BCA
Business Council of Australia

20 October 2023

National Housing and Homelessness Plan
Department of Social Services
Via webform

Dear Sir/Madam,

I appreciate the opportunity to provide input into the government's National Housing and Homelessness Plan. The Business Council of Australia (BCA) represents the largest employers in the country, from across the economy, and we work to ensure Australia is economically strong to support a fair, free, and inclusive society for all Australians.

Business is directly involved in the housing market through the provision of new supply, and it also has a deep interest in ensuring the availability of well-located, well-serviced, and affordable residences for their staff. A lack of sufficient housing can also mean that people are less able to move to take up new employment, limiting their future opportunities, and the ability for businesses to meet their workforce needs.

We are strongly of the view that Australia must focus on delivering housing supply that is sufficient to meet the needs of the nation's population going forward. We are failing to meet this challenge, with dwelling approvals at decade lows.

The BCA supports the government's changes around taxation to make build-to-rent housing more attractive for investment. We also agree with the funding made available to provide for infrastructure that supports housing growth and welcome the government's ambitious target of delivering 1.2 million new dwellings over the next five years.

The recently released *2023 Skills Priority List* by Jobs and Skills Australia highlights the labour shortages faced by the housing industry. Bricklayers, electricians, architects, carpenters and joiners, and project construction managers and builders are all listed in shortage across the nation. For this reason, it is imperative that the government ensures its infrastructure spend, that relies on many of the same trades, is targeted to economically robust projects, particularly those focused on facilitating housing, to make best use of the nation's limited resources. It is also important that the migration system is reformed so that targeted skills that are in shortage can be efficiently brought into the country to assist with the housing task.

In respect to private sector funding of social and affordable housing, we simply note that this will only occur at scale if there are appropriate subsidies or other incentives in place that make it financially attractive and responsible to invest in these parts of the market. It will be critical that governments do not introduce changes in this space that impact on existing market-rate housing projects that are already in development, interfering with investments that are already in train. The Plan should also be

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clear that the delivery of more market-rate housing expands the entire stock and therefore assists in affordability across the market.

Beyond this, the central issue that must be resolved is fixing the nation's planning systems. This means removing restrictive zoning that prevents more housing supply in areas that are in demand and in proximity to jobs and services. It also means providing certainty and fast processing of development applications to allow investment decisions in new projects to proceed efficiently. If governments are serious about the need to provide more housing, and to meet the 1.2 million dwelling target, then they must remove the red tape and bureaucracy that delays, increases the cost, and ultimately prevents the supply of new housing.

We note that following the housing commitments from National Cabinet, the Victorian government has made specific housing announcements with the aim of reducing red tape and boosting housing supply. Other states must also step up to the challenge. The Commonwealth government should track planning reforms across the country to ensure that there is actual movement on this issue.

The BCA released two documents earlier this year which address the issues of housing supply and planning systems across the nation – *Housing Australia's Talent* and *Regulation Rumble*. Both documents have been attached for your information.

Yours sincerely

[redacted]

[redacted]

Business Council of Australia

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Housing Australia's Talent

Addressing the nation's housing challenge

May 2023

Contents

Observations

The lack of supply of housing is the critical issue, not demand from migration

- There is insufficient supply of new housing being built in comparison to demand, at a time when housing affordability is declining.
- New housing supply has been falling since 2016-17, particularly in terms of new apartments and other medium density dwellings.
- The pandemic reignited and accelerated the trend of declining household sizes. This drove housing demand even while population growth stalled.
- The high migration numbers in the 2023-24 Budget are a temporary correction stemming from the pandemic border closure. They do not make up for the full impact of the pandemic on migration, and the returning migrants are largely temporary visa holders (such as students) that had left the country.

  From 2023-24 arrival numbers are expected to return to normal, but with fewer departures given the lack of migration in the prior years. Australia is still expected to have a shortfall of 215,000 migrants compared to the pre-pandemic forecast at the end of 2023-24.

Planning systems and infrastructure are holding back long-term supply

- Poor performing planning systems and restrictive zoning significantly impact the delivery of new housing supply.
- Sufficient infrastructure capacity is vital to support new housing, and governments must deliver infrastructure to support new housing. In general, infrastructure investment is significantly more expensive to support greenfield areas than for infill development.

Recommendations

Planning systems must be reformed to enable delivery of housing supply

- The federal government should set national net-additional dwelling targets over 10 years that are tied to forecast population growth. These would form the basis for state and territory targets that are linked to financial incentives and penalties. This should take into consideration both greenfield and infill development.
- Governments must have efficient planning systems, which facilitate new homes in areas where they are desirable.
  - The federal government should incentivise states and territories to improve their systems and strive for best practice in timeliness and permissibility.
  - Governments should consider upzoning areas with existing infrastructure and services to facilitate housing supply.
  - National Cabinet should develop a consistent approach to complying residential development, including low impact medium density.
- A National Cabinet taskforce on modular and prefabricated housing should be set up to strip back excessive regulation that prevents or complicates their use, and instead support their fast-tracked delivery.

Government should focus part of its infrastructure spending on housing

- A portion of federal infrastructure grants should be tied directly to the delivery of a measurable number of new dwellings.
- The current federal review into the national infrastructure pipeline should reprioritise funding into projects directly linked to new housing supply, targeting areas otherwise zoned and ready to proceed.

- There should be a strengthened focus on transit-oriented development in our major cities, taking advantage of the massive investment that has taken place over the last decade.

Tax and policy settings should be focused on helping drive new housing supply

- Governments should progressively remove stamp duty and replace it with land tax to remove friction in the housing market. Initial priority should be given to strengthening programs focused on enabling downsizers by removing barriers to mobility. The federal government should ensure settings facilitate this.
- Development contributions need to be reasonably constituted and considered in the context of their impact on new housing supply. They must be reformed to be consistent and transparent across a state or territory.
- Convene a summit around how best to facilitate more build-to-rent housing:
  - This should include superannuation funds and other major investors, taxation experts, planning experts, as well as the state and territories.
  - Examine the remaining obstacles to delivery of build to rent housing in terms of tax, foreign investment, and planning hurdles; as well as potential incentives for developing this housing type, and new financing products.
  - Appropriate incentives for essential worker housing as part of a broader build to rent model.
  - Develop a framework that supports the broader adoption of build to rent as a long-term housing option.
- Governments should ensure policies give due consideration to the need for new housing in areas with existing infrastructure, jobs, and services. Local concerns should be balanced with state and national economic and social need in respect to well-located housing delivery.

Introduction

Housing is an essential underpinning of society. As a nation, we must ensure there are sufficient dwellings to address the needs of every resident. Business is directly involved in the housing market through the provision of new supply, and it also has a deep interest in ensuring the availability of well- located, well-serviced and reasonably priced residences for their staff.

A lack of sufficient housing has meant people are less able to move to more desirable places of work in higher paying jobs. And yet the number of new dwellings being built in Australia has been falling since 2016-17. New dwelling approvals are now at a decade low.

There is no point creating innovative and interesting jobs if workers are unable to find suitable and affordable housing as they move to new locations to take up these opportunities. This is also a drag on national economic performance as it constrains the productive capacity of some of Australia's more productive areas.

Without reasonably priced and suitable housing, the nation risks driving away the best talent, limiting our economic growth, and ultimately putting the nation's future prosperity at risk. This is an issue of national importance.

In the debate on housing and its intersection with migration, it is important to understand how critical migration is to the success of Australia. Work commissioned by the Business Council, as well as from the Productivity Commission and the Treasury, point to the fact that migration delivers substantial economic and fiscal dividends for the nation. It helps fill skills gaps in our economy, offsets our otherwise aging population, and brings the knowledge and experience needed to support the growth of future industries[1]. Stopping or dramatically reducing new migrants into the country will be to the detriment of everyone and is counterproductive to creating a stronger economy and society. Irrespective, post pandemic Australia's cumulative migration figures are still well below pre-pandemic forecasts.

This means we must focus on delivering housing supply that is sufficient to meet the needs of the nation's population going forward.

All levels of government must have a strong focus on the supply of new homes. This is broader than social housing, which is a key component of a much bigger picture. Housing supply policy must be targeted across the spectrum to ensure there is sufficient housing across all income levels. This does not mean governments must build this supply themselves, but they must ensure that the policy settings are in place to facilitate and support new housing. That means:

- Fixing state planning systems that place unnecessary restrictions which inhibit new housing supply.
- Harnessing the massive investment that has been made across the nation over the last decade in new infrastructure, co-locating housing with transport and services.
- Looking for new ways to deliver housing, including exploring new funding opportunities for build to rent housing.
- And crucially, having state and federal government working together to set targets for increases to net housing supply, and then to deliver on them.

If we want Australia to continue to be an attractive place to live and work, to be attractive for global talent to come here, and for local talent to stay, there must be attractive and reasonably priced housing. As a nation we must strive to provide enough housing to support our population, in the places where people want to live and work, at a price that is affordable.

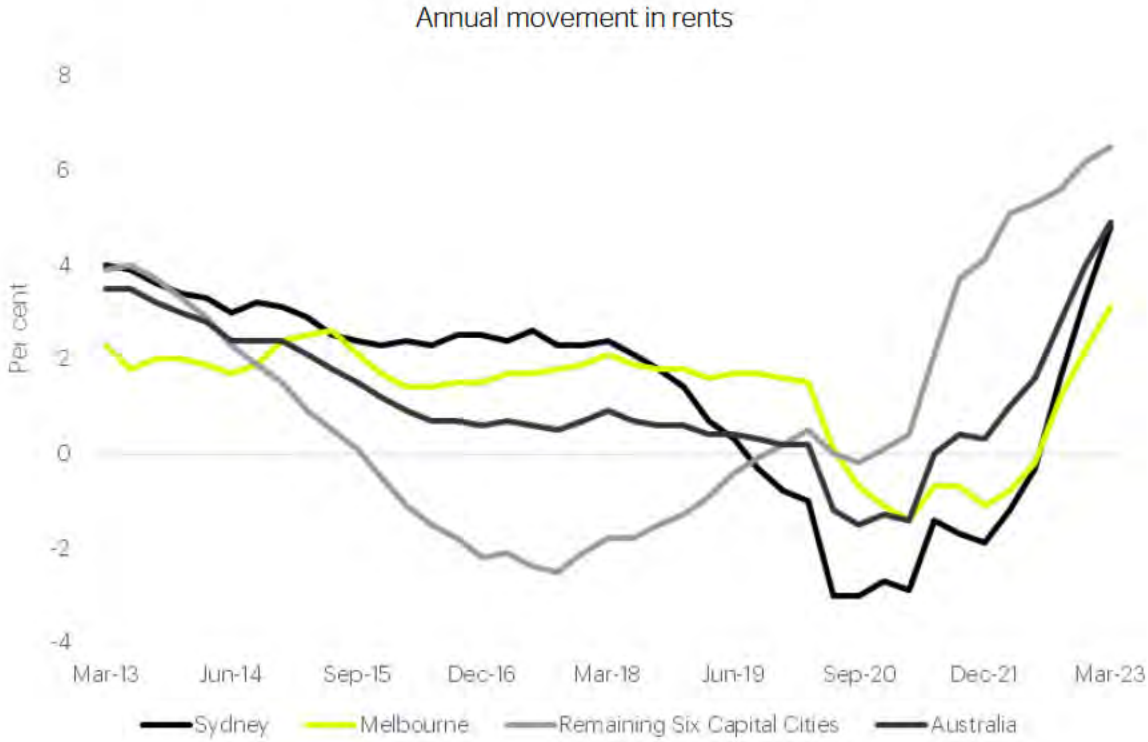
[1] Business Council of Australia, A Migration System for Australia's Future, December 2022

The problem

Australian cities are some of the most expensive in the world for housing, as measured by median house price in comparison with median income. In this comparison, Sydney ranks as the second most expensive city globally. This is followed by Melbourne in ninth, Adelaide in fourteenth, and Brisbane in seventeenth[2].

