



21 April 2020

Mr Scott Smith  
The Chief Executive Officer  
Council of Mayors SEQ  
PO Box 12995 George Street  
BRISBANE QLD 4003

Dear Mr Smith

**RE: LETTER TO THE COUNCIL OF MAYORS (SOUTH EAST QUEENSLAND)**  
**SEQ COVID-19 Strategy: Property and Development Industry**

**PURPOSE**

Wolter Consulting Group (WCG) is a multi-disciplinary firm providing development consultancy services to the government, infrastructure and private sectors.

WCG is advocating for new strategies and initiatives to stimulate and reignite the property and development industry during and after restrictions caused by the COVID-19 pandemic.

The purpose of this letter is twofold:

- To seek assistance from the SEQ Councils to play a leadership role in developing and implementing necessary strategies and initiatives, and
- To make recommendations on specific strategies and initiatives for consideration.

Right now we believe it is more important than ever that we continue to support the property and development industry to maintain business confidence and performance during this challenging period and ensure new projects are 'shovel ready' when financial and other constraints soften.

**BRISBANE**

## PROPERTY AND DEVELOPMENT INDUSTRY PERSPECTIVE

The Australian Property Industry creates jobs for more than 1.4 million Australians and is the country's biggest employer. The industry makes a vital contribution to jobs and communities and supports many workers who cannot 'work from home'. Already we have seen a significant increase in job losses within the industry, and if we cannot continue to support this industry many more South East Queenslanders will lose their jobs.

In the 12 months following the Royal Commission into Banking and Financial Services, the industry saw improvements and was anticipating and ready for a strong 2020. Whilst the true impact of COVID-19 restrictions is yet to be realised, the development industry continues to push forward with a positive attitude toward growth. A primary reason that the industry continues to operate with reasonable functionality is that construction sites are remaining open as they are made 'essential' through job creation both directly on construction sites and indirectly through multiple sectors.

Looking forward, however, the pipeline of new project work is slowing. This is evident even in the limited period since early phase restrictions were introduced. Industry confidence is waning, there are significant financing challenges and projects due to commence are flagged to be 'mothballed'. Immediate action is required to respond to this emerging trend before the overall economic slow-down directly impacts the property industry more broadly.

## COUNCIL OF MAYORS (SEQ)

The Council of Mayors (SEQ) represent the interests of one of the nation's fastest growing regions, including the one in seven Australians who call SEQ home. The membership of the Council of Mayors, which includes five out of the ten largest Councils in Australia, is well placed in terms of organisational capability and resources to support the property and development industry.

The Council of Mayors SEQ COVID-19 Relief Portal is a welcomed initiative which consolidates the range of relief measures and economic stimulus packages being advanced by SEQ Councils. These various strategies are welcomed and will predominantly provide important economic relief to residents and small business.

The initiative by Sunshine Coast Regional Council to enable deferral of development infrastructure charges up to three years with no interest payment in the first 12 months is an excellent example of how Councils can directly support the property and development industry. We believe there is considerable capacity for SEQ Councils to all introduce this, and additional financial and non-financial initiatives, to further support the industry.

## **STRATEGIES TO SUPPORT THE PROPERTY AND DEVELOPMENT INDUSTRY**

We have formulated a range of recommended Government led strategies and initiatives aimed at supporting the property and development industry, and stimulating construction during these challenging economic conditions. These are **summarised below**, and **further detail is provided in the attachment** to this letter.

These strategies have been developed through discussion with our clients and industry colleagues. In particular, private sector development based clients have first-hand experience of the impacts of a development and construction industry slow-down, and are well placed to provide realistic and beneficial ideas and solutions. In addition, whilst motivated by a different set of circumstances, learnings from the Global Financial Crisis (GFC) tell us which initiatives were effective in supporting the industry and stimulating development during this period.

The following strategies are many and varied; some are quite straightforward, whilst others require a commitment to thinking outside the box and changing the way we do things. We encourage your genuine consideration to these recommendations, and your promotion of these initiatives across the SEQ Councils.

