

21 November 2014

Competition Policy Review Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Review Secretariat

COMPETITION POLICY REVIEW – DRAFT REPORT

The Planning Institute of Australia (PIA) welcomes the opportunity to comment on the *Competition Policy Review – Draft Report*, following on from the PIA's submission to the Issues Paper in June 2014.

PIA is the peak professional body representing 5,000 urban and regional planners across Australia and overseas, who work to create more productive, sustainable and liveable communities. Planners work in all levels of government across multiple agencies, as well as an equally large contingent in the private sector working across all facets of the development industry.

The Planning Institute's views are not influenced by the interests of property, business or product owners. PIA's position statements reflect the general consensus of its members, which is based on advocating for the broader public interest in the development of the built environment for current and future generations. This "greater good" view is an important perspective to be considered in this review of competition policy.

As outlined in the Planning Institute's submission to the Issues Paper, Planning for the future is critical to Australia's productivity and liveability. Our cities and regions are a vital part of Australia's economy, and are essential to our success as a nation. The Planning Institute declares (refer Attachment A) that good planning is the best way to manage urban growth, secure necessary infrastructure investment, determine appropriate settlement patterns for our cities and towns, and generate economic development that contributes positively to the wellbeing of individuals and communities and the natural and built environments on which we rely. Planning is an important tool in effectively managing the numerous and rapid changes facing our communities.

Regulation is one of the tools used in the delivery of high quality urban and regional planning outcomes; although PIA contends that regulation in itself is not planning, nor is regulation the sole delivery agent for good built environment outcomes. Nonetheless, regulation plays an important role in the creation of equitable, accessible and cohesive communities.

The Planning Institute has identified the following key areas of the Draft Report to be integral to planning to ensure the productivity, liveability and sustainability of our communities and nation.

PLANNING AND ZONING

Urban planning manages externalities

Planning, particularly the regulatory components, plays an important role in understanding the externalities of development and then managing them in a way that minimises adverse impacts and capitalises on opportunities. At its origins, the planning profession was borne out of the protection of public health in the industrial revolution, with the need to separate polluting land uses from the population.

As explained in the Planning Institute's Issue Paper there are negative externalities that urban planning can address which impact on the health, safety and desired amenity of an area, in addition to less measurable externalities of development such as social isolation and disadvantage. There are also positive externalities that present opportunities and enhance the benefits for many stakeholders. In that instance the role urban planning plays is to assist in maximising the opportunity by guiding development in a way that takes advantage of the benefits, ranging from local scale benefits to much broader benefits at a regional level.

While competition can deliver productivity dividends, PIA contends that the externalities on the built environment must be managed for the public good, and that urban planning, through zoning and other planning instruments is an important process. The built environment impacts of unfettered development and competition could negatively impact on broader productivity through unmanaged externalities such as traffic congestion and public health decline. PIA therefore asserts that urban planning and the use of instruments such as zoning and development controls play a vital role in supporting productivity through managing externalities.

The Draft Report is focused heavily on the premise that planning restricts competition and impedes structural change. It also fails to adequately acknowledge the role of planning in promoting economic development, both directly and indirectly through social and environmental measures. It can be argued, to the contrary, that planning has a crucial role to play in facilitating structural change by maximising the value derived from infrastructure investment through forward planning and development control. The Planning Institute would like to reiterate the importance of planning's role in balancing these objectives to achieve a triple bottom line of sustainability and provide a greater net community benefit.

Reviewing planning policy alignment with changing productivity patterns

In a rapidly changing world, urban planning must also monitor trends and keep pace with the needs of the broader community including the business world. Good planning needs to be guided by the community values, driven at all levels of government and delivered through the experience of the planning profession, through the investment of the private sector and government.

Planning systems around the country have review processes in place to review all levels of planning from the strategic plans through to the development control policies. It is in those review processes that emerging trends and needs from the business sector must be raised in order for the planning policy to be well informed. Ad hoc, business driven demands for changes to agreed plans cause a great deal of community angst and can result in out of sequence, poorly considered outcomes. Ensuring that business needs and predicted futures are well integrated in the engagement process on strategic and policy development consultation processes is critical.

A positive outcome from the review of competition policy would be Government commitment to development of a series of regular productivity communications that translate the emerging needs for business into guidance for urban planning policy makers. This simple and practical step would help to ensure that the needs of the

business community are being considered in planning policy development in the many cases where those in the business community fail to adequately engage in the planning system consultation processes.