In respect to rental prices, while these declined sharply in early 2020, reflecting the start of the COVID-19 pandemic, they spiked from early 2021 and continue to grow, also significantly impacting on affordability. While the graph below illustrates this in terms of the March Australian Bureau of Statistics (ABS) data for rentals, May data from CoreLogic shows an even more difficult picture for affordability with national annual rent growth exceeding 10 per cent[3].

BCA commissioned research shows that the cost of housing – mortgages and rents – is the largest financial worry for Australians, above groceries, electricity prices, health costs, or petrol[4].



Source: Australian Bureau of Statistics

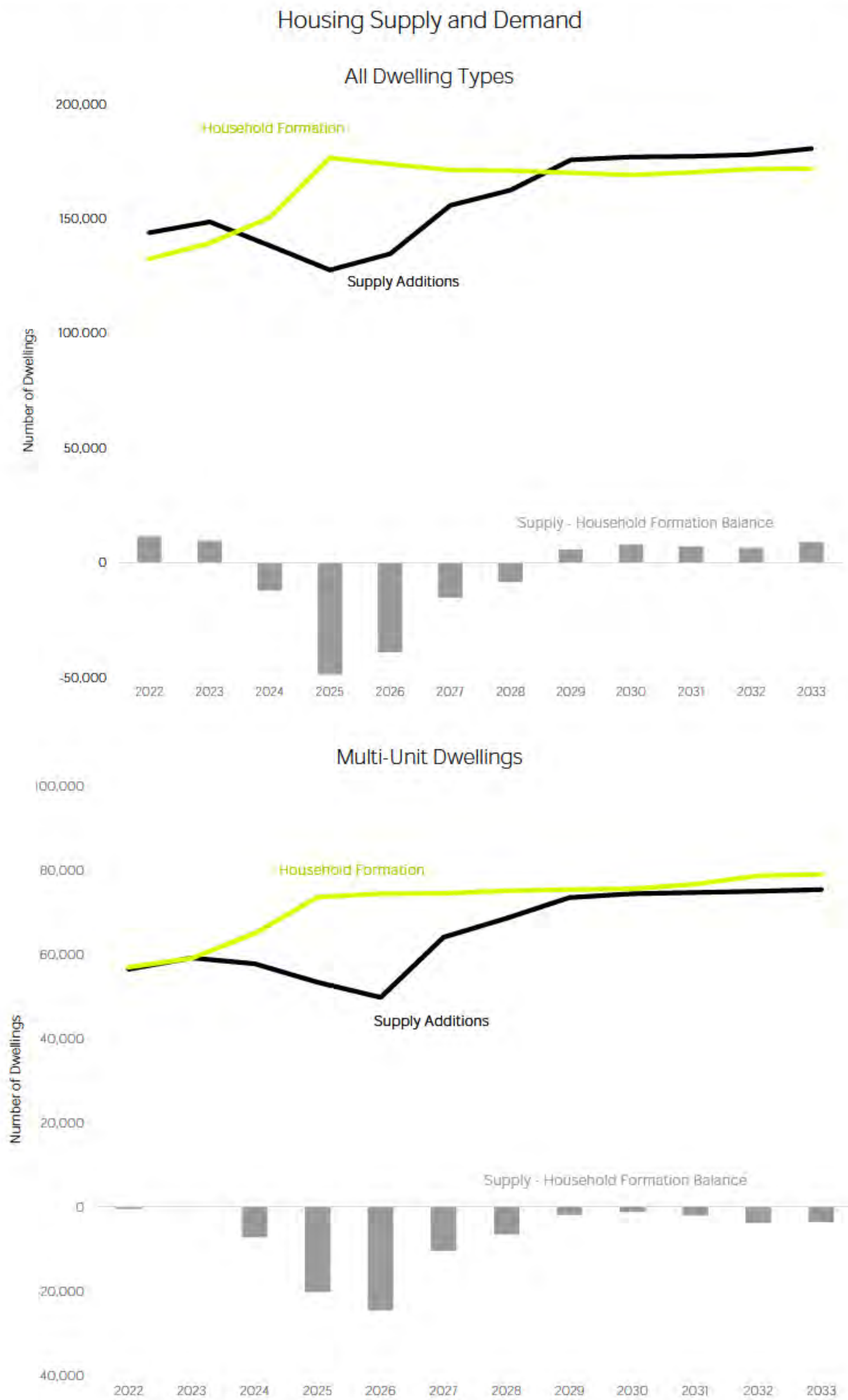
The National Housing and Finance Investment Corporation released its State of the Nation's Housing 2022–23 report in April 2023. It found a growing gap between housing supply and demand over the next five years to 2027. In particular, demand for multi-unit dwellings (apartments, townhouses, and duplexes) was expected to exceed supply for the next decade. Further, these forecasts do not fully reflect the post-pandemic bounce back, which means they likely underestimate demand.

Put simply, based on current settings, Australia is not delivering enough new homes to satisfy new demand. This means housing affordability will go backwards unless something is done to address this issue.

There is insufficient supply of new housing being built in comparison to demand, at a time when housing affordability is declining.

[2] Demographia, International Housing Affordability, 2023
[3] CoreLogic Rental Pulse, May 2023
[4] C|T Group, Business Council of Australia 'Seize the Moment' Research, May 2023

This is a significant issue for business. An inability for workers to find suitable and affordable housing prevents them moving to new locations to take up innovative jobs. This constrains productivity in what should be some of Australia's highest productivity areas[5]. It is essential for business, and for the nation's success, that there is sufficient and affordable housing in the areas needed to attract and retain productive workforces.



Source: National Housing and Finance Investment Corporation

[5] Hsieh, Change-Tai and Moretti, Enrico, Housing constraints and spatial misallocation, American Economic Journal: Macroeconomics Vol 11 (2), 2019

Number of new dwellings being built is declining

As we have already described, there is a forecast shortfall in housing supply. But it would be wrong to characterise this simply as a factor of demand. Housing supply brought to market has fallen over several years, especially in apartment development. Housing completions peaked in 2016-17 and has been falling since then.

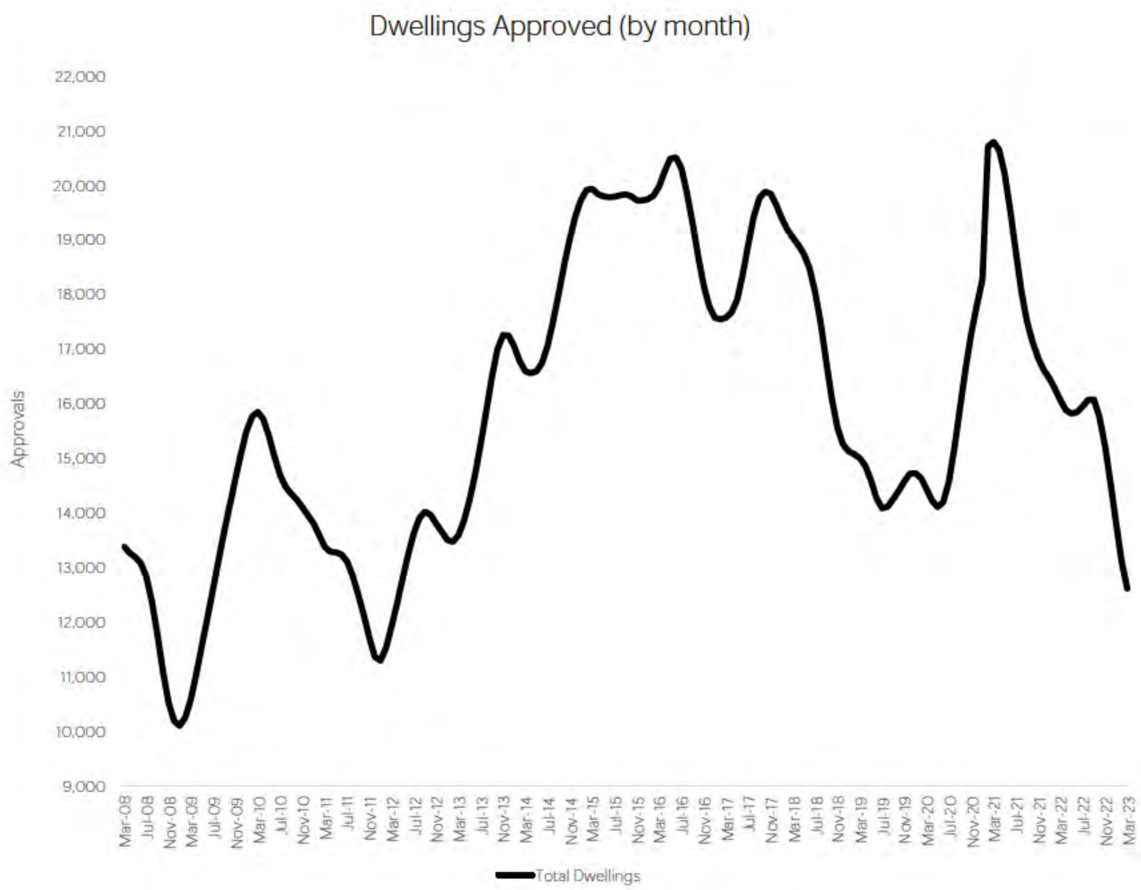
In particular, the delivery of apartments and other medium density dwellings has fallen substantially. This is especially pertinent given that rent increases for apartments have significantly outpaced those for detached houses[6].

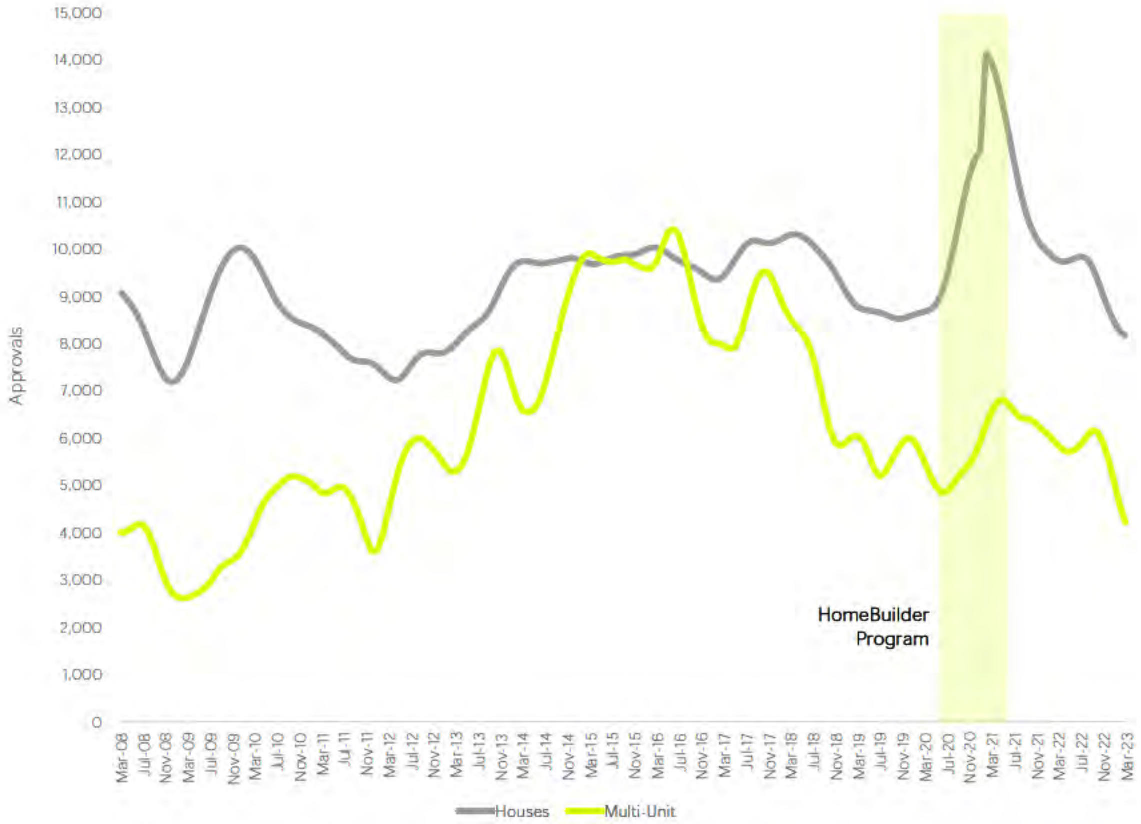
Source: Australian Bureau of Statistics

Dwelling completions are a particularly important metric given they represent actual stock that has been delivered to the market. The trend in falling completions translates into a reduction in the net growth rate of new housing in the nation, from over 2 per cent growth per annum in 2016 down to under 1.4 per cent per annum in 2022[7].