### **Strategies to Facilitate Project Completion and Close Out**

- Provide additional resources to prioritise plan sealing processes to ensure contractual deadlines are met and sales contracts are settled.
- Simplify and fast track bonding / securities and streamline delegations and approval processes.

### **Strategies to Stimulate Project Construction**

- Delay the timing for payment of infrastructure charges to align with settlements or at a nominated time period after titles are obtained or a project is completed (Sunshine Coast Regional Council has shown leadership in this initiative).
- Provide rebates for infrastructure charges where project construction is commenced within a designated time period.

- Simplify the process to facilitate sub-staging of current development approvals to enable incremental delivery of smaller project components, manage cashflow, and postpone significant project costs.
- Prioritise change applications for approved development projects under construction

#### **Strategies to Reposition and Protect Approved Projects**

- Reduce or waive fees for change to approvals and extension applications.
- Fast track and support extension applications.
- Fast track and support change applications which are necessary to reposition a project and underpin viability.
- Widen the capacity to accommodate changes through ‘generally in accordance’ processes.

#### **Strategies to Expedite Applications Under Assessment**

- Re-allocate Council resources to projects which have significant catalyst and employment generating benefit.
- Reposition the development assessment mindset to be focused to economic development and employment facilitation objectives.

#### **Strategies to Encourage New Development Projects**

- Introduce a collaborative DA ‘de-risk’ process, which is front-loaded to facilitate Council ‘in-principle’ support prior to formal DA lodgement.
- Adopt a moratorium on any recent amendments to planning schemes which are counter-productive to facilitating good economic development outcomes. This includes for example, recent amendments to the Brisbane City Plan 2014.

#### **Strategies to Get Housing Supply ‘Recovery Ready’**

- Introduce new and innovative planning scheme amendments which responds to the emergent increase in housing stress, encourages delivery of better affordable housing outcomes and provides resilience moving forward.

## **CONCLUSION**

Thank you for the opportunity to present these representations. The above recommended strategies are not an exhaustive list of ideas. We would welcome the opportunity to discuss and provide further details around these initiatives. Should you have any queries regarding this letter or wish to discuss, please do not hesitate to contact me on (07) 3666 5200.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Michael Wolter".

**Michael Wolter**

Managing Director

Wolter Consulting Group

## ATTACHMENT 1: RECOMMENDED STRATEGIES – FURTHER DETAILS

### Strategies to Facilitate Project Completion and Close Out

**Provide additional resources to prioritise plan sealing processes to ensure contractual deadlines are met and sales contracts are settled.**

Lengthy plan sealing processes are a major source of client concern. In some cases, matters of assessment are advanced sequentially when they could be undertaken contemporaneously. Limited resources are provided to this critical phase of the development process.

During and after this COVID-19 crisis, it is especially critical that survey plan endorsement processes are streamlined to achieve titling timeframes required to secure contract settlements. It is recommended that Council's allocate additional staff and fast track assessment through collapsed timeframes.

**Simplify and fast track bonding and securities and streamline delegations and approval processes.**

Bonding and similar mechanisms are often necessary to secure obligations which cannot be delivered prior to survey plan endorsement. In many cases these processes are rudimentary and supported by RPEQ certified plans and schedules of works.

The process and time involved in finalising these matters can be considerable and inevitably delay completion of the plan sealing process. In some instances, Councils will not commence this process until all other matters are finalised. Also, delegations can provide a bottle neck to obtaining the necessary sign off.

This process can be simplified and fast tracked through a number of actions including:

- Provide template bond and security forms to be completed by applicant at lodgement, and executed by both parties at approval.
- Allocate adequate resources to achieve 2-5 business day assessment of supporting information.
- Delegate and empower key staff to approve and execute bonding.

