

Submission to Great Ocean Road Task Force

Topic:

Infrastructure Investment – The Need for a Practical Planning Model

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Proposed Planning Model for Major Tourism Developments in Regional Victoria

Victoria has long been regarded as having overly complicated, expensive and lengthy planning processes for those investors considering major tourism developments in regional Victoria. The lack of certainty in gaining a Planning Permit has resulted in other states benefiting from major new investments leaving regional Victoria with aging infrastructure, low visitor yield and with demand for quality accommodation (and service), far outstripping supply. Monash University research in 2017 found that the majority of international travellers experiencing the Great Ocean Road prefer to return to Melbourne given the lack of choices for quality accommodation. The overly-bureaucratic planning process has resulted in:

1. A lack of 4-5star accommodation in regional Victoria contributing to short-stay (more particularly no-stay) and low-yield travel particularly by high-yielding markets.
2. A reluctance by investors to consider investing in tourism accommodation development in regional Victoria.

The high probability of any major development having to contend with an appeal via VCAT also poses a high risk and financial impost on any developer.

By contrast, Tasmania in particular, has benefitted from an efficient and transparent planning process resulting in new investment in accommodation and resorts and importantly, retaining the confidence of investors. This investment has created new business and employment opportunities throughout Tasmania due to the high yield generated particularly from the discerning international or domestic traveller looking for and expecting a quality experience.

Queensland on the other hand, has quick turnarounds for planning applications, little transparency and questionable controls. A process and model that few States/Territories would wish to follow.

The Great Ocean Road region is possibly the best example across Australia where accommodation demand grossly exceeds supply and where the planning processes, costs and time delays drive investors elsewhere.

Strategic Planning - Current Barriers to Investment in Victoria

- There is no single agreed model (State/Local Govt) that a developer can apply or source when embarking upon a new development. The rules change as the project planning progresses.
- The developer carries all the risk in a single staged process where significant time and money is invested in a project that has no guarantee of gaining a planning permit. Expenses of \$1m plus and at least 18 months of time are incurred by the applicant with absolutely no guarantees.
- Time and costs are not a concern of Government staff requiring much patience by potential investors.
- There is a lack of clarity and consistency by Local Government and State Government as to when and if the planning application is called in by the Minister.
- Local Political interests rather than due process, transparency and documented procedures.
- A strong environmental bias by DEWLP staff has the potential to influence the planning process and outcomes. Planning responsibility should not sit within a heavily biased and controlling environment agency.

- Inexperience (and competence) of Government staff can lead to incorrect information and advice being provided to an investor; the same for Local Government councillors and staff with limited experience in investment/development.
- The responsibilities of State Govt. agencies are confusing (representatives from two departments (DEWLP, DEDJTA – including RDV and Visit Victoria) particularly as to who has primary carriage.
- Government policy promotes tourism development on private land as against utilising Public Land or National Park but when a proponent seeks out a parcel of private land appropriately zoned for such development, the journey in obtaining a planning permit is made incredibly difficult and costly.

Proposed Enhancements to the Planning Process for Development in Victoria

The current planning process discourages development, lacks due process and transparency and with little regard for the costs an investor has to incur. A more transparent planning process would provide for the following outcomes:

- Would attract much needed investment in regional Victoria.
- New infrastructure (accommodation) would provide for increased length of stay and yield creating more jobs/employment.
- Provide potential investors with some confidence in considering investing in regional Victoria rather than investing elsewhere and possibly create an environment that would actually attract investors.
- Address a significant backlog of infrastructure renewal and replacement.
- Provide government staff with clarity and direction (currently lacking).
- Provide for more trust, transparency and confidence in Local and State Government decision making.
- New quality infrastructure would then align with the current marketing campaigns undertaken by State government (Visit Victoria) and Federal Government (Tourism Australia)

Note: Investors and Planning consultants have highlighted the above issues for the past 25 years with the processes becoming more confused than ever.

Key Issue

The current process for obtaining a planning permit for a major development is a single stage process with the investor having to meet numerous Local and State Government requirements, expenses of generally around \$1m, a timeframe of a minimum of 2 years and with no guarantee of gaining a planning permit. This highly restrictive process is driving investment elsewhere and leaving regional Victoria with tired, inappropriate infrastructure, short stays, low yield and visitor expectations not being met.

The question being asked outside of Government is: “Is this a deliberate anti-development culture and/or process or it is simply clumsy in-effective bureaucracy; or both?”

Proposal for a More efficient and transparent Planning process

- The Department of Planning prepares a concise summary document outlining the key planning requirements/steps clearly articulating the planning application process, timelines, costs, etc. A concise ‘How to’ document.

- The State Government appoints an expert panel that can advise a potential investor in Stage 1 as to the alignment with Government expectations and requirements.
- The State Government identifies priority infrastructure projects along with potential areas/sites for development (highly successful in Tasmania).

Stage 1

Objectives:

1. For the developer of significant scale, strategically aligned proposals to gain early advice as to whether or not the project will gain Government support prior to committing significant time and expense
2. For the Government to clearly articulate their needs, and expectations in regards to providing a Planning Permit
3. Provide risk management for both investors, Government & communities.

Developer:

- Location/project determined (based on need and or identified in a strategic document)
- Creates conceptual plan/drawings
- Financial feasibility undertaken
- Basic architectural design completed
- Key issues identified/ documented ready for Panel discussion

Presents concept to Govt. Expert Panel

- Feedback provided
- In principle agreement given to proceed subject to completing/redesigning aspects
- Or; Concept rejected unless altered accordingly

Small spend by developer to create a clear concept of the proposal (Generally around \$100k)

Panel provides feedback on all elements associated with basic concept.

Developer can proceed knowing that a permit is likely to be granted provided Panel advice adhered to. Can now commit to all associated costs (approx. \$1m).

Or

Modify accordingly to meet Panel requirements

Or

Cease project altogether as no longer feasible and or unlikely to gain a planning permit.

Stage 2

Developer:

- Can now proceed with all consultation, planning, design, engineering, etc., with confidence provided the agreed concept adheres to Panel advice and remains within given boundaries.
- Any deviations from agreed process must be referred back to Panel.
- If developer decides to go outside panel advice then done so at the risk of the project not gaining a planning permit.

Major spend undertaken by developer knowing a permit will be granted provided panel advice adhered to.

Expert Panel Representation (suggested)

- Local Govt x 2
- State Govt x2
- Regional Planning/Tourism authority
- Statutory Planning expert
- Other??

Criteria for Minister to Call-In Projects

Currently this is at the whim of either State or Local Government with no set criteria leaving a potential investor and the community uninformed.

Could be based on the following measures:

- Projects over say \$15m
- Projects of State significance (identified in state/regional strategies)
- Developments, when completed, generate in excess of 50 FTEs jobs
- Etc.

It is important to note that the introduction of a two-staged process would not compromise existing requirements of the various State Government agencies but simply provide a fairer and more transparent process enabling Regional Victoria, and the Great Ocean Road in particular, to attract the new investment so urgently needed.

Option 2

State Government Tender Opportunities

State Government undertakes all the planning processes at key Public Land sites and then calls for tenders to develop the various proposals. This model is in place in Tasmania and works particularly well for Public Land but could also apply to appropriately zoned private land where ownership or options to purchase are clear.

Proposed Two Stage Model