Meanwhile, approvals received illustrate the future pipeline of new housing. From this data we can see that with the exception of a temporary peak of new dwellings related to the Federal HomeBuilder program (which ran from July 2020 through to April 2021, and largely benefited detached dwellings) the forward pipeline of projects is significantly down and has been for a number of years. Splitting out detached dwellings and multi-unit approvals further demonstrates this. Current approvals are at a low point last seen over a decade ago.

[6] CoreLogic Rental Pulse, May 2023
[7] Australian Bureau of Statistics, Estimated dwelling stock, October 2022.





Source: Australian Bureau of Statistics

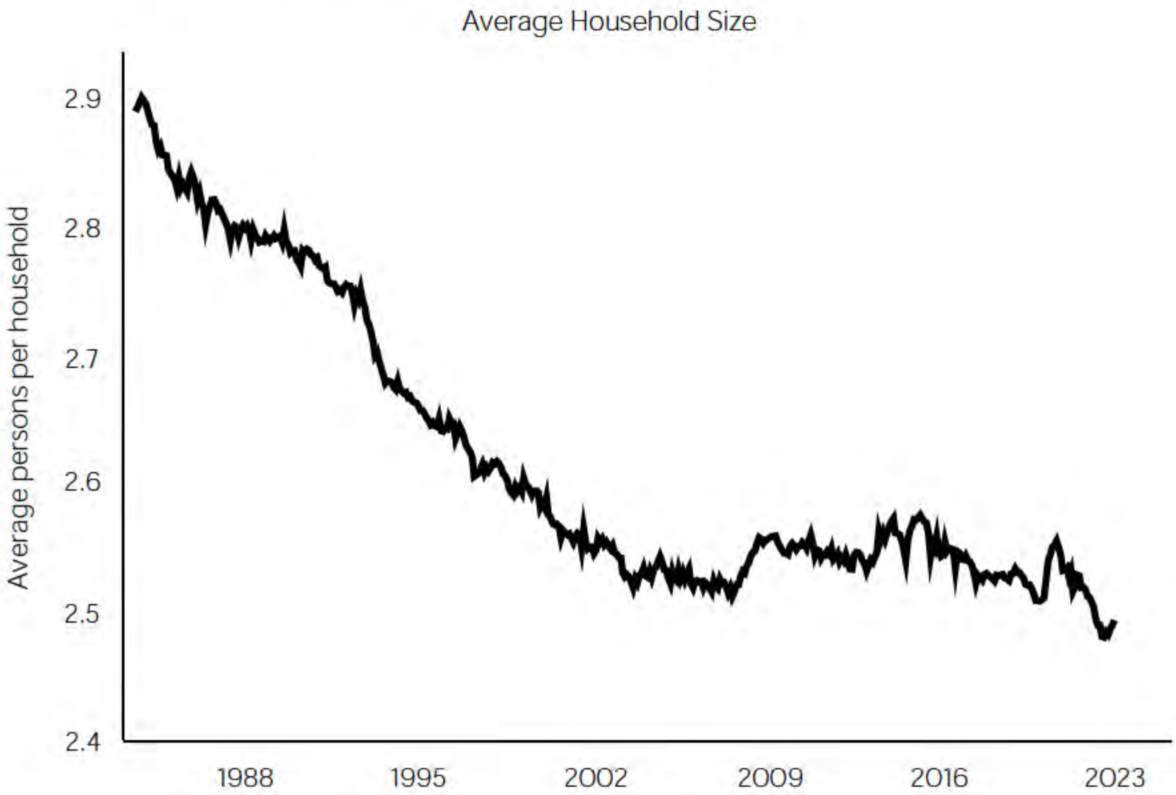
New housing supply has been falling since 2016-17, particularly in terms of new apartments and other medium density dwellings.

Household sizes are shrinking

At the same time as growth in supply is falling, the number of homes needed to house the same number of people is growing. This is because the average number of people living in a household – or the household size – is falling.

This is not a new trend. Household size has been falling for decades. In the 1980s the average number per household was at 2.9 people per dwelling. It has trended downwards until the 2010s where it stabilised between 2.5 and 2.6 people per dwelling.

During the COVID pandemic however, there has been a reignition of the decline in the household size to an average of under 2.5 per dwelling. In particular, there has been an increase in single person households, and a reduction in large group households and families with older children[8].



Source: Reserve Bank of Australia

The result of this is that housing demand has increased irrespective of changes to the overall size of the population. Even ostensibly small changes in this number have significant overall impacts on housing demand. The Reserve Bank of Australia (RBA) has estimated the change in household formation during the pandemic has meant that approximately 120,000 additional households were formed from these changes.

The most recent State of the Nation's Housing supply report illustrates this by examining vacancy rates for rental properties. Despite the closure of borders in early 2020 and historically low population growth, the national vacancy rate (i.e., the number of vacant properties available for renters) fell to its lowest level in more than 15 years. The report surmises that "*lower population growth was outweighed by other factors, including preferences for smaller household size and, possibly, some latent household formation*".

[8] National Housing Finance and Investment Corporation, State of the Nation's Housing 2022-23, April 2023

Source: National Housing Finance and Investment Corporation

The pandemic reignited and accelerated the trend of declining household sizes. This drove housing demand even while population growth stalled.

What about the post-pandemic return of temporary migrants?

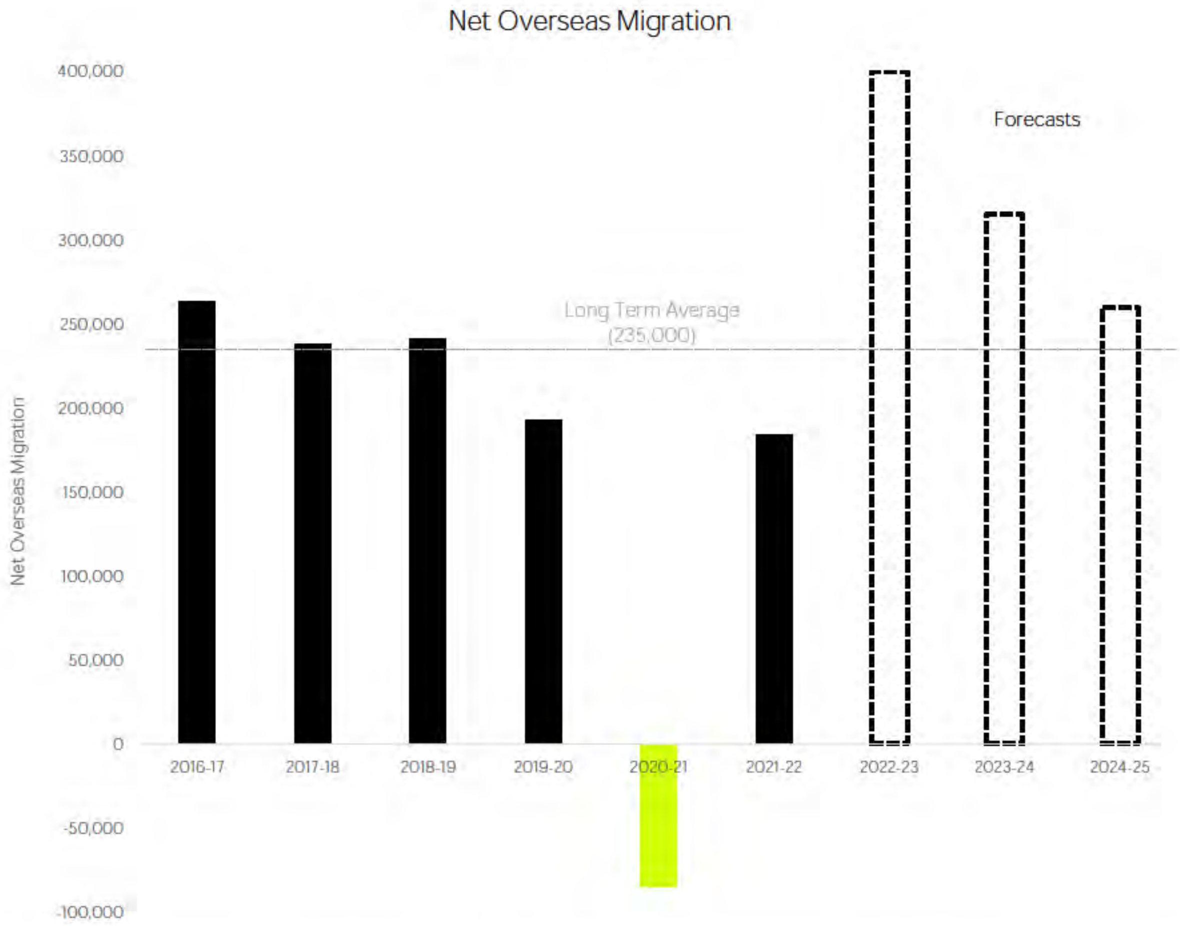
It is worth briefly exploring the story of population growth and migration over the last several years because the closure of Australia's borders during the pandemic has resulted in significant swings in migration, and migration is a key component of Australia's population growth.

Notably, Australia's Net Overseas Migration (NOM) figure – which counts long term arrivals and departures – was negative in 2020-21. This is the first time since just after World War Two that more people have left Australia than arrived. The subsequent year, 2021-22 saw a rebound in this number, but it still remained significantly below pre-pandemic figures. Australia lost almost 500,000 net migrants (both temporary and permanent) over the pandemic period from 2019-20 to 2021-22 compared to expectations.

The Treasury's forecast for NOM included in the 2023-24 Budget saw this figure increasing significantly, albeit temporarily. To be clear, this is a rebalancing of migration numbers on the path to a return to normalcy given the previous departures in international students and working holiday makers recorded in prior years, who are now returning to the country[9]. This is therefore a temporary surge caused by the closure of borders and the departures of many of these temporary migrants recorded in earlier years.

As the Budget papers note in relation to this year's NOM figure, *"this strength in migration and population growth is expected to be temporary, with migration forecast to largely return to normal patterns from 2024–25. … The reopening of international borders has seen a rapid recovery in the stock of international students, skilled temporary visa holders and working holiday makers in 2022–23. … From 2023–24, arrivals of temporary migrants are expected to return to normal levels. It will take more time for departures to return to normal because of the low arrivals during the pandemic. As such, the elevated forecast for net overseas migration in 2023–24 is largely driven by fewer temporary migrants departing Australia than usual, rather than a greater number of people arriving."*[10]

[9] McDonald, P., What's behind the recent surge in Australia's net migration – and will it last? The Conversation, 2023
[10] Treasury, 2023-24 Budget, Strategy and Outlook: Budget Paper 1, May 2023



Source: The Treasury

It would be easy to conclude that a large NOM figure in this financial year 2022-23 is the sole differentiating factor that has changed in the demand equation over the last 12 months. But it is important to look at the current NOM figure in context. While there has been a large number of people arriving this financial year, averaged over the period from 2019-20 (the first year of the pandemic) until now, the NOM figure is still well below recent historical norms.