## Strategies to Stimulate Project Construction

### **Delay the timing for payment of infrastructure charges to align with settlements or at a nominated time period after titles are obtained or project is completed**

The simplest strategy to improve liquidity within the development sector is to waive, reduce or delay development charges. This is proposed to be an 'automatic delay' and not one that would require preparation of an Infrastructure Agreement (which introduces additional time and cost impacts).

Sunshine Coast Regional Council has shown leadership through its proposal to defer infrastructure charges up to three years with no interest payment in the first 12 months. COVID-19 impacts on the property and development industry are not limited to the Sunshine Coast and it is recommended that all SEQ Councils adopt this or similar strategies.

### **Provide rebates for infrastructure charges where project construction is commenced within a designated time period.**

This initiative seeks to stimulate construction by waiving or significantly reducing the infrastructure charges payable for projects which are commenced and completed within nominated time periods. It was employed during the GFC and proved to be an effective strategy to counter the impacts of economic downturn and underpinned many construction jobs during a challenging period.

### **Simplify the process to facilitate sub-staging of current development approvals to enable incremental delivery of smaller project components, manage cashflow, and postpone significant project costs.**

In some cases, development approvals may be able to sub-staged or repositioned to overcome funding or project commencement challenges. This may require Council agreement to delay high cost obligations to later stages or employ a more flexible approach to approvals.

It is fundamental that these ideas can be advanced through an open dialogue where Council employs a mindset to fast tracking outcomes which provide greater flexibility than might otherwise normally be employed.

## **Prioritise change applications for approved development projects under construction**

Councils to consider categorising Minor Change applications into Urgent and Normal. The intent being to nominate all Minor Changes for projects already under construction as Urgent, and prioritise the assessment of these applications.

## **Strategies to Reposition and Protect Approved Projects**

### **Reduce or waive fees for change to approvals and extension applications.**

Due to the property market impact of COVID-19, projects invariably require extensions to currency periods or changes to aspect of the approval. Councils should consider waiving the fees that would otherwise apply to these applications.

### **Fast track and support extension applications.**

Extending approvals provides the necessary time required to see a market correction and / or secure the necessary funding. It is recommended that extension applications be fast tracked and simplified as follows:

- All extensions be for a minimum of the existing currency period for that approval under the Planning Act. For example, an approved material change of use can be extended for a minimum of six (6) years from the day the extension application is approved by a Council.
- All extension applications be approved within 5 business days.

### **Fast track and support change applications which are necessary to reposition a project and underpin viability.**

Changes to approvals will be necessary to reposition a project so that it can advance immediately or in response to new circumstances post COVID-19. It is recommended that change applications be fast tracked and simplified as follows:

- All changes be assessed within an economic and delivery mindset.
- All extension applications be determined within 20 business days.

### **Widen the capacity to accommodate changes through 'generally in accordance' processes.**

The GIA process has become unnecessarily narrowed to the point where there are very limited circumstances where this process can be used to fast track minor changes. At the same time,



simple minor changes are being subject to the unnecessary cost and time delays of the change application process. It is recommended Council's revisit the GIA process as an effective way to facilitate quick, low cost and effective minor changes to approvals.

### **Strategies to Expedite Applications Under Assessment**

**Re-allocate Council resources to projects which have significant catalyst and employment generating benefit.**

Applications already lodged but not yet approved also represent a significant opportunity to stimulate the development industry. Such applications are crucial as substantial investment already undertaken prior to lodgement and during the assessment stage has not yet facilitated any return and continues to accumulate holding costs while in the assessment phase. As such, the following recommendations are made for development applications properly made but not yet approved.

The increased allocation of Council resources to catalytic development, being that which has the potential to result in further development or generate direct employment may help to expedite the development assessment process and encourage such development to occur.

**Reposition the development assessment mindset to be focused to economic development and employment facilitation objectives.**

It is recommended that SEQ Councils adopt an economic development approach to management of development applications, consistent with the purpose and outcomes of the Economic Development Act. Council assessment teams should be directed to adopt a commercial and economic mindset with a focus to facilitating development outcomes through a streamlined assessment process.

