Performance against these targets must be closely monitored and reported on. Those Councils which submit Housing Strategies which are inconsistent with those targets should be sanctioned. Those that are not delivering housing completions in accord with their plans should have planning powers taken from them, or other sanctions applied. This is one of many clear conclusions from this report.

Under each priority area identified by the Productivity Commission, there are some illustrative outcomes and questions (or prompts) to guide each jurisdiction's thinking about where planning and zoning systems could be

improved. The issues raised in relation to the need for more flexible and adaptive land use regulation are particularly relevant to NSW. The report states:

*“Zoning policies often exhibit four characteristics that may result in added costs to business and households that wish to make use of land:*

- *a proliferation of zone types*
- *a lack of standardisation in zone definitions across local government areas, adding to the proliferation of different rules about permitted land use*
- *excessive restrictions on land use enshrined in state-wide planning provisions or local planning schemes*
- *insufficient (or none at all) ‘as-of-right’ uses in various zone types. “*

The Productivity Commission paper includes a number of pertinent questions – particularly those asked in the context of local plans delivering on state development objectives - being:

- 1. Do strategic local plans explicitly address state and regional development objectives?**
- 2. Are local plans scrutinised to ensure they can deliver on these objectives?**
- 3. Are there penalties or incentives to promote compliance? If not, why not?**
- 4. What other options exist to raise accountability for local government performance?**

Urban Taskforce will certainly be holding both DPIE and the government to account on their specific responses to these questions.

End.

The comments above can be attributed to Tom Forrest, CEO, Urban Taskforce

The **Urban Taskforce Australia** is a property development industry group, representing Australia's most prominent property developers and equity financiers.

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