There are many positive examples of where planning policy and instruments are up to date and are facilitating greater productivity outcomes. This includes in the many mixed use zones around the country, where planning has recognised an emerging need and value of mixed land uses, and have in turn delivered flexible zoning to support a range of land uses over time. Other examples include the change in some country communities where attracting employment and services are considered a very high priority by the local community, and have seen a change from prescriptive zoning for town centres and industry zones to more flexible township zoning arrangements that then rely upon detailed policy to manage externalities development by development. In each type of case the community expectations and the greater good for now and the future must be considered.

In the Draft Report, the Panel expresses concern that regulations relating to planning and zoning can be overly complex and geared towards very local issues. PIA supports the recommendations that the competition principles should include a focus on the long term-interests of citizens generally (including, but beyond purely local concerns) and should reduce the cost, complexity and time taken to challenge existing regulations. PIA acknowledges that there will be some examples around the country of cases where implementation of planning through instruments such as zoning and development control could be relaxed to deliver better opportunities for increased productivity. We encourage the constructive and proactive identification of those opportunities at the strategic planning stage and in turn the engagement by the business community in providing advice on the changes necessary to create built environments that enable productivity to flourish, while managing externalities for the greater good.

PIA cautions this competition policy review against recommending the wholesale removal of, or significant change to, planning policy instruments and processes with the sole purpose of removing “obstructions” to productivity. Good planning supports productivity. Through the implementation of sound planning systems and the involvement of the business community in the strategy and policy engagement processes, urban planning can and does support the delivery of enhance productivity.

Evidence based policy for productivity

PIA believes in the value of evidence based policy to assess the long-term trends of increased market competition. In relation to the effects of ‘market competition’ and its inefficiencies in particular over the last 30 years of micro and macro – economic reform, it would be useful if the Productivity Commission could provide evidence, for Australia, how ongoing competition policy has:

- Strengthened democratic, community-based urban and regional planning
- Strengthened the manufacturing sector and jobs
- Contributed to more permanent, full time jobs as opposed to part time and casual
- Reduced levels of private debt
- Improved the vertical integration of economic sectors
- Improved feelings of well- being and social stability generally
- Reduced monopolies and mergers
- Ensured that wage increases have matched productivity increases
- Ensured privatisation of government goods and services has reduced costs to the public, increased effective access, increased the quality and resourcing of service of public services
- Reduced the total levels of greenhouse gas produced
- Maintained and improved social welfare provisions
- Made housing affordable
- Improved levels of public transit use

- Altered the urban land market and business models to reduce fringe development.

Planning systems that support productivity

PIA advocates for the adoption of a set of planning system principles (refer Attachment B) across the country that would provide a clear framework for the effective operation of planning systems. These principles are fundamental to enhancing national productivity with a triple bottom line such as 'to foster efficient and effective settlements patterns to promote prosperity, equitable distribution of resources and opportunities'. A more consistent approach to planning systems nationally would enhance productivity and would create an operating environment that is more conducive to implementation of any necessary regulatory reform when required. The PIA position of Planning System Principles in the attachment was developed based on the work championed by the previous Planning Officials Group. That group comprised the heads of each state and territory planning department, but ceased operation following the changes to the Ministerial Council structure.

PIA would argue that cross jurisdiction collaboration and information sharing across a range of issues is needed in order to help inform better urban and regional policy development and implementation. The area of productivity and the sharing of industry trends and results of pilot trials of new policies and programs would benefit greatly from great cross-jurisdiction collaboration, where the value of collaboration would far exceed the nominal costs of facilitating the interaction.

On that account PIA advocates that the Government should make a small investment in fostering the collaboration of State and Territory Planning Officials with a focus on projects and topics where collaborative activities can be developed and shared for the broader productivity dividends of the country. As the peak body representing the planning profession, PIA would gladly assist the Government in achieving this objective.

HUMAN SERVICES & INFRASTRUCTURE

Urban planning provides investment certainty for government and industry

Urban planning through instruments including zoning, acts to provide certainty for both public and private investment to occur in a way that delivers the best overall outcomes. PIA supports the Draft Report's recognition that access to high-quality human services, including, health education and community services will be prerequisite for effective choice and that accessibility will be particularly important in remote and regional areas. One of the roles urban planning plays is to direct development and investment into locations that will best serve the needs of the communities for which they are intended through the use of planning instruments. This includes government investment in infrastructure such as public transport, health and education facilities, civic services and the general investment in the public realm.