As the forecasts in the 2023-24 Budget make clear, by the end of the 2023-24 financial year there will be 215,000 fewer migrants in Australia compared to what would have been expected and planned for pre-pandemic.

The high migration numbers in the 2023-24 Budget are a temporary correction stemming from the pandemic border closure. They do not make up for the full impact of the pandemic on migration, and the returning migrants are largely temporary visa holders (such as students) that had left the country.

From 2023-24 arrival numbers are expected to return to normal, but with fewer departures given the lack of migration in the prior years. Australia is still expected to have a shortfall of 215,000 migrants compared to the pre-pandemic forecast at the end of 2023-24.

When young and skilled workers migrate to Australia, they help fill skills gaps in our economy, offset the aging population, and bring the knowledge and experience needed to support the growth of future industries.

Analysis shows that for every 1,000 migrants there is $38 million more tax revenue, $124 million in higher economic output, and $59 million in increased investment.[11] They are crucial to the success of the nation.

Recent research has found that the majority of Australians agree that migration is a benefit to Australia. The proviso is that this must be properly planned and managed, including the provision of sufficient housing supply.[12]

[11] Business Council of Australia, A Migration System for Australia's Future, December 2022
[12] C|T Group, Business Council of Australia 'Seize the Moment' Research, May 2023

Policy impediments and solutions

There are a number of constraints on the delivery of new housing. There are clear material and labour supply shortages impacting overall housing supply as a flow on consequence of the pandemic. Furthermore, financing costs have increased as interest rates have risen.

Together, these factors have resulted in trading difficulties for constructors, particularly those that have held fixed price delivery contracts, and have also reduced the financial viability of new projects. These are shorter term issues driven in part by cyclical economic factors, many of which are outside the immediate control of policy makers.

Beyond these immediate factors however, there are underlying systemic policy issues which limit housing supply which have played out over many years, particularly in areas where demand is concentrated.

The impact of planning regulation on supply and affordability

Each state and territory imposes a different set of assessment or planning regulations to control the type and process of new developments including new housing supply. While these processes are meant to ensure reasonable controls on development, in line with strategic planning for an area, they often can stymie new housing supply. They have the propensity to create delay and uncertainty, and to prevent new housing in areas where demand is focused.

This is borne out by work undertaken by the RBA in 2020, which explored the impact that planning regulations had on available housing supply and cost[13]. It found that that:

- on average planning restrictions could be contributing up to 68 per cent in additional cost to an apartment in Sydney, 20 per cent in Melbourne and 2 per cent in Brisbane.
- in Sydney, the effect of restrictions increases strongly as you get closer to the centre of the city, in inner-ring suburbs. Even though demand is focused in these areas, buildings are predominantly being delivered in middle and outer suburbs. In Melbourne and Brisbane this effect was more uneven.

Infrastructure Victoria recently released a report into housing choice across Melbourne, Geelong, and Ballarat[14]. They found that while the Victorian government plans to build 70 per cent of new dwellings in established areas, it is falling short of this target, with fewer than half of new housing in Melbourne meeting this requirement.

Infrastructure Victoria is of the view that Melbourne's existing suburbs do not offer a choice of homes at a price that many households can afford. It identifies impediments to building in existing suburbs that include planning system risks, community opposition, and uncertainty around the timing and outcome of development assessment decisions, together with high land prices and construction costs.

It found that *"established suburbs have the capacity to support higher density homes, but development is restricted by limited application of residential planning zones that support higher densities ... This hinders housing diversity and curbs the supply of new homes in good locations".*

In 2020 the Australian Housing and Urban Research Institute engaged with 50 planning professionals in Sydney, Melbourne, and Perth to understand the barriers to delivering housing supply[15]. The work focused on why there was a lack of diverse supply, in terms of affordability, size and built form, tenure, and development model. It found there was a need for more medium-density housing, with dwelling designs that cater to different household needs and preferences.

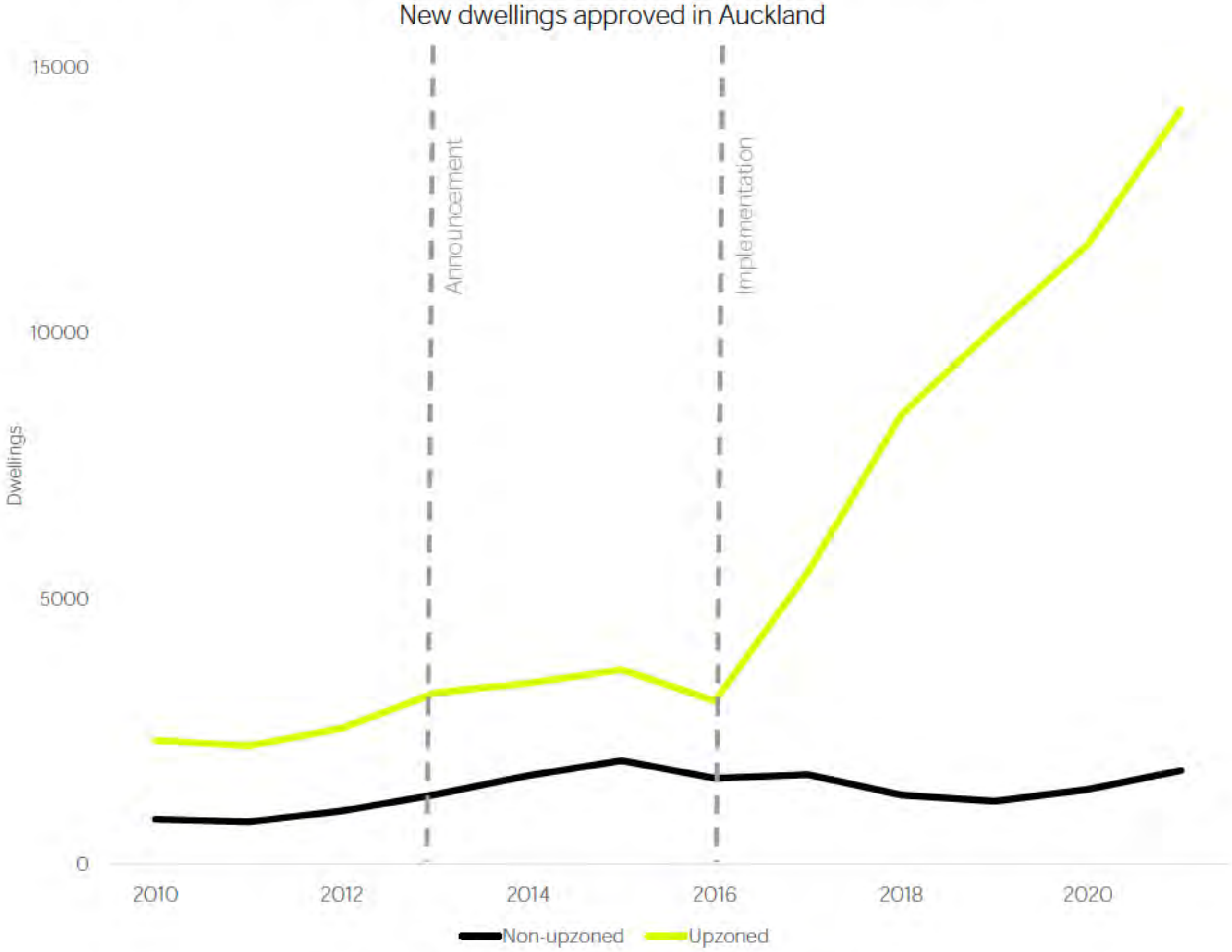
These type of projects were identified as being impacted by a range of challenges including *"difficulty accessing sites where medium- and higher-density built form is permitted and financially viable; lack of clarity as to the*

[13] K Jenner and P Tulip, the Apartment Shortage, Research Discussion Paper, Reserve Bank of Australia, 2020
[14] Infrastructure Victoria, Our Home Choices, March 2023
[15] Gilbert, C., Rowley, S., Gurran, N., Leishman, C., Mouritz, M., Raynor, K. and Cornell, C. Urban regulation and diverse housing supply: An Investigative Panel, AHURI Final Report No. 349, Australian Housing and Urban Research Institute Limited, 2020

permissibility of unconventional housing or development types within land-use zones; lack of flexibility in development controls to allow for design innovations, such as reduced car parking; and uncertainty around the time frame and outcome of development assessment decisions." Uncertainty was found to be a particularly pressing issue for developments with tight margins, with delays imposing unexpected costs that weighed down project viability.

In 2016 New Zealand's Auckland Council moved to upzone around three-quarters of the residential land in the city, to address issues of housing supply and affordability. This change removed restrictions which limited lots to single detached dwellings, instead allowing the construction of terraces and apartments, with simplified zones which allowed five storey, three storey, or two storey developments as a right.

The result of this has been a significant increase in approvals for new housing supply in Auckland across areas of the city that had been upzoned. Research published by the University of Auckland found *"strong evidence to support the conclusion that upzoning raised dwelling construction in the city of Auckland"*[16].



Source: The Impact of Upzoning on Housing Construction in Auckland, University of Auckland

The success of this model saw the rollout of a similar approach across New Zealand in 2021, facilitating the development of medium density housing. The changes allow the building of new housing of up to three storeys without the need for rezoning. This policy was rolled out on a bipartisan basis, backed by both the Labour government and the National opposition[17].

Poor performing planning systems and restrictive zoning significantly impact the delivery of new housing supply.

[16] Ryan Greenaway-McGrevy and Peter C.B. Phillips, The Impact of Upzoning on Housing Construction in Auckland, University of Auckland, March 2022

[17] Red tape cut to boost housing supply, New Zealand Government, October 2021

Zoning in the US

The impact of restrictive planning systems are not just an Australian phenomenon. Modelling out of the United States found that housing supply constraints imposed by the planning system reduced people's mobility by essentially locking them out of a city[18]. This in turn limited access to employment opportunities, and negatively impacted aggregate economic output. The study found that relaxing planning constraints reduced spatial inequality and increased social mobility, as more workers would be able to move to high productivity cities and benefit from higher wages and amenities.

To this end, governments must ensure their planning systems are fast and efficient, reducing the uncertainty which leads to risk and impact on a project's overall viability. They must also ensure that zoning and planning controls are appropriately set so that existing infrastructure, jobs, and services are accessible to more people. The example of New Zealand is an instructive one, which facilitated new housing supply on a bipartisan basis, in recognition of the fact that urban sprawl and limitations on supply were detrimental to the nation.

Over the next several months, the BCA will undertake a comparison of regulatory environments across the nation. This will include planning systems of each state and territory, ranking them based on efficiency and complexity.

Governments must take action to fix poorly performing planning systems. Large scale upzoning (as has occurred in New Zealand), particularly where there is quality existing infrastructure, should be considered. There should be a national approach adopted to 'complying' or 'as of right' development, where proposals that meet pre-set requirements are fast tracked through approvals processes, including low impact medium density housing.

The federal government cannot vacate the field on this matter even if it is outside their direct jurisdiction. It is simply too important to the success of the nation. Incentives for improved planning system performance should play a role in helping lift the tide across the nation.

We also believe there must be a national net-additional dwellings target set that is tied to forecast population growth and housing demand, to drive planning systems in a way that supports the housing the nation needs. This should build on the more limited target in the National Housing Accord. It should give due consideration to both greenfield (new subdivisions and land release) and infill. These targets should be set for a 10-year period, given the time taken to deliver infrastructure and housing.

These targets should then be cascaded down for the action of state and territories, with linked funding incentives for meeting or exceeding targets, and penalties for failing to reach these targets. States and territories can then again cascade these targets down to local government areas, as some of them already do. This will provide a direct link, with specific incentives and penalties, between the forecast growth of the nation which is in part controlled by the federal government, and the net additional dwelling targets set by states and territories.

