Development Assessment Business Reform - Is it Possible?

ABSTRACT

Logan City Council (Council) has undergone significant transformation of its development assessment operations over the past two years. In 2008, Council's development assessment business was in crisis. Council has overcome many challenges, transforming itself from being one of the worst performing Councils across South East Queensland (SEQ) to be amongst the best in the region.

Assessment timeframes have reduced by 68% with a five-day turnaround target being achieved for a large percentage of low risk applications. Council is receiving federal government recognition for these initiatives and relationships with the development community have improved significantly, reaping rewards for all parties.

The approach to the challenges faced by Council included shifting from a bureaucratic to a business mindset, implementing internal referral partnerships, developing a robust reporting framework and redesigning the structure to support the business improvement initiatives. A significant innovation was the involvement of the development community during this journey in Council's commitment to improve service delivery.

Council listened to its customers and responded accordingly, adopting a business philosophy and transitioning from a reactive management style to a proactive/consultative approach. Strong support from Councillors and executive management enabled Council to embark on its journey to deliver best practice in development assessment. The journey has just begun.

This paper will look at the challenges faced by Council's Development Assessment business, initiatives undertaken and underway and recommend a range of ongoing changes that should to be considered in delivering improvements in the delivery of development assessment across Queensland.
INTRODUCTION

Logan City Council (Council) has revolutionised its development assessment business from being one of the worst performing Councils in South East Queensland (SEQ) to be amongst the best in the region.

Whilst development application numbers have reduced between 2008 to 2010 from 1909 to 1089 (43%), assessment timeframes have reduced by 68% over this time, noting this achievement was in parallel with staffing numbers within the business reducing from 128 to 92 (29%).

Council's development assessment reform commenced with a change in mindset from a bureaucratic to business, and rigid to flexible, approach by focusing on processes, systems and people.

The transformation was made possible through strong and ongoing leadership and support from the elected officials, Council's Strategy Leadership and Performance Team (CEO and Deputy CEOs) and development assessment staff. This combined with the open and frank discussions with internal and external stakeholders enabled Council to dramatically improve its development assessment practices.

Importantly, the improvements made, have significantly contributed to housing affordability by significantly reducing holding costs for industry with the savings, no doubt, passed onto the community along with securing investment in the City, providing greater certainty for the development industry and facilitating growth in a timely manner for current and future communities.

This paper explores the journey of Council's development assessment business from the challenges of 2008, the improvements to date and the work currently underway to further enhance the business. The paper demonstrates reform is possible through a combination of regulatory reform and cultural change.

THE DEVELOPMENT ASSESSMENT CHALLENGE

Since 2008, the development community had grown increasingly frustrated with the continued delays in the processing of development applications. Council received criticism and negative media coverage, including a staged protest at the front of Council's Administration Building. Tang\textsuperscript{1} (2008), Sandy\textsuperscript{2} (2008) and McCullough\textsuperscript{3} (2009) in the Albert and Logan News and the Courier Mail highlighted the frustration of development assessment operations in Council. All argued, amongst other things, the woes of the length of time to obtain a determination of a development application and the impacts on the community.

Local Government Reform in 2008 combined with global financial crisis was considered the two (2) key catalysts in exposing the weaknesses in Council's development assessment business. An audit by the Australian Government as part of the Housing Affordability Fund (HAF) Report for low risk residential development applications such as houses, dual occupancies, subdivisions and multi unit developments identified Logan as the worst performing Council in South East Queensland (SEQ)\textsuperscript{4}. It was taking in excess of 300 days to decide some of these low risk applications.

