OPPORTUNITIES TO IMPROVE PLANNING AND HOME BUILDING APPROVALS

Summary of the Review of Residential Planning and Building Approvals Processes Report and Next Steps

MARCH 2016
MESSAGE FROM THE MINISTER

THE GOVERNMENT OF WESTERN AUSTRALIA IS COMMITTED TO INCREASING THE SUPPLY AND AFFORDABILITY OF HOUSING FOR ALL WESTERN AUSTRALIANS.

As part of this commitment, the Government is reducing red tape, improving processes and moving to a more streamlined planning and building assessment framework. The Reinvigorated Regulatory Reform Plan provides a framework for Government to revitalise regulations and support productivity, investment and economic growth.

Planning and home building regulation is an issue that affects us all. The Department of Finance has contributed to an ongoing reform effort by reviewing residential planning and building approvals processes. The study found that the system is complex, with a need for better information for applicants, less duplication and improved levels of transparency, accountability and resourcing to enhance administration.

Progress has already been made in some areas including the introduction of new Local Planning Scheme regulations which remove the need for Development Applications for R code compliant residential development (Department of Planning) and Bonds Online (Department of Commerce). These initiatives reflect a more modern, risk-based approach to planning and housing supply which will deliver real benefits for the community.

Hon Bill Marmion MLA
Minister for Finance

ABOUT THIS REPORT

This report captures the main findings and recommendations of the Department of Finance’s Review of Residential Planning and Building Approvals Processes (the Review), completed in 2014.

It also outlines the Government’s regulatory reform efforts to date, and proposes an action plan to further reduce red tape and improve approval processes in the home building sector.

The report supports the Government’s Reinvigorated Regulatory Reform Plan, which helps guide coordinated and collaborative reform activities across the State.

BACKGROUND

In the 2013-14 State Budget, the Government announced a Housing Supply Package to address the gap between housing demand and supply. One element of the package was a commitment to review the State’s residential planning and building approvals processes. This review was undertaken by the Department of Finance.

The Review was conducted in late 2013 and early 2014 in two stages - an investigative and a final stage. The results were shared with the Departments of Planning, Housing, Commerce, Local Government and Communities, Treasury and Premier and Cabinet.

The Review and the Government’s Planning Makes it Happen: Phase Two (Blueprint for Planning Reform) align strongly, with many of the Review’s recommendations reflected in the Blueprint’s Action Plan.
WA’S PLANNING FRAMEWORK
Western Australia’s planning system aims to coordinate land use, transport, infrastructure and land development in a sustainable way. It influences the delivery of a number of community outcomes, including public amenity, environmental protection, transport, community health and well-being, and housing diversity.

Balancing these competing objectives is not easy. Policy and regulatory frameworks need to be comprehensive, and provide both certainty and flexibility to cope with change.

In Western Australia, planning and building approvals processes are administered by the Western Australian Planning Commission (or WAPC, supported by the Department of Planning); the Department of Commerce - Building Commission; and by Local Government. Other organisations at state level perform strategic and advisory roles. Since 2009, the Government has undertaken a ‘staged’ approach to reform under the banner Planning Makes It Happen. Phases One and Two reforms have been based upon broad industry and community consultation, and include an ongoing program of reform.

PREPARING FOR THE FUTURE
Both the Department of Planning’s Draft Perth and Peel @ 3.5M and the Housing Authority’s Affordable Housing Strategy 2010-2020: Aiming Higher confirm that planning and home building processes will need to change in the future, to facilitate higher density. This is due to a combination of social, economic and environmental factors confronting the State, including technological change.

These high level planning strategies focus on enabling ‘a more compact and connected city’. Changes in housing type, size and location will be necessary to achieve specific outcomes, such as infill targets.

Government can assist in achieving these outcomes by creating a ‘fit-for-purpose’ regulatory framework that delivers flexibility with certainty, consistency in decisions and reduced timeframes for approvals. Industry groups can contribute positively by driving innovation and passing on potential cost savings to consumers.

APPROVALS STAGES

ZONING
Identification and zoning of land for residential development – conducted by WAPC.

STRUCTURE PLANNING
Landowner or developer prepares a broad plan outlining proposed land uses for a designated area – approved by Local Government and WAPC.

CONDITIONAL SUBDIVISION APPROVAL
Landowner or developer applies to subdivide land – approved with conditions by WAPC.