The federal government should set national net-additional dwelling targets over 10 years that are tied to forecast population growth. These would form the basis for state and territory targets that are linked to financial incentives and penalties. This should take into consideration both greenfield and infill development.

[18] Hsieh, Chang-Tai, and Enrico Moretti, Housing Constraints and Spatial Misallocation, American Economic Journal: Macroeconomics, 2019

Governments must have efficient planning systems, which facilitate new homes in areas where they are desirable.

- The federal government should incentivise states and territories to improve their systems and strive for best practice in timeliness and permissibility.
- Governments should consider upzoning areas with existing infrastructure and services to facilitate housing supply.
- National Cabinet should develop a consistent approach to complying residential development, including low impact medium density.

Finally, governments should explore ways for faster housing supply to be built. Innovations such as modular homes, where off site manufacturing is used to build components, can allow for high quality homes to be constructed faster than a bespoke development. A National Cabinet taskforce should examine this.

Planning regulations and building codes can present challenges to the adoption of these techniques given they are designed for conventionally constructed homes. Governments must remove regulatory barriers that prevent the deployment of new and innovative techniques where they would provide welcome efficiency and value, and instead provide pathways for easier approvals for these types of products.

A National Cabinet taskforce on modular and prefabricated housing should be set up to strip back excessive regulation that prevents or complicates their use, and instead support their fast-tracked delivery.

Infrastructure delivery and housing

Infrastructure is critical to support the supply of new housing. Sufficient transport, schools, medical facilities, green space, and other government and commercial services are needed to facilitate new dwellings. Many of these are already available in existing areas which may need to be upgraded and adapted to support additional housing supply. In greenfield areas these services need to be built from scratch, together with the delivery of utilities and local road infrastructure.

Infrastructure Victoria's work has found that building new infrastructure to service greenfield developments can be up to four times more expensive than adapting infrastructure in existing suburbs to cater for growth[19]. This is a salient issue for governments with limited capital budgets that need to choose projects for funding and expenditure judiciously to deliver the most benefit for citizens and taxpayers with limited budgets. In this respect accommodating growth in existing areas delivers a double dividend – it significantly reduces the cost to taxpayers of the infrastructure required to support growth (thereby freeing up government funds for expenditure elsewhere), and it also means existing residents are able to enjoy the benefits that come with upgraded or new infrastructure.

Community support for increased housing is also often tied to improved infrastructure. If services like transport, roads, or schools are not able to accommodate existing demand, residents will rightly ask how additional demand will be supported. Governments need to ensure that their infrastructure and growth planning is aligned so that the right investments are occurring to support new housing supply as it is delivered or in advance of its delivery.

Sufficient infrastructure capacity is vital to support new housing, and governments must deliver infrastructure to support new housing. In general, infrastructure investment is significantly more expensive to support greenfield areas than for infill development.

[19] Infrastructure Victoria, Our Home Choices, March 2023

The BCA has advocated for the need to ensure that there is proper planning and infrastructure delivery to support housing supply. We applaud the government's recent elevation of this issue to National Cabinet.

At a federal level, we believe there is an opportunity to tie a portion of infrastructure grants specifically to projects that have clearly defined and measurable housing supply outcomes. This would ensure that funding being provided to states, territories and councils for infrastructure delivery was guaranteed to support the structures necessary to see new housing delivered.

The federal government is currently reviewing its 10-year $120 billion pipeline of projects. As part of this process, funds should be reprioritised into projects that explicitly support the delivery of new housing supply. For example, funding for new roads or other infrastructure that service new housing land release areas. In the first instance, this should be targeted explicitly at existing land release areas that may have been zoned and are otherwise ready to proceed except due to lack of appropriate local infrastructure.

A portion of federal infrastructure grants should be tied directly to the delivery of a measurable number of new dwellings.

The current federal review into the national infrastructure pipeline should reprioritise funding into projects directly linked to new housing supply, targeting areas otherwise zoned and ready to proceed.

A decade long transport infrastructure boom

Over the last decade there has been a massive expansion in the investment in public infrastructure across the nation. This is particularly evident in the transport space, especially in our major cities. In Brisbane, Cross River Rail and Brisbane Metro are in delivery. On the Gold Coast, light rail has been delivered and is being extended. In Sydney, multiple new Sydney Metro lines are underway, as are new light rail services. In Canberra, extensions are being built for the new light rail. In Melbourne, the Metro Tunnel and Level Crossing Removal projects are pressing ahead, and new high-capacity signalling and trains are being rolled out. And in Perth, the Metronet program is nearing completion.

These transport developments across Australia's major cities will provide the backbone of new capacity to facilitate growth in jobs and homes. It is up to governments to make sure that the billions of dollars in investments being made will be well utilised and maximise the benefits they provide to both existing and new residents through appropriate planning and development around transit nodes. This is potentially a once in a generation investment, and it should not be squandered. The recent focus from the new NSW government on development in Sydney Metro precincts is a positive example of this.

There should be a strengthened focus on transit-oriented development in our major cities, taking advantage of the massive investment that has taken place over the last decade.

The impact of taxation

Taxation of housing is a vexed political issue in Australia, often focusing on the question of negative gearing concessions provided to investors. This policy debate serves to pit investors against potential owner occupiers, while doing nothing to address the actual supply of housing available for occupation. Changes to negative gearing and capital gains tax concessions may see some substitution between renting and owner occupation, but it does not solve the supply-demand imbalance that currently exists.

Meanwhile first homebuyer discounts (through stamp duty concession or other means) serve to fuel further demand while doing nothing to deliver new supply.

Instead, priority needs to be given to addressing taxes that deter mobility (to facilitate downsizing), and that add to the cost of new dwellings (serving to reduce viability of marginal projects).

Stamp duty serves to reduce mobility in the housing market by placing a larger taxation impost, a disincentive, on owners that want to move. This means that people in changed circumstance, for example empty nesters with large homes, are disincentivised by the tax system from downsizing and making a family sized property available for another larger household. ABS data shows that more than three quarters of households had at least one bedroom spare.[20] Some jurisdictions do offer discounts to downsizers, but these schemes have limitations and conditions imposed on them which restrict their usefulness. We have advocated for the replacement of stamp duty with an annual land tax, to address this issue fairly and remove this barrier to moving to the 'right sized' property. This could start by strengthening schemes specifically targeted at older demographics to enable downsizing. The federal government must support this transition by ensuring that GST relativities are not negatively impacted by these reforms, and potentially incentivising this transition.

Finally, governments need to consider the cost imposts they are placing on new housing supply through charges such as development levies. While ostensibly these make sense to help provide for necessary infrastructure, they also increase cost per dwelling. This inevitability leads to an overall reduction in supply of new homes as marginal projects are no longer financially viable.

On average developer contributions account for around 10 per cent of the cost of a new greenfield development and are more material than other taxes and charges levied by governments like stamp duty[21].

These contributions can be highly variable and create unexpected cost for a developer. The timing of promised infrastructure to be delivered via these contributions can substantially lag the delivery of housing, and there can be a lack of transparency as to how funds are spent.

There should be consistent and transparent processes and charges in place at a state or territory level, which set requirements for development upfront, and require timely and transparent delivery of infrastructure.

Governments should progressively remove stamp duty and replace it with land tax to remove friction in the housing market. Initial priority should be given to strengthening programs focused on enabling downsizers by removing barriers to mobility. The federal government should ensure settings facilitate this.

Development contributions need to be reasonably constituted and considered in the context of their impact on new housing supply. They must be reformed to be consistent and transparent across a state or territory.

Build to rent housing

Build to rent housing is a relatively new concept in Australia but has had long term success overseas in the United Kingdom and United States. Build to rent developments facilitate institutional capital investment in new housing supply that is made available for long term rental. Apartments are typically built with renters in mind, and facilities and services (including maintenance) are provided by the property owner, which is usually a large firm that is well placed to ensure the long-term quality of the housing stock provided.

Several states have put in place schemes that assist in the development of build to rent housing, and these developments are starting to appear in Australian cities. Federal taxation laws around GST treatment and the treatment of foreign capital put build to rent at a disadvantage compared to other real estate classes. This sharply contrasts with the actions of some of the states, which have put incentives in place to specifically encourage this type of development. The Queensland government for example has announced duty exemptions and land tax discounts for build to rent developments that include at least 10 per cent affordable housing[22].

The BCA strongly supports the federal government's recent moves to start rectifying these issues, particularly around changes to the treatment of foreign capital and depreciation.

[20] Housing Occupancy and Costs, Australian Bureau of Statistics, 2022
[21] National Housing Finance and Investment Corporation, Developer Contributions: How should we pay for new local infrastructure, 2021.
[22] The Hon Cameron Dick, Treasurer and Minister for Trade, Tax concessions to drive investment into affordable housing, March 2023.

If we are serious about addressing housing supply shortages, the government needs to harness investment in new housing supply including in the build to rent sector, rather than discouraging it. The government should work with industry and experts to remove impediments and grow opportunities to broaden the build-to-rent housing market, looking at taxation treatment, foreign investment restrictions, planning impediments and incentives, and funding and financing options. This includes the potential for new financing products that attract untapped capital to invest in the build to rent market to deliver additional supply. It also should look at the structures in place, both legal and social, to ensure that build to rent housing is more broadly adopted as a viable long-term housing option. Build to rent should become another form of sustainable and standard housing type across the nation.

This work should also examine appropriate incentives to provide a proportion of this housing for essential workers. This should draw on a broad range of participants including taxation experts, superannuation funds and other major investors, and planning experts. A summit that addresses these issues and considers and builds on the work commissioned in the National Housing Accord would give impetus to pushing ahead with delivery.

Convene a summit around how best to facilitate more build-to-rent housing:

- This should include superannuation funds and other major investors, taxation experts, planning experts, as well as the state and territories.
- Examine the remaining obstacles to delivery of build to rent housing in terms of tax, foreign investment, and planning hurdles; as well as potential incentives for developing this housing type, and new financing products.
- Appropriate incentives for essential worker housing as part of a broader build to rent model.
- Develop a framework that supports the broader adoption of build to rent as a long-term housing option.

The politics of new housing

The policy issues that impact supply often play out through local politics, which can result in significant barriers to new housing supply. Opposition to new housing can be a legitimate response to infrastructure deficiencies (as previously discussed), but it can also be driven by resistance to change by existing residents, particularly in established areas.

To quote Infrastructure Victoria, *"community objections create extra uncertainty and risk that discourages apartment development in established suburbs. Some residents and local governments are concerned that building higher density homes will negatively affect neighbourhood character and existing property values. Planning objections can add major time delays and costs to new developments"*.

The BCA believes it is important that the community have genuine opportunities to participate in the design of their communities. But at the same time, blanket objections to new development and its exploitation by some political actors especially in areas that are well served by infrastructure and near jobs and services, deny other residents the ability to access and live in well located areas.

A well-functioning planning system typically has community engagement and consultation up-front, when planning rules are being set for an area, rather than delaying these conversations and having fights around particular developments. The latter approach feeds community frustration and undermines business confidence.

Similarly, governments must make sure heritage protections are considered judiciously and have sound reasoning behind them, so they are not used inappropriately as a tool to stymie new development[23]. There are clearly important items of Australia's history that must be preserved. At the same time we also need to ensure that existing suburbs with high quality infrastructure and services can continue to house new people and jobs.

[23] Michael Koziol, Eastern suburbs councillor admits 'heritage' used to block development, The Sydney Morning Herald, 29 March 2023.

To be clear, this is not a feature or predilection of any one political party[24]. State and federal governments must take a stronger role here to make sure local concerns are balanced by the social and economic needs of the state and the nation in respect to housing supply.

Governments should ensure policies give due consideration to the need for new housing in areas with existing infrastructure, jobs, and services. Local concerns should be balanced with state and national economic and social need in respect to well-located housing delivery.