Businesses, whether they are retail, commercial, industrial or other types of emerging industries, are generators of employment and provide some form of goods and services for the market. Most businesses need some form of infrastructure to operate whether it is access to transport services, energy or high speed internet. Many require transport access for employees and customers. Many also rely upon connection to other businesses and services to procure and sell products, where often proximity is an important locational factor. Certainty around the locations designated for this activity enable the necessary investments to be made in those infrastructure services, often by government.

Urban planning and the designation of particular areas for commercial retail and industrial activity, including mixed use zones, provides certainty for businesses and investors for where business activity can be located, and where supporting infrastructure exists or is likely to be invested.

The Planning Institute believes that long term strategic planning and its eventual implementation through policy and regulatory tools provides greater certainty for business investment and enables governments to focus their investments in targeted locations to maximise the productivity dividends.

LIQUOR LICENSING

Policy settings and liquor licensing

The Planning Institute notes that while alcohol consumption is a legal activity and one which can make a positive contribution to local economies, it also presents one of the most significant preventative health issues confronting Australian society. Research demonstrates that excessive alcohol consumption in Australia is directly impacting upon private and public sector productivity; and that the direct and indirect costs to government associated with alcohol-related harm exceed revenue derived from taxation.

Planning has its origins in public health and has a legitimate role to play in managing the spatial distribution of liquor licences. Liquor licensing regimes alone fail to take a strategic approach to the spatial distribution of alcohol outlets or manage their impacts beyond the immediate locality. Planning provisions that focus on amenity alone impede us from dealing adequately with broader impacts such as family violence.

The Planning Institute believes more work needs to be done to determine appropriate policy settings, particularly given the ubiquity of liquor licenses across the urban landscape and the 'transferred harm' associated with packaged liquor licences. Local government has a role to play in developing planning policies that align with local strategic priorities; and in undertaking data collection and social impact analysis to assist in the assessment of applications.

SERVICES – PROFESSIONAL LICENSING AND STANDARDS

Recognition of urban and regional planners

The Draft Report identifies that licensing can promote public policy aims such as quality, safety and consumer protection and thus is clearly necessary in certain professions. The Panel's Views however focus on the potential restrictions on competition that can arise from licensing. The Planning Institute believes this is not the case for planners as the act of urban and regional planning has significant consequences on the productivity, liveability and sustainability of our communities and nation, thus the profession should be given accredited recognition.

Urban and Regional Planners are highly qualified professionals who have completed at least a 4 year undergraduate degree and/or a post-graduate qualification (typically Masters). PIA accredits 55 university Urban and Regional Planning courses at 23 universities across the country. To qualify as a professional member of the Planning Institute the professional must also agree to abide by of Code of Professional Conduct and complete continuing professional development annually.

Unlike our architecture and engineering counterparts however, urban and regional planners are not a registered profession. The result of this is that there are many inappropriately qualified (or even unqualified) individuals that are operating in both the private and public sector. We regularly receive code of conduct

complaints against people who are not our members, and can therefore take no action to investigate or address the allegations.

PIA contends that the act of urban and regional planning has significant consequences on the productivity, liveability and sustainability of our communities and nation. Ensuring that the consumer (including government) gets the quality of professional advice that they expect when engaging a planner would be more greatly assured through the introduction of a form of registration for urban and regional planners. While PIA membership currently provides assurance for those that are PIA members, membership is voluntary and there are many more people operating as “planners” without any verification of their qualifications.

We ask that this matter be considered and that we have the opportunity to discuss this matter further with the appropriate personnel.

CONCLUSION

PIA contains a wealth of experienced practitioners across the country that would be willing to assist in this review, particularly in addressing any specific examples and proposals that may come forward on changes to land use planning policy and processes. We would be pleased to provide further advice and connection to practitioners to ensure the final recommendations put forward by the review are well considered.

For more information please do not hesitate to contact me at Kirsty.kelly@planning.org.au or 0408 187 128.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'K. Kelly', with a stylized flourish underneath.

Kirsty Kelly MPIA CPP
Chief Executive Officer