The HAF Report expanded on the crisis. 67 days to decide a house application, 170 days to decide a dual occupancy (duplex) and 262 days to decide a multi-unit development. These applications represented over 40% of Council's development applications with less than 1% refused\textsuperscript{5}.

\begin{footnotesize}
\textsuperscript{3} Mcloughlin J, (2009), Logan battlefield, Courier Mail, page 32.
\textsuperscript{4} PlanDev Business Solutions (2010), Queensland Housing Affordability Programme Target 5 Days - Findings and Recommendations Report.
\textsuperscript{5} PlanDev Business Solutions (2010), Queensland Housing Affordability Programme Target 5 Days - Findings and Recommendations Report
\end{footnotesize}
An internal review of the performance of Council’s development assessment operations confirmed the findings of the HAF Report and further identified:

- that many development applications were outside timeframes;
- 65% of applications took on average greater than 3 months from lodgement to decision; and
- staff was spending an average of only 60% of their week on core development assessment functions, that is, assessing development applications.

The review concluded the development assessment business operated in a culture that was risk averse, fearful of change and lacking strategic vision. In particular, the following challenges were identified:

- there was no clear direction;
- decisions were limited to a few;
- there was a lack of staff accountability and responsibility;
- decision phobia was prevalent;
- paralysis by analysis was rife;
- processes were not measurable; and
- a them and us culture of blame.

TRANSFORMING THE BUSINESS

The approach to overcome the challenges for Council included a range of business improvement initiatives. These included:

- developing of a four (4) year business plan;
- reviewing the organisational structure to align with the Council’s direction;
- providing clarity in roles and functions across the business;
- reviewing the implementation of agreed delegations;
- undertaking internal file audits to identify ongoing business improvement opportunities;
- reviewing the development enquiries counter and lodgement process to support the not properly made provisions introduced through the Sustainable Planning Act 2009 (SPA);
- completing an overhaul of corporate IT systems;
- developing a reporting framework to ensure that legislative obligations and business improvement initiatives were fully supported;
- implementing the RiskSmart model for low risk development applications relating to houses, sheds, reconfiguring of a lot, multiple dwellings;
- implementing standard planning conditions;
- reviewing delegated reports;
- limiting information requests to one;
- sending out draft conditions prior to issuing a decision notice;
- encouraging the greater use of development permit conditions in a risk tolerant manner;
- implementing the one stop shop initiatives for major projects and complex applications; and
- providing for the private certification of properly made development applications.

The success of these initiatives was dependent on a significant change in the culture of the business. McGuire et al.⁶ and TPD Consultants⁷ argue the transformation of an organisations culture has a significant impact on the performance of an organisation and its teams. The Logan experience reflects this research.

The reform process was based around the key areas being:

- formalising a strategic direction;
- establishing performance benchmarks;

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⁶ McGuire, B., Paulus, C., Pasmore, W., and Rhodes, G. (2009), Transforming your organisation, Centre for Creative Leadership.
⁷ TPD Consultants Website, Transforming Culture, www.tdp-development.com
implementing new systems and processes; and
its people.

A significant influence on the transformation of Council's development assessment business was the development of a four year business plan. All Development Assessment staff were involved in developing a vision being:

"If it's good for Logan, environmentally, socially and economically, together we will make it happen."

The business plan which is reviewed annually:

- developed a vision aligned to Council's corporate vision;
- defined our culture as:
  - adaptive, flexible, innovative and proactive;
  - open and honest communication;
  - learning from mistakes;
  - providing equal opportunity for employment, development and advancement;
  - providing best-value customer service delivery;
  - using technology effectively;
  - striving for continuous improvements;
  - treating customers with respect and working in partnership with customers;
  - leading by example; and
  - being risk tolerant;
- identified performance benchmarks and targets; and
- identified key projects and actions for ongoing monitoring, review and improvement of the business.

Significantly, for the first time, the vision of the business aligned to Council's corporate plan and included the identification of our preferred culture and a range of business improvement projects required to transform the development assessment functions of the organisation. To support these changes a dedicated team was established which was responsible for implementing key business improvement initiatives outlined in the business plan and monitoring the performance of development assessment operations.