[24] Michael Koziol, When it comes to politicians and development, it's a pox on all your houses, The Sydney Morning Herald, April 2023

Conclusion

The current housing market is failing to produce sufficient supply to meet demand. Delivery of new housing has been falling since 2016-17.

While there is no doubt that as Australia's population increases over time, including from migration, there will be greater demand for housing, this is not the sole factor at play in the market. The fact that during COVID, Australia's two-year border closure saw migration halt and decline provides a unique real-world window to observe this. By the end of the 2023-24 financial year, net overseas migration will still be cumulatively 215,000 lower than pre-pandemic forecasts, and yet housing supply is still not keeping up with demand.

As a nation, we need to plan properly to meet the housing challenges for the future. This means both supporting a growing population, as well as ensuring there is new housing available to meet intrinsic domestic demand.

There is an unquestionable benefit of a strong and healthy migration program to Australia, to the economic strength of the nation and to the finances of governments, and therefore taxpayers[25]. The pandemic has provided a window into an Australia with zero or negative net migration. This period saw significant labour market shortages severely impact on the ability of businesses to meet customer demand. Our research shows that 60 per cent of Australians have been impacted by worker shortages. Two-thirds of Australians agree that properly planned and managed migration is a positive for Australia[26].

Attempting to address housing shortages by targeting a reduced population size is not a viable solution; it would curtail economic growth and undermine Australia's competitiveness.

Governments need to work with industry to deliver sufficient housing supply. This means reforming planning and zoning systems to facilitate appropriate development, rather than allowing new housing to be stymied by a subsection of vested interests. It also means planning infrastructure appropriately, including in existing areas, to facilitate renewal and appropriate densification. With major new infrastructure investments coming online across the nation, now is the opportunity to embrace a renewed approach to housing that provides choices of location and housing type across income levels and budgets.

This is necessary for successful cities, for a successful and growing economy, and for a healthy society that is attractive for the talent we need to maintain and advance Australia's position as a frontier economy. Prosperous cities and regions have always grown. Stagnation is a signal of economic decline, which is a problem no one in the community wants to experience.

[25] Business Council of Australia, A Migration System for Australia's Future, December 2022
[26] C|T Group, Business Council of Australia 'Seize the Moment' Research, May 2023

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BCA Regulation Rumble 2023

A guide to national best practice

September 2023

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Regulation rumble 2023 summary

Planning system

1st	**South Australia**
2nd	**Tasmania**
3rd	**Western Australia**
4th	Northern Territory
5th	Australian Capital Territory
6th	Queensland
7th	Victoria
8th	New South Wales

Bringing together the elements of efficiency, consistency, certainty, and transparency, the BCA finds that overall, the South Australian planning system ranks first in the nation. Conversely, the NSW planning system ranks last.

South Australia ranks well in terms of speed and efficiency of assessment. It has a single approach across the State, limited stop the clock provisions, and high levels of transparency. It does not however rank first in every metric, meaning that there remains room for improvement going forward.

On the other hand, while NSW ranks highly in transparency, it is the equal last performer in terms of time required to make a decision, it provides low levels of certainty given the excessive stop the clock provisions, and delivers poor consistency across the state with local councils having significant individualised approaches to controls and documents.

The BCA recognises that the new NSW government has flagged the importance of housing supply. This presents an opportunity to reform the NSW planning system to address these issues and help drive improvements in the competitiveness of the nation's biggest state. We also acknowledge and applaud the fact that this is an issue identified for action across the nation by National Cabinet, with states like Victoria also flagging potential reform.

Regulatory costs & trading

1st	**South Australia**
2nd	**New South Wales**
3rd	**Northern Territory**
4th	Tasmania
5th	Australian Capital Territory
6th	Western Australia
7th	Queensland
8th	Victoria

Considering taxes for employing workers, charges for owning or acquiring property, and the retail trading environment, the BCA finds that South Australia has the most conducive environment for encouraging business growth. Victoria comes last in this ranking.

South Australia ranks highly because it has no stamp duty on commercial property transactions and the lowest payroll tax rate for large employers. It also has a reasonably high threshold for when payroll tax kicks in, benefiting small businesses.

By contrast, Victoria has the highest stamp duty and equal highest payroll tax rate, as well as the lowest payroll tax threshold.

Victoria has recently implemented additional charges on businesses to assist its debt position. The BCA recognises that most jurisdictions experienced increased costs in efforts to manage the COVID-19 pandemic, however, selectively generating income from large businesses to fund these increased expenses makes these jurisdictions less attractive for future investment and job growth.

Providing a relatively low cost and efficient regulatory environment encourages future investment and new job creation.

Welcome to the BCA's *2023 Regulation Rumble*

This is the first edition of the BCA's *Regulation Rumble*, a jurisdictional scorecard that ranks regulation and business taxes across Australia's states and territories.

Regulation, red tape, and taxes make it more difficult and more costly to run a business. That means less jobs and less investment by the private sector.

As the BCA's *Seize the Moment* report released in August makes clear, the cumulative burden of regulation is a significant issue for companies around Australia. It adds costs, causes delays for customers, and limits flexibility.

Businesses face duplication and inconsistency across the Federation. Frequent changes to laws and regulations, and a poor understanding from policymakers and regulators of the complexity, time and cost of implementing these changes, is adding to the pressure. The patchwork of regulation across the nation discourages investment and is a barrier for companies to expand and trade across state lines or overseas. A competitive tax system and effective and efficient regulation are part of the economic fundamentals necessary for a more resilient, diversified, and dynamic economy.

A well-functioning Federation underpins the efficient delivery of government services and achieves better community outcomes for each dollar spent. State and territory governments should pursue reforms that benefit the economy. And yet recent ad hoc payroll tax increases in Victoria and Queensland will see businesses paying more than $2.2 billion additional tax each year – a disincentive for them to grow and create more jobs in those states. Companies will look elsewhere to do business and invest in new projects.

Australian cities are among the most expensive in the world for housing, as measured by median house price in comparison with median income. BCA-commissioned research shows that the cost of housing – the combination of mortgages and rents – is the biggest financial worry for Australians, above groceries, electricity prices, health costs, or petrol. Australia is failing to deliver enough new homes to satisfy demand, with growth in new housing supply falling.

The BCA's *Housing Australia's Talent* paper released in May, underscored that Australia critically needs more housing, and the nation's planning systems are holding the country back. This edition of *Regulation Rumble* has a specific focus on land use planning, together with state taxes on employment and property. If Australia is going to be successful in addressing housing affordability, then planning and stamp duty are some of the most important regulations and taxes to be fixed.

The research in this paper has been put together by experts in the planning industry, together with economists and policy experts with expertise in taxation.

These rankings capture a snapshot in time, in July 2023. We want all states and territories to have best practice regulatory settings. In the coming years, as reforms and changes occur, we absolutely want to see jurisdictions rise up the ranks as they seek to outperform others. Together this will lift Australia's productivity and facilitate further business investment and employment growth.

Recognising complexity and work underway

In the planning space, the BCA recognises that the larger more populous states are likely to face greater complexity in terms of the projects that they have to assess. That complexity naturally leads to systems that are designed to deal with greater variation and scale of project, and potentially longer decision-making timeframes. This is an additional burden that those systems need to carry which may not be faced by smaller jurisdictions.

The nation's governments around the National Cabinet table have recognised the need to reform planning systems. The BCA strongly supports the *National Planning Reform Blueprint*, the *Housing Support Program*, and the *New Home Bonus* announced in August. We also recognise that the governments in the two most populous states in NSW and Victoria have flagged they intend to pursue reform to help deliver more housing. If these reforms hit the right mark, then they will deserve applause given the urgent need.

Interpreting the rankings

Rankings are separated into distinct criteria that aim to objectively rank various elements of Australia's land use planning and business taxation systems across the states and territories.

Each rank presents the outcome across the jurisdictions from best performer to worst performer.

This methodology has been adopted to provide an objective perspective and ranking of the business environment created through the regulatory and tax systems in each state or territory.

The ranking relies on open-source data, data we collected, and information from each jurisdiction, to generate a rank for the following criteria:

Planning system performance

1. Efficiency in development application assessments.
2. Consistency in land use planning, based on standardisation, paperwork, and flexibility for proponents.
3. Certainty in land use planning, based on regulated timeframes, delegations, and development contribution approaches.
4. Transparency in land use planning.

Regulatory costs and trading environment

1. Payroll tax.
2. Land and stamp duty taxes.
3. Retail trading hours.

The ranking compares jurisdictions' land use planning performance and the cost of their taxation systems. Those ranked more highly are better placed to capture business investment and support employment growth.

Importantly, we have ranked the planning and taxation systems from a business and customer perspective, not from that of a department administering the system.

In respect to regulatory costs and the business trading environment, we recognise that the criteria above only examine a subset of issues, although these are particularly significant aspects of the business environment and provide a strong starting point for this first edition. Other costs and regulations such as delivery hour restrictions, licencing and registration requirements, varying WorkCover premiums, and other state-based taxes and levies also matter to business. These and other factors will be considered for inclusion in future editions of *Regulation Rumble*.

Further details of the methodology for rankings are in Appendix B.

Planning systems

BCA Business Council of Australia

Well performing planning systems

Australia is facing a dire shortage of housing, exacerbated by poorly performing planning systems that hold back delivery of new housing supply. The BCA outlined this problem in our May 2023 paper *Housing Australia's Talent*. As that paper found, there is insufficient supply of new housing being built in comparison to demand, at a time when housing affordability is declining. Poor performing planning systems and restrictive zoning significantly impact the delivery of new housing supply. It also constrains new business investment.

We have identified several elements to planning systems that together make for a high performing system. We have ranked the nation's planning systems based on these metrics, focused specifically on the delivery of new buildings (residential, industrial, hospitality, office, and retail, rather than infrastructure or resource extraction).

Efficiency

- Fast assessments for standard development applications
- Fast assessments for major development applications

Consistency

- Standardised local planning instruments
- Standardised zones and development categories
- Minimises layers of paperwork
- Proponent led rezoning provisions

Certainty

- Short timeframes for deemed decisions
- Minimises additional requests that extend decision times
- Delegated approvals
- Clear development contribution requirements

Transparency

- Centralised application portals
- Open data on performance

Efficiency in development application assessments

Tasmania leads in planning system efficiency. NSW and ACT are the least efficient.

Why we measured this

When development applications take too long to assess, business is put on hold, homes cannot be built, and jobs are not created. The cost of delay is passed on to consumers and home buyers. A web of complex, ambiguous and at times contradictory planning rules imposed by some planning authorities slows progress dramatically.

Faster planning decisions enable businesses to invest with certainty, reduce holding costs, and get on with any replanning of business operations in the event of planning refusal.

Development application turnaround times are ultimately the result of a planning system's ability to coordinate its sum parts and reduce inefficiencies between each step or requirement. A robust system that coordinates all parts and provides visibility about how all the requirements fit together is critical to improve efficiency.

Given its foundational importance as a key performance indicator which demonstrates the quality of the underlying planning system, we have placed significant value on this component when ranking overall planning performance.

What we measured

- Average turnaround times for standard development applications (valued under $30 million) and separately major development applications (valued at over $30 million) over the last three years. From a submission to a planning decision being made.

Planning system efficiency rankings

1st	**Tasmania**
2nd	**Western Australia**
3rd	**South Australia**
4th	Queensland
5th	Northern Territory
6th	Victoria
7th	Australian Capital Territory
	New South Wales

Key findings

Tasmania ranks first in efficiency of development applications. Average timeframes for development applications ranged from 107 days (around three and a half months) in Tasmania to 233 days in the ACT and NSW (almost eight months).

Tasmania's 28-day prescribed assessment period and the State's relative size and population are some of the factors that give it an advantage in achieving efficiencies. As the State grows and more complex developments emerge, Tasmania (along with Western Australia and South Australia) will need to ensure their systems remain fit for purpose, and not fall into some of the inefficiencies experienced in other jurisdictions.