SUBDIVISION CLEARANCE
Landowner or developer completes subdivision, meeting all conditions imposed – approved by WAPC; title issued by Landgate.

DEVELOPMENT ASSESSMENT (DA), IF REQUIRED
Where residential subdivision approval has been obtained, DA is not required. Otherwise, landowner or developer applies for planning approval. Local Government assesses plans using residential or other design code. Approved by Local Government with conditions to reduce any negative impacts.

BUILDING PERMIT PROCESS
Landowner or developer applies for a building permit if required. A building surveyor certifies proposed dwelling complies with the Building Code of Australia. Local Government approves if proposed dwelling complies with all building laws and local requirements, and grants the permit.

CONSTRUCTION BEGINS
Builder commences work on the development according to the approved plans and building permit.
**REVIEW FINDINGS**

The Department of Finance’s Review found that a more ‘risk-based’ approach to planning and building approvals processes would help streamline and simplify Western Australia’s approval processes.

The Review made a total of eight major recommendations (see next page). A summary of the main points appears to the right. The Government’s recently released *Reinvigorated Regulatory Reform Plan* now provides an appropriate vehicle to build upon progress to date in this important industry sector.

**MAIN POINTS**

- Overload of policy objectives in planning framework.
- Some duplication exists between State and Local Government processes, in the approval of regional and local structure plans, local planning schemes and subdivision.
- Information on process should be more clearly communicated to the general public.
- Inconsistency across Local Government in their policies and practices; adds complexity and extra cost for applicants.
- State and Local Government planning policies and regulations are not subject to independent regulatory scrutiny.
- Government needs to increase the transparency of approvals processes.
- State and Local Government need to establish relevant performance and accountability mechanisms.

**APPROVALS REFORM - QUICK WINS**

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<tr>
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<th>SIMPLIFY AND CLARIFY COMMUNICATION</th>
<th>ADOPT A RISK BASED APPROACH</th>
<th>IMPROVE ACCOUNTABILITY</th>
<th>ESTABLISH SOUND GOVERNANCE</th>
<th>IMPROVE RESOURCE AVAILABILITY AND CAPABILITY</th>
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<td>1</td>
<td>The State’s planning system should be simple and easy to navigate for the whole community.</td>
<td>Make greater use of risk based approaches to residential planning and building decisions.</td>
<td>Consolidate and publish local government planning and building policies, additional requirements and performance data.</td>
<td>Ensure that independent regulatory scrutiny of the planning and building framework is achievable.</td>
<td>Allocate sufficient resources to state and local government planning and building regulators to meet the desired outcomes.</td>
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# Recommendations from the Approvals Review

## Key Strategies for Action

### Streamline existing processes

- Prioritise amendment of the *Planning and Development Act 2005* to simplify and streamline planning approvals processes.
- Streamline planning scheme amendment processes.
- Review model subdivision conditions.

### Ensure accountability of all decision makers

- Implement a statutory timeframe for the WAPC’s final approval of local structure plans.
- Establish benchmarks and monitor performance of State and Local Government regulators.

### Improve the consistency of local government processes

- Prioritise the development of a Model Scheme Text and standardise local structure planning processes.
- Standardise Local Government subdivision, engineering and design specifications (e.g., verges, crossovers and footpaths).
- Use a uniform system of track-based, electronic processing of DA applications.

### Define and assess the cost of regulatory interventions

- Identify and consolidate the major policy objectives of the planning framework.
- Conduct regulatory mapping of the planning and home building approvals system.

### Implement processes of regulatory scrutiny

- Review current Statements of Planning Policy (SPPs) to ensure best regulatory practice.
- Identify and prioritise SPPs for regulatory impact assessment.
- Prioritise and schedule the evaluation of model subdivision conditions, local laws and policies.

### Improve transparency and accessibility of the regulatory framework

- Publish simple guidelines on the State’s planning system.
- Encourage Local Government to use uniform planning and building data collection and online processing systems.

### Resource administrative processes and define responsibilities

- Ensure adequate resourcing of administrative processes that support the planning and building approvals framework.
- Examine options to streamline all building permit processes, including compliance, certification and issuing of permits.
- Better use of cost recovery in setting regulated planning and building fees.