A redesign formalised clear directions and redistributed workloads based on the functions of the teams. A fast track assessment team was established to facilitate low risk development applications. The result was reduced assessment timeframes and improved customer service. Once again, rather than the typical practice of providing more resources to address the challenges, the development assessment business reshaped existing resources into new roles to achieve the strategic direction of the business and encouraged staff to step up and utilise their professional and personal skills to contribute to achieving the objectives of the business and organisation.

A complete system overhaul was undertaken. The development of a new reporting framework, where information is captured within Council's corporate systems, was expanded to provide the development assessment business with current and accurate data to guide change processes. An exception reporting methodology assisted in finding gaps in the assessment process to establish performance targets and benchmarks to enable the impacts of the business improvement initiatives to be measured.

A culture of blame existed. It was an environment of "us" (the business) and "them" (other Council Departments and the development industry). There was a real lack of accountability and responsibility...

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8 Logan City Council (2009), Development Assessment Branch Business Plan, Logan City Council.
9 Logan City Council (2009), Development Assessment Branch Business Plan, Logan City Council.
10 Logan City Council (2009-2013), Corporate Plan, Logan City Council.
for decisions by the assessment manager. In response, an Internal Referral Partnership Agreement\(^\text{11}\) (the Agreement) was developed. The Agreement addressed both procedural and cultural elements of the development assessment process within the business and across Council. In particular, it identified benchmarks relating to the timeliness for responses for all signatories of the Agreement and it made the assessment manager the ultimate decision maker and responsible for any determination on a development application. No longer, could the assessment manager argue that, for example, I put that condition on a development approval or I refused the development application because the Parks Branch wanted me too.

The re-establishment of Development Industry Forums and regular industry briefings and meetings were significant to the reform. These initiatives provided the opportunity for industry and the Council to:

- listen to each others point of view;
- identify and solve challenges together; and
- offer constructive suggestions and solutions.

These initiatives created an environment of working together in partnership. They assisted and will continue to assist Council in implementing and evaluating continued business improvement whilst providing the tools for change to respond to the ever-changing needs of society.

Staff committed to the transformation, although some reluctantly, acknowledging that the results of their actions were going to create an environment of transparency and a culture of performance. Peak performers were rewarded and poor performance swiftly identified and addressed.

None of these initiatives could have been achieved without strong and committed leadership. Political leadership and corporate leadership (SLPT) aligned and acknowledged the less than favourable performance and committed to improve and change the situation. This was a mandate that was implemented into each business process review and change methodology.

A variety of leadership styles were employed to transform the business. These included, depending on the circumstances, directive, participative, delegated and transformational approaches. Beilby\(^\text{12}\) and Macquarie University\(^\text{13}\) articulate these leadership styles as:

- directive - providing firm direction and views and ensuring that they are undertaken;
- participative - working together as team to get the best out of the team;
- delegated - delegating responsibilities to individuals to complete; and
- transformational - inspiring the team to come on the journey.

Leadership at all levels was a critical success factor.

Our lessons from the experience to date include:

- we need new thinking and new ways to run our development assessment business;
- we need to change mindset;
- myths and rumours need to be unearthed to obtain change;
- if you can't change the people, change the people\(^\text{14}\); and
- it is hard work.

\(^{11}\) Logan City Council (2009), *Internal Referral Partnership Agreement*, Logan City Council.


\(^{13}\) Macquarie University (2000), *Approaches to General Management*, Macquarie University.

\(^{14}\) Rose, C., *Personal communication*, Logan City Council.
POSITIVE EXTERNAL INFLUENCES

The Australian Government in its report, *Our Cities - A national strategy for the future of Australian Cities*\(^\text{15}\) highlights the importance of streamlining administrative processes. The report argues cumbersome administrative processes and 'red tape' can slow down the planning, release and development of land, infrastructure and vital services. This represents a significant cost to business, government and the community. Efficient and effective assessment and approval processes for development is in everyone's interest. The focus should be on minimising time and costs for proponents and government administrative bodies, but these needs to be balanced with appropriate consideration for, and input from, stakeholders and communities\(^\text{16}\). Whilst the discussion paper simply rewords the 2009 Development Assessment Forum (DAF) leading practice model\(^\text{17}\), it highlights the Australian Government is concerned and understands the impact of poor regulatory environments on the community.