Unclogging planning systems will free up resources

Most jurisdictions have a fast-track process in place for smaller developments. Developing faster approval processes for larger developments and utilising of fast-track development pathways for medium density developments will be critical for all jurisdictions. This will further free up resources for larger, higher density and complex developments.

We acknowledge that smaller and less populous jurisdictions (Tasmania, Western Australia, South Australia) have some built-in advantage given they are likely to have lower numbers and complexity of applications requiring assessment, consultation and determination. Nevertheless, these lower turnaround times are what is being experienced by project proponents in the system.

The application of urban development programs to identify where latent planning capacities exist will also free up resources by identifying development ready lands that can be leveraged immediately, rather than attempting complex planning applications to find more development ready lands.

Holding time on development applications is a high cost to business

Development application times vary from as little as a few days through to over a year across Australia's jurisdictions. This range of development application approval times in all jurisdictions causes significant uncertainty for businesses. The longer the wait, the higher the cost borne by businesses in holding time. Additionally, this causes imbalances in efficiency and costs for businesses that operate nationally across their own portfolios. The cost of holding time and unpredictability is borne by the applicant rather than the planning authority. This will need to be targeted for improvement if we are to see collaboration and trust emerge in planning systems.

Unique elements can assist in speeding processes

Some states have particular elements in place that can speed the processing of applications. Deemed approvals and exempt or complying development pathways are some common examples that can help reduce time taken, but there are other measures that individual jurisdictions have implemented that have also assisted processes.

In Queensland for example, the fastest performer of the big three east-coast states, the State Assessment and Referral Agency makes it easier and faster to obtain concurrence-type approvals from government authorities that input into the planning process (such as transport or emergency services). Queensland has also amalgamated (larger) councils in place, meaning better resourced and more broadly focused local government.

Consistency in land use planning

South Australia has the most consistent planning system. Queensland has the least.

Why we measured this

Having standardised and easy-to-follow planning controls enables business to navigate planning systems themselves and save on the cost of external advice and the time taken to interpret requirements. Standardised planning instruments, land use zones, development types, permissible developments and mandated controls across entire states and territories provide clarity and easier application for businesses.

Limiting the number of planning and development control documents also helps reduce search time for planning codes and standards that may apply to a development. However, standardised rules may limit local development potential, so balancing streamlining with desired local outcomes is important.

Planning scheme amendments, such as rezoning applications, allow for flexibility to proactively change land uses in response to shifts in demographics to support a growing population, to capitalise on infrastructure investments such as new rail stations, and as industry needs change such as advanced manufacturing and employment centres.

What we measured

- Standardised instruments that enable ease of interpretation and mobility of business.
- Standardised zoning that provides clarity of interpretation and application.
- Number of planning documents beyond standard instruments.
- The ability or otherwise for planning scheme amendments (such as re-zoning applications).

Planning system consistency rankings

1st	**South Australia**
2nd	**Australian Capital Territory**
3rd	**Northern Territory**
	Tasmania
5th	Victoria
6th	Western Australia
7th	New South Wales
8th	Queensland

Key findings

South Australia ranks first in our consistency in land use planning scorecard. It has a consolidated document approach which represents best practice in Australia.

The key balancing act for jurisdictions with consolidated planning approaches is accommodating local nuances where a one size fits all approach may not work. Queensland for example does not allow for rezonings, resulting in many local variances in zoning, making it difficult for businesses operating across different local jurisdictions to interpret zoning or for the system to mature to a state-wide standardised zoning scheme.

Our research indicates that the volume of planning documents in operation range from one consolidated planning document in South Australia through to over 520 in NSW.

Jurisdictions that have multiple layers of documentation and decentralised planning often have complex systems to navigate, as there are more planning documents in operation such as local statutory planning instruments and local development control plans.

Flexibility is good for businesses when its needed

In Queensland, land zonings cannot be amended by a proponent. Regardless of zoning however, a wide range of developments are permissible, therefore there is little need for statutory planning scheme amendments. In this regard, merit is driving land use decisions and outcomes, not prescribed zones. However, in cases where a rezoning may be necessary or to adapt to changing land use planning needs, there is little recourse available to businesses to achieve this. In addition, in Queensland local zoning categories and naming variances occur across multiple local government areas, with businesses having to reinterpret zones in each area.

Simplicity and consistency helps business interpret planning codes and laws

The *Planning and Design Code* is the cornerstone of South Australia's planning system, which replaced all council development control plans to become the single source of planning policy for assessing development applications. In NSW in comparison, each local jurisdiction has their own local development controls and the discretion to include or exclude a range of developments which are not mandated at the state level, with often conflicting outcomes.

Standardisation reduces complexity when operating across jurisdictions

While some jurisdictions, such as NSW, have standardised planning templates for local councils to follow, the ability for local authorities to add excessive detail can result in more complexity in assessments. Incorporating the nuances of locality while retaining the beneficial principles of standardisation is a required balancing act for all jurisdictions. However, the sheer number of localised planning and development controls to navigate tips this balancing act towards being a burden given the complexity created. In NSW businesses struggle to gain quick answers to their planning and development queries and often need to procure specialised expertise to navigate complexity due to the number of localised and state-wide planning controls.

In Queensland, the state-level planning act sets a framework for planning controls however it is not the mechanism for mandating development zones. Each local government body regulates its own zoning in its local government area, which means that what should be 'like-for-like' zones can actually differ across the State and require re-interpretation by businesses that develop land in multiple local jurisdictions.

Certainty in land use planning

The ACT planning system delivers the greatest level of certainty. NSW the least.

Why we measured this

Embedding enforceable approval or refusal timeframes in planning systems enables businesses to plan for forthcoming decisions with certainty and reduces holding time costs. The ability for planning authorities to stop the clock and seek further information from businesses should be minimised or removed entirely, as it creates further delays, inefficiencies, and uncertainty.

Having planning approval delegations in place can relieve decision making bottle necks in the system while also depoliticising decisions to create more certainty on turnaround times.

The integration and negotiation of significant developer contributions for state infrastructure within a planning system can create uncertainty. Finding consensus and certainty between a planning authority, infrastructure providers, and applicants can be more difficult without simplified contribution systems.

What we measured

- A statutory timeframe is prescribed for deemed decisions by planning authorities on development applications.
- The ability to stop an assessment and seek additional information is constrained.
- Delegation is available to streamline bureaucracy and simplify procedural processes.
- Developer contributions have simple pathways for implementation.

Planning system certainty rankings

1st	**Australian Capital Territory**
2nd	**South Australia**
	Western Australia
4th	Tasmania
5th	Northern Territory
	Queensland
	Victoria
8th	New South Wales

Key findings

The ACT provides the most certainty to proponents with their mandated decision-making period and stop the clock provisions. It also does not formally legislate developer contributions and instead applies a betterment style levy as part of leasehold agreements where infrastructure has either been built or requires significant upgrade.

The extent of developer contributions and their collection methods is becoming a source of confusion and uncertainty, particularly where negotiated contribution pathways are being wrapped up in the development application process or prevent development from transitioning to construction. NSW is seen to have the least certain developer contributions regime, which is a significant reason for its low ranking in this scorecard.

Deemed decisions are the legal timeframes for when a decision maker must determine an application. If a decision has not been made it enables the proponent to trigger a legal pathway, such as a court challenge, to bring the assessment to conclusion. Periods for deemed decisions on planning applications range from as low as seven calendar days in South Australia for minor applications, to as high as 120 days in Western Australia for major applications.

'Stop the clock' puts a stop to doing business

'Stop the clock' provisions are where a planning authority requests additional information from a proponent, and the time taken to provide this information is not included in the statutory timeframe for decisions, essentially stopping the clock for a decision. This means that while most jurisdictions have statutory time frames for development application assessments (for instance, Tasmania has one of the shortest in comparison to other jurisdictions), the real timeframe for development assessment can vary significantly and without certainty. In South Australia, a council has the first 10 days after an application has been submitted to request further information and can only stop the clock once. In Queensland, an applicant must agree to stop the clock before it is triggered. In NSW and Tasmania, however, there is a 28-day window for stopping the clock. In all cases stopping the clock triggers delays and uncertainty. Fostering a culture where the planning authority and proponent work together to arrive at mutually beneficial decisions would negate the need for stop the clock provisions.

Mandated decisions provide certainty

There needs to be an onus on planning authorities to arrive at decisions in a timely manner to enable proponents to move forward with confidence. 'Deemed decision' mechanisms provide accountability including the option for a proponent to trigger a decision within a legal framework. In most cases the applications are 'deemed' as refused with an appeal capable of being made to the relevant tribunal or court at considerable expense to all parties. Queensland and Tasmania have the shortest timeframes enabling a process to move forward earlier, and even provide a 'deemed approval' mechanism for simpler matters providing the fastest and most positive way forward. While South Australia has short timeframes for simpler matters it also has the longest timeframes for more complex matters meaning a significant proposal can be within the system for longer without clarity of a resolution.

Developer contributions

Developer contributions add cost to new developments and can also add significant uncertainty given the time and mechanism for charges being levied. If a development is too costly or those costs are uncertain and appear arbitrary, it reduces the likelihood a development will proceed. That means less homes or new workplaces (and associated jobs) delivered.

Development contributions should be clearly articulated upfront, and be reasonable in their scope, so they do not stifle new development. Planning systems that enable planning departments and developers to enter into voluntary developer contribution negotiations on a project-by-project basis and linked to planning approvals, as can be done in NSW and Victoria, can create significant uncertainty in both time and outcome. Jurisdictions like Tasmania however have simplified and independent developer contributions schemes, and payments can be made over time to help with financing with limited use of negotiated agreements being only applied to significant land requiring infrastructure works.

Delegations

Delegations exist across all jurisdictions and provide fit for purpose decision making so that simple matters can be dealt with quickly, while greater rigour and expertise is focussed on more significant matters. Recent introductions of independent assessment panels in a number of states has been seen to be a positive measure with independent experts reviewing the merits of complex proposals. South Australia and Western Australia were found to have the best spread of delegations to deal with the range of complexity of projects while the Australian Capital Territory and Northern Territory had the least range of delegations.

Transparency in land use planning

South Australia and NSW lead on transparency. Tasmania places last.

Why we measured this

Trust comes from being transparent with applicants so that they know what is likely to occur, when, and what they need to do to ensure a development application will be progressed through assessment.

Technology has the power to significantly shift not only the efficiency and effectiveness of the planning system, but to support businesses and the development industry by providing transparency on time taken for applications, instilling trust and certainty with use of technology, and providing data and intelligence for businesses to make better decisions.

What we measured

- The extent of on-line web portals for applicants to view planning controls and track and lodge applications.
- The extent of open data provided about development process performance (e.g. development assessment timeframes, types of applications lodged, determinations) issued by state and territory governments.

Planning system transparency rankings

1st	**New South Wales**
	South Australia
3rd	**Victoria**
4th	Western Australia
5th	Australia Capital Territory
	Northern Territory
	Queensland
8th	Tasmania

Key findings

South Australia and NSW top our transparency in planning scorecard. Their investments in bringing technology into planning and producing open-source data helps to better understand and navigate planning approval pathways for applicants and identify where blockages occur.

In Victoria a Planning Permit Activity Report is required to be publish monthly by local councils that describes the applications lodged, timeframes, appeals, and further information requests, and has a standardised format.

Jurisdictions that adopt technological solutions will need to leverage these capabilities and progress to the introduction of automation. Those that have not adopted new technology will have significant catching up to do.

One-stop online planning systems

NSW local councils have long been utilising online systems for development application lodgements, but the shift to a state-wide Planning Portal (from 2021) has standardised how applications are lodged and the collection of data. The NSW planning portal enables applicants and authorities to track the progress of an application, while prospective applicants can search for planning controls that apply to their land to inform their decisions.

In Queensland and Tasmania, by comparison, online development application portals are inconsistently taken up by local councils and consolidated planning controls across all local council areas cannot be viewed in one online system.