### Pursue fundamental change to regulatory approaches

- Introduce fewer land-use zones and enable greater diversity of land-use activities.
- Implement a more dynamic and cost-effective approach to the regulation of subdivision activity (e.g., random inspections).
Government Action to Date

The Review forms part of a broader effort by Government to implement regulatory reforms that will improve housing supply, streamline planning and building approvals processes, and ultimately deliver more quality, affordable, diverse housing for Western Australians.

Several Government agencies have initiated reforms that align with the major recommendations and/or support various aspects of the Review (see below). During 2015-16, the Government has also indicated that home building approvals will be one of several high priority areas for regulatory reform. Reforms to land zoning, strata titles, electronic lodgement and tracking of applications, and planning for higher density living are just some of the recent reforms introduced.

Housing Authority

- Released the State Affordable Housing Strategy 2010-2020: Opening Doors to Affordable Housing in May 2011, the first of its kind in Australia.
- Achieved the Strategy’s minimum 20,000 affordable housing target in 2015, some five years ahead of schedule, and committed to an increased target of 30,000 affordable homes by 2020.
- Released a whole-of-government action plan Aiming Higher in 2015. The plan has a focus on housing supply and diversity, transport-aligned development, and a ‘fit-for-purpose’ policy and regulatory environment to improve market efficiency and the supply of affordable housing.
- Expanded the role of the Office of Land and Housing to provide strategic advice to Government on factors affecting housing affordability.

Landgate

- A consultation paper to modernise the Strata Titles Act 1985 was released, with the aim of providing more flexible and sustainable housing and development options (2014).
- Feedback from the consultation was positive, and a new Bill is currently in draft form. The proposed introduction of community titles will allow for multiple levels of management for large-scale and/or mixed use developments.
- These reforms are expected to create more housing choices for consumers and promote increased investment by developers.

Department of Planning

- The Blueprint (2015) sets out current and forward plans for reform to allow faster planning decisions and housing approvals throughout the State.
- The introduction of E-plan makes it easier to lodge and track planning applications online, and assists with more consistent processing of development applications (2015).
- The Draft Perth and Peel @ 3.5 Million report (2015) provides the planning framework required to deliver a more compact, connected city with appropriate higher density housing. Quality design standards for infill development will be integral to neighbourhood amenity.

Building Commission

- Improved guidance for building approvals and certification processes.
- The next stage building reforms include builder and plumber licensing systems with unified state-wide coverage, e-business systems to deliver faster processing of transactions and better use of building information data for industry, building owners and the State Government.
The Government will continue to drive innovation and streamline residential planning and building approvals processes, while ensuring positive neighbourhood and community outcomes. The action plan outlined below builds on work already underway in agencies and the reforms announced in *Repeal Week 2015*. The Government will report its progress through its annual *Red Tape Reduction Report Card*, and during Repeal Week activities each year.

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<td><strong>SHORT TERM</strong></td>
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<td>1 Facilitate approvals processes that help meet strategic outcomes</td>
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<td>2 Improve transparency and accountability</td>
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<td>3 Move towards risk-based approvals</td>
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<td><strong>LONG TERM</strong></td>
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<td>4 Ensure consistent practices across local government</td>
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<td>5 Structure planning reform</td>
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<td>6 Design for the future</td>
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REGULATORY REFORM PLAN TO BUILD ON GOVERNMENT REFORMS

In March 2015, the Government announced its Plan to Reinvigorate Regulatory Reform, with a Regulatory Reform Policy Statement released in September 2015. The Plan seeks to cut red tape, removing barriers to business entry and investment, and reduce costs to business, community and government.

Small businesses are particularly burdened by regulation and red tape, as compliance costs generally affect their productivity and profitability more than larger businesses. The Government intends to focus its reform in areas that impact heavily on small business.

Priority reform areas include: home building regulations, transport reform, environmental approvals, agriculture, aquaculture and fisheries regulations, business licensing, liquor regulations, and administrative burden.

The Minister for Finance, Bill Marmion, will report annually on the Government’s progress against the Plan. Other activities will include:

→ A new Premier’s Award for Excellence in Improving Government and Reducing Red Tape.
→ Red Tape Reduction Champions being created in each major department.
→ Revised Regulatory Impact Assessment Guidelines and enhanced support materials for agencies.
→ Regulatory Mapping Projects to identify burdens for existing businesses, and barriers to start-ups.
→ Better communication of successes during Repeal Week each year.

For enquiries about this Report, please contact RedTapeReduction@finance.wa.gov.au or phone (08) 6551 1000.