Section 23 of the Planning Act provides for the making or amending of Temporary Local Planning Instruments (TLPs), where a local government and Minister decide there is significant risk of serious adverse cultural, economic, environmental or social conditions happening in the local government area. To the extent necessary, TLPs could be rapidly introduced to provide key changes to planning scheme provisions to support this mindset and approach.

## Strategies to Encourage New Development Projects

**Introduce a collaborative DA ‘de-risk’ process, which is front-loaded to facilitate Council ‘in-principle’ support prior to formal DA lodgement.**

Councils should be exploring effective ways to streamline and de-risk development application processes. One recommendation is that SEQ Councils adopt a collaborative front-ended DA process which enables proponents to achieve an ‘in principle’ support before formal lodgement of the development applications.

As we understand it this is a process which has previously been endorsed by the Council of Mayors but appears to have limited application by SEQ Councils. Similar approaches are employed by EDQ and Logan City Council (Risk Smart). Brisbane City Council offers a front end ‘Design Smart’ process, however this invariably seems to introduce complexity rather than simplify and streamline the process.

The intent of this process is to promote collaborative front-end engagement to address issues quickly and achieve in principle support. This allows the proponent to commit project funding and proceed with the confidence of a high level of project de-risk.

**Adopt a moratorium on any recent amendments to planning schemes which are counter-productive to facilitating good economic development outcomes. This includes for example, recent amendments to the Brisbane City Plan 2014.**

Recent amendments to the Brisbane City Plan 2014, particularly Amendment package J (adopted 19 November 2019) and Major amendment package H (adopted 11 February 2020) have introduced significant barriers to new development including townhouses in particular areas and carparking across the city. These changes have been introduced without consideration to property acquisition and financial decisions made by developers and has stopped many projects ‘dead in their tracks’.

Similarly, Gold Coast City Council is advancing proposed planning scheme changes for building height reductions which impact many development sites.

We recommend a moratorium to any future SEQ Council planning scheme changes that increase the burden on development to allow proponents who have been affected by these amendments to secure the approvals for proposed development that would have reasonably been secured

before these changes were introduced. This will overcome additional financial impact and facilitate necessary development outcomes required to maintain confidence and viability in the development industry.

### Strategies to Get Housing Supply 'Recovery Ready'

**Introduce new and innovative planning scheme amendments which respond to the emergent increase in housing stress, encourage delivery of better affordable housing outcomes and provide improved housing supply resilience moving forward.**

As we emerge from isolation, COVID-19 brings with it a growing expectation that more people will be under housing stress than ever experienced before in recent history. This is in addition to the existing housing affordability and homelessness crisis in our communities.

SEQ Councils have in the past proven to be willing to introduce planning scheme amendments which respond to natural and man-made disasters. Many of these changes have stood the test of time and been retained moving forward. For example, as a result of the 2010-2011 Queensland floods, Brisbane City Council introduced temporary amendments to increase allowable building heights for single detached dwellings. This provided an opportunity to 'road test' the amendment, which was subsequently retained on a permanent basis.

There is an opportunity for SEQ Councils to take leadership on these matters. Some ideas and opportunities are outlined below:

- Introduce 'accepted development' status for a wider range of affordable and emergency accommodation and associated uses (much in the same way the Planning Regulation does this for a class 1 or 2 building, providing support services and temporary accommodation for persons escaping domestic violence).
- Introduce simplified fast track approval processes for affordable and emergency accommodation which may otherwise not meet 'accepted development' status.
- Loosen the restrictions on secondary dwellings, for example, allowing 'Granny Flats' to be leased to non-family members to help property owners pay their mortgage and potentially provide capacity for more first home buyers to achieve home ownership.
- Remove or reduce the restrictions on dual occupancy uses as intended by the Planning Regulation. For example, this could include allowing dual occupancies on corner lots of a minimum size.