The Australian Government endorsed Development Assessment Forum (DAF) leading practice model, guided the Development Assessment Business Improvement Framework. The Development Assessment business was cognisant of this commitment when redesigning and implementing systems, ensuring it aligned itself with the objectives of the Council of Australian Governments (COAG).

Priest (2011)\(^\text{18}\) argued in the article, *National Planning Reforms Floundering*, that development assessment delays are not so much related to the planning system itself but rather its implementation by administering authorities. Alternatively, the Local Government Association of Queensland argues, in the same article, that development assessment problems were the result of State and Federal laws dealing with issues such as native title, biodiversity and liquor licensing\(^\text{19}\).

The role and input of Australian and State Governments to the effective and efficient operations of development assessment is not unique to Australia. Since 2009 several countries have proposed significant reform to their development assessment practices. Wales\(^\text{20}\), Northern Ireland\(^\text{21}\) and England\(^\text{22}\) in their planning reforms all identified key aims of their reforms were to:

- streamline processes and quality of service delivery;
- enhance the ability of the system to deal speedily with planning applications; and
- provide greater emphasis on facilitating and shaping development rather than controlling it.

Effective and efficient development assessment practices cannot rely on regulatory reform alone. It also requires culture change. The relationship between planning reform and cultural change is a common thread in planning throughout the world. The Queensland State Government argued that legislative reform can ensure timely and efficient decisions but it needs to be supported by cultural change to deliver better development outcomes\(^\text{23}\). Similarly, the Planning Service within the Department of the Environment of the Northern Ireland Assembly\(^\text{24}\) all identified cultural change as a key issue to properly reforming their respective planning systems.


\(^{21}\) Department of the Environment (2009), *Reform of the Planning System in Northern Ireland: Your Chance to Influence Change*, Consultation Paper, Northern Ireland Assembly.

\(^{22}\) Department of Communities and Local Government (2008), *Planning applications: A faster and more responsive system*, The Killian Pretty Review.


\(^{24}\) Department of the Environment (2009), *Reform of the Planning System in Northern Ireland: Your Chance to Influence Change*, Consultation Paper, Northern Ireland Assembly.

The Queensland Government has made a contribution to the improvement of the daily development assessment practices in Council. New regulatory provisions introduced by the State Government under the SPA regarding 'not properly made' and 'deemed approval’ provisions made a significant impact.

The 'not properly made' provisions combined with an internal revision of Council’s lodgement process and the well made endorsement initiative, have streamlined development assessment practices. In particular, the quality of applications being lodged with Council has improved resulting in fewer applications requiring requests for further information and contributing to a reduction in assessment timeframes.

The deemed approval provisions also triggered an increased 'sense of urgency' in the assessment processes. In Ireland, local authorities would receive national news coverage for failing to meet assessment timelines that would result in default permission being granted. That is, it would allow what was applied for to be constructed regardless of the local authority's view. With this in mind, it was Council’s business mantra that no application is to fall within the deemed approval process. The result, decisions had to be made, not avoided, and action rather than procrastination, decision phobia and paralysis by analysis was necessary.

The interest by the Australian and State Governments in development assessment practices was further highlighted with these Governments’ monitoring the timeliness of the development assessment process. Council responded to increased monitoring by incorporating their statutory and benchmarking reporting requirements as part of its business improvement initiatives.

In 2011 the Queensland Government issued the Building Revival Forum Discussion Paper, which identifies that changes in the regulatory timeframes has resulted in the possibility of faster processing of applications and reduced costs for applicants. The Queensland Government argues that regulation assists but ultimately real reform relies on individual regulatory authorities to actualise the benefits.

The experience in Logan is that both regulatory reform and culture change are fundamental to real reform.

