

bmt qs news 30

A more efficient planning system – What can be done?

BMT & ASSOC
QUANTITY SURVEYORS

bmt qs news is a bi-monthly newsletter aimed at keeping the financier informed and educated about topical issues that effect their role in the construction industry.

With housing affordability at an all time low and development application processing times at record levels, the NSW government is under increasing pressure to make changes to planning laws.

Recent media reports indicate that throughout many council areas in NSW, development applications (DA's) are awaiting approval for over 100 days.

Recently, the NSW government has released a discussion paper with plans to improve the state's planning processes. The paper discusses the current situation in regards to planning, previous improvements made and proposes some options to improve the current system. One of the biggest problems that the state's planning system is facing is the ever increasing delay times for obtaining development approval. Some solutions to the current lengthy delays in DA approval processes include:

- Introducing statewide development codes
- Taking control of DA approvals from councils in some cases
- Introducing ePlanning to make the approval process easier for developers, whereby DA's can be prepared, lodged and tracked online.

The NSW state government also believes that DA's for different types of developments should be treated differently. For example, the DA for an extension on a house should not undergo the same process as the DA for a large shopping centre. The diagram details a proposed development assessment system in which smaller, less complex developments would receive different treatment to larger developments. It also identifies the party that would be responsible for approving the DA.

With approximately 150 NSW local councils dealing with \$20 billion of local projects annually, it is vital that the system is well structured and efficient but also one that makes informed decisions in the best interest of the community.

Following is an overview of other state's planning legislation.

Other States

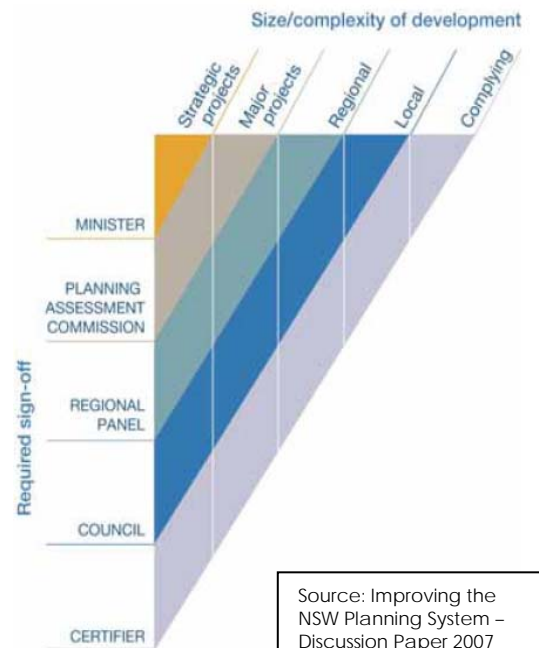
SA in June 2007 announced that a review would be undertaken on the state's planning and development processes. Local councils tend to look after the vast majority of development applications, while some specified kinds of applications are determined by an independent body, and a small number of major developments are determined by the Governor, after going through a 'major developments' process.

WA has an effective system in place where planning is mainly controlled by the state, and local government is involved in planning decisions only at a local level. It is a more centralised system.

VIC has a local government situation similar to NSW, however, the Minister for Planning (on a state level) is responsible for specific locations, including the Port Melbourne planning scheme.

QLD are currently developing "Smart eDA" which is due for release June 2008 – an electronic development assessment lodgement tool. They have adopted a coordinated approach for planning, incorporating the local government and the Department of Infrastructure and Planning. They have also recently undertaken a review, involving public comment, about the planning system.

NT has a Development Consent Authority. Each division of the authority determines development applications within their division area. Outside of these areas the consent authority is the Minister. There are 7 division areas in NT.



Source: Improving the NSW Planning System – Discussion Paper 2007

TAS employs the Resource Planning and Development Commission (an independent statutory body). It oversees the State's planning system. However, much of the planning system is delivered on a day-to-day basis by local government through planning schemes which outline objectives for each local government area.

ACT has in recent years reviewed its system. The ACT will be the first jurisdiction to adopt the nationally developed 'leading practice model' for development assessments, coming into effect in early 2008. Similarly to NSW, this aims to reduce delay times and make the development approval process easy to use and understand for all interested parties.

The Effect of Planning Delays

With waiting times on development approvals over 100 days in many NSW councils, the impact of additional costs on developers can be crippling.

Some effects of planning delays include:

- Interest costs: the developer needs to continue to repay interest even though they are not making any money to cover the repayments.
- Project budget revisions: If delays are exceptionally long, often preliminary budgets need to be revised as construction costs fluctuate regularly.
- If original application is rejected, more time will be taken in re-applying or in some cases, preparing appeals or going to court (in extreme cases).
- If delays are significant and the development takes longer to get off the ground than anticipated, by the time the development is completed there could be an oversupply of units in the area or even a downturn in the market.

For financiers, planning delays mean that it will take longer to recoup loan amounts.

Most states seem to be taking positive steps towards refining guidelines for planning to make the systems more efficient, effective and easier to use and understand. This will hopefully reduce development application times and cut costs also.

If you have clients who are having problems with planning delays and the budget may have to be altered due to delays, BMT & ASSOC can prepare preliminary cost plans that will advise up to date costs, taking into consideration construction costs at the time. Please contact Tom, Brad or Brendan at the office obligation free to discuss any development scenario.

Recent Projects

Location: Bowral, NSW

Project type: Child Care Centre

Approx. Construction Cost Per m2: \$1,800m2

Location: Kingston, QLD

Project type: 12 residential units

Approx. Construction Cost Per m2: \$1,150m2

Location: Point Piper, NSW

Project type: Residential Refurbishment

Approx. Construction Cost Per m2: \$3,950m2

Location: Altona, VIC

Project type: 4 residential units

Approx. Construction Cost Per m2: \$1,630m2



New Phone Number for BMT & ASSOC

BMT & ASSOC have new phone and fax numbers! Please update your records where necessary. We aim to make your contact with BMT more efficient by having a cost planning specific phone line. **Ph: 02 9261 1107 Fax: 02 9261 1142**

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