**INDUSTRY AND COMMUNITY BENEFITS**

Faster application approvals have resulted in significant reductions in holding costs for the development industry. This ultimately means less cost should be passed onto the homeowner. Through the business improvement initiatives, Council has contributed significantly to housing affordability.

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Figure 1 - Average Processing Time in Business Days for Council Compared to the Regional Average demonstrates the significant reduction in the time taken to determine an application as a direct result in the implementation of Council’s development assessment business improvement initiatives.

Based on the methodology detailed within the report titled "The Conceptualisation, Sensitivity and Measurement of Holding Costs and Impact on Housing Affordability"\(^\text{29}\), Council’s development assessment business improvements saved the industry an estimated $4,000,000.00 in 2010 compared to the operations in 2008. This figure is only calculated on the time saved on Council's assessment of reconfiguring a lot applications. Therefore, it can be deduced that the evident business improvements have saved many more millions of dollars on medium density residential projects and operational works applications.

The business improvements had the following additional benefits:

- An analysis of the significant reduction in time spent on the assessment of development applications, found that the cost of running the business had reduced. Subsequently, as part of its 2011-2012 budget, Council announced wholesale reductions of development application fees on key residential applications, including residential subdivisions and multi unit developments.

- It has enabled Council's development assessment business to understand that it has to be better than our competitors, other Local Governments, in order to capture market interest in this extremely challenging financial environment.

- Improved assessment turnaround times influenced the economic viability of development within Logan and that of the development industry’s ability to meet demand.

Overall, the improvements have provided benefits to the development industry and the community as a whole.

OPPORTUNITIES FOR FURTHER INNOVATION

Driving the business improvement initiatives has been based on an atmosphere of - how can we run our business more successfully? A range of new initiatives are now being considered by Council's development assessment business moving forward, including:

• review the potential for RiskSmart to be applied to Operational Works and plan sealing areas;
• implement new activity based costing software within Council's corporate financial software that will enhance the accuracy of Council's fees and charges;
• develop an IT roadmap on the expected future technological demands of the development assessment business;
• increase engagement with a diverse range of industry stakeholders, including political representatives, local government colleagues from across Australia and representatives from other business backgrounds; and
• reform regulation in plan making.

RECOMMENDATIONS FOR FUTURE DEBATE

Planning systems need to be further enhanced and supported to provide a framework to facilitate effective development assessment practices. The paper, Building Revival Forum Workshop Ideas\(^\text{30}\) identified numerous ideas to assist in the further reform of the planning system and practices. These included matters such as self and private certification of operational works, development of uniform engineering codes, the creation of a development assessment ombudsman to review process, development of a fast track major projects teams, review of concurrence agency regulatory provisions and further simplification of the development assessment process.

At a minimum, the following matters need to be openly discussed and debated and acted on quickly:

• expanding the deemed approval provisions to all development in all jurisdictions;
• reducing timeframes within the integrated development assessment process for information requests and decision making stages of the Integrated Development Assessment System (IDAS);
• the role of the referral agency;
• pay as you go application fees;
• certification and compliance assessment only for operational works; and
• funding ongoing technology advancements.

CONCLUSION

The transformation of Council's development assessment business to date has been an 18 month journey. The job is not complete as the business strives for better ways to do business in order to meet the dynamic needs of the community and the industry.

Reform of the business has been achieved through leadership, change management, planning, governance, innovative business improvement initiatives and its people. This reform was undertaken to improve the timeliness of processing development applications, increase the quality of development outcomes, enhance our customer service product and contribute to achieving housing affordability for our community. With its dramatic improvement in our development assessment functions, Council's development assessment business has created processes that have made significant, direct and positive impacts that support both the development industry and the community alike.

More work is needed. The continuous improvement is ongoing and will never end. Australian and State Governments need to provide ongoing support, leadership and direction in development assessment reform. But the results rely on both regulatory reform and the performance of the administering regulatory authority, and in our case, Logan City Council.

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