Transparency provides certainty

Knowing what is going to happen next in the development application process, how long it will take on average, and what needs to be done are important to businesses. In NSW and South Australia, technology-based systems assist applicants in knowing where they are up to in the process and provide transparency around the decisions being made on their proposals by authorities.

Transparency builds trust

Open data demonstrates a planning system's effectiveness in delivering planning decisions and enables proponents to understand the environment in which their development proposal is being assessed. A strong culture of data and information sharing will improve trust between planning authorities and industry.

In Victoria there is an overarching performance report program to promote council transparency, accountability and performance on planning approvals with the State providing an online dashboard of monthly, quarterly and annual reporting of planning application data across councils.

In Queensland, the State Assessment and Referral Agency publishes annual key performance indicators to drive and maintain a high-level of performance, professionalism and efficiency in planning when the State government becomes involved in assessing development applications. However, this is limited to planning approvals involving State agencies and there is limited open information on local council performance.

Technology-based tools provide a platform for collecting, analysing and presenting performance data in a consistent and interpretable way, as well as enabling authorities to report on progress and demonstrate accountability to the public more readily.

Accountability is the next step

While transparency is an important part of the process, this will need to be followed by accountability for performance of the system. There are many different actors at play in each planning system, including central state/territory planning authorities, other government departments, independent assessing bodies or panels, and local councils. Each actor needs to be held to account for their performance in how applications are assessed if we are going to see improvements going forward.

Planning system combined ranking

1st	**South Australia**
2nd	**Tasmania**
3rd	**Western Australia**
4th	Northern Territory
5th	Australian Capital Territory
6th	Queensland
7th	Victoria
8th	New South Wales

The National Cabinet's focus on planning systems to solve the issue around housing supply underscores how important it is to get planning regulations right for the nation's success. The fact that NSW and Victoria, combined almost 60 per cent of Australia's population, come last and second last significantly impacts on housing affordability. All governments must strive to reduce complexity and improve the timeliness of planning systems. This means:

- Simplifying multiple planning instruments into one common state-wide instrument that allow for, but limits, complex local variations. This will enable businesses to better navigate planning requirements, create familiarity, and reduce delays in development approvals.
- Initiate a "mandated decision" approach instead of "deemed refusal" for development assessments, remove stop the clock provisions, and enforce timeframes for planning authorities to make decisions. This will put the onus on both planning authorities and proponents to arrive at mutually beneficial decisions, while providing more certainty to businesses on timeframes and instilling accountability for planning authorities when decisions are not reached.
- Enable more permitted development uses in zones and limit the number of zones to avoid the need for rezonings. This will enable developments with good outcomes and intent to proceed without needing complex amendments.
- Adopt digital solutions for planning requirements to allow businesses to more easily find what is acceptable when lodging a development application, and to keep track of it. This will provide transparency and build trust between all parties involved in development application processing and assessments.
- Establish clear accountability for individual actors in the system, linked to transparent metrics for each part of the planning process. When one part of the process is underperforming, it should be addressed quickly.
- Ultimately, if the Commonwealth government and National Cabinet want to achieve and reward demonstrable improvements in planning processes, there should be a single agreed system for assessing jurisdictional planning performance, updated annually.

The BCA's *Housing Australia's Talent* paper contains other recommendations to improve housing delivery.

Improvements in state and territory planning systems will also need to be coupled with reform to the Federal Environmental Planning and Biodiversity Conservation (EPBC) Act, to create a streamlined system for projects that also trigger the requirements of that process.

Regulatory costs and trading environment

Ranking regulatory costs and the trading environment

Over the last two years, business operating costs have risen greatly. The increases in operating costs impact business confidence and can deter future investment and expansion. In addition to increases in operating costs, business taxes have also been increasing.

There are various taxes that are legislated and levied by the states and territories, which creates a differential cost environment for business. Jurisdictions charge differing rates, creating various business locations with higher (or lower) costs. A higher cost environment can dampen the appetite for a business to invest.

As our recent *Seize the Moment* report makes clear, the tax system should raise revenue with the least possible cost to society by minimising distortions to the way we work, save and invest. Payroll tax is a tax on jobs. Stamp duty increases the cost of buying a house, and discourages people from upsizing or downsizing their home, or from moving closer to a new job. It also makes it harder for small businesses to relocate as they grow.

The analysis in this section takes the approach of comparing the highest headline rates, as this is a key factor in determining the tax applicable, particularly for large investments. It also provides an early signal/benchmark for investors when making comparisons across jurisdictions.

Other regulatory areas, such as retail trading legislation, also differ amongst the states and territories. Restricting the hours that a business can operate can reduce the income that a business could have otherwise generated, representing an opportunity cost. It also inconveniences customers and reduces opportunities for staff.

Together, these regulatory factors impact businesses differently across jurisdictions, creating an environment where it can be more (or less) expensive and difficult to operate in one state or territory compared to another.

Tax on employing workers

Low payroll tax rates with high thresholds to exclude small businesses

Cost of owning or acquiring property

Low land tax rates

Low or no stamp duty

Business hours

Unrestricted retail trading hours

Tax on employing workers

South Australia's payroll tax system ranks first. Victoria's ranks last.

Why we measured this

Payroll tax is an additional cost that business must adsorb when they hire more staff. That can deter a business from expanding and hiring workers in a particular jurisdiction, which is counterproductive for governments seeking to create more jobs.

We have measured the highest payroll tax rates used in each jurisdiction (inclusive of any surcharges that have been added), as this is the rate that large employers are likely to be subjected to. We have also considered the threshold at which payroll tax kicks in, because this dictates how likely a small business is able to avoid the payroll tax system.

What we measured

- Highest payroll tax rates charged and the thresholds when payroll tax kicks in.

Tax on employing workers rankings

1st	**South Australia**
2nd	**New South Wales**
3rd	**Northern Territory**
4th	Western Australia
5th	Queensland
6th	Tasmania
7th	Australian Capital Territory
8th	Victoria

Key Findings

South Australia has the lowest payroll tax rate for large employers. It also has the second highest threshold, together with the Northern Territory. By contrast, Victoria and the ACT together have the highest payroll tax rate once Victoria's recent mental health levy and COVID debt levy are included. Additionally, Victoria has the lowest threshold for its payroll tax system (ACT having the highest), meaning more small and medium businesses will be caught by the system.

Payroll tax is a tax on jobs

Payroll tax is literally a tax on jobs, charging employers for the wages they pay to workers. A national business must also deal with eight different payroll tax regimes with differences in rates, thresholds, exemptions and administration across the country.

Increasing taxes on business detracts from investment and jobs

Payroll tax legislation differs in each state or territory, and some jurisdictions have made recent changes. In recent budgets, Queensland and Victoria have added an additional charge, a mental health levy and a mental health and wellbeing surcharge, respectively. These additional charges were added as an increase to the payroll tax rate for those businesses with taxable wages of $10 million or more.

In the 2023-24 Victorian Budget, further changes were also announced, including the introduction of a COVID debt levy, increasing the payroll tax rate for businesses with taxable wages over $10 million. The increase in payroll tax rate doubles for businesses with taxable wages over $100 million.

Similarly, the 2023-24 ACT Budget has included a new surcharge on payroll tax, which will come into effect from 2025. Because this is not yet in effect, it is not yet reflected in the rankings. Once in effect it would push the territory's top payroll tax rate, already equal highest with Victoria, to the stand-alone highest in the nation.

Thresholds keep small business out of the system

Each state and territory sets a threshold which their payroll must exceed to become eligible to pay payroll tax. This means that small and some medium businesses are not liable for payroll tax. The ACT has set the highest threshold in the nation at $2 million, meaning businesses with payrolls under that amount are exempt in the territory's tax system. Victoria's $700,000 threshold is the only one in the nation under the $1 million mark. Although it is gradually being increased in 2024 and 2025, it will still be one of the lowest in the nation.

Special payroll tax settings

The Victorian and Queensland payroll tax systems are unique in that they have special, reduced rates for regional employers. This lower rate applies if at least 85 per cent of a business' taxable wages are paid to regional employees, and for Queensland the principal place of employment is also in a regional area. We have not taken this carve out into account in our ranking, given it is not available to a typical business.

Cost of owning or acquiring property

Tasmania and ACT have the lowest land charges in the country. Victoria and Queensland have the highest.

Why we measured this

Land tax and stamp duty add cost for business on holding or trading land, such as the legal transfer of property (including a business, real estate, etc.). Given the focus of this scorecard on the cost of doing business, the rates used in this comparison are those levied on business property, rather than on residential property. If a residential lens was applied, these rankings would be different, as some states do not levy land tax or stamp duty on business land transactions.

Both land and stamp duty taxes contribute to the cost of doing business. Land tax becomes an annual cost of operations, while stamp duty is a one-off payment for acquiring property, effectively increasing the cost of purchase. While land tax is often less than stamp duty, over time it can add up to be substantially more. Conversely, stamp duty is economically inefficient, discouraging and penalising economic activity.

As each jurisdiction has separate legislation, land tax and stamp duty vary across jurisdictions creating different costs in each state or territory.

What we measured

- Highest land tax rates levied on businesses.
- Highest stamp duty amounts levied on businesses.

Charges for owning or acquiring property rankings

1st	**Australian Capital Territory**
	Tasmania
3rd	**South Australia**
4th	New South Wales
	Northern Territory
6th	Western Australia
7th	Queensland
	Victoria

Key findings

Tasmania ranks first in this category by offering the second lowest land tax rate and second lowest rate for stamp duty. The ACT also ranks first with no land tax charged on commercial property, and the third lowest rate of stamp duty.

The Northern Territory also has no land tax but has the second highest rate of stamp duty. In a similar manner, South Australia does not charge stamp duty for commercial or industrial property, however, its land tax rate is the fourth highest, relegating South Australia to third position overall in this scorecard.

Victoria has the highest stamp duty rate, together with the third highest land tax rate which is why the state is at the bottom of the ranking. Similarly, Queensland has the highest rate of land tax and the third highest rate of stamp duty.

Some states add an additional levy for infrastructure or service costs

Western Australia charges a Metropolitan Region Improvement Tax (MRIT) for property owners in the Perth Metropolitan Region and the ACT Government charges City Centre marketing and improvement levy (CCMIL) as well as a Police, Fire and Emergency Services Levy. These charges are added to the land tax, increasing annual costs for businesses.

Given the varying nature of these charges (i.e. focused on different geographic areas), we have not included them in the overall rankings.

Surcharging, exemptions and concessions are targeted differently

Many states charge an additional duty or surcharge to foreign property purchasers. The ACT also charges a commercial lease duty for leases that paid a 'premium' over 25 per cent above market value, as this transaction is considered a transfer of the property.

A variety of jurisdictions provide concessions or exemptions of stamp duty for purchases of new homes by certain groups of purchasers, usually first home buyers or pensioners.

Again, these varying amendments to the taxation system have not been included in the overall rankings, given they are targeted to only portions of the market.

Victoria's recent changes in land taxation arrangements

In the 2023-24 Victorian budget, the government has introduced a temporary land tax surcharge to raise revenue to pay off debts associated with the COVID pandemic. This will make Victoria the most expensive jurisdiction for land tax in the country for properties valued over its threshold of $25,000.

The Victorian government also announced the abolishment of transfer duty on commercial and industrial property and the replacement with an annual property tax equivalent of 1 per cent of the unimproved land value.

Both these changes are yet to start, and so are not incorporated into the current rankings.

Trading hours

The Northern Territory and ACT have no restrictions. Queensland, South Australia, and Western Australia are the most restrictive.

Why we measured this

Retail trading hours are regulated at the state and territory level. Restrictions placed on retail trading can hinder business sales while the provision of unregulated trade can afford businesses the freedom to open when they believe their customers have needs. Businesses know their customers the best and are ideally positioned to understand what operating times will best meet the needs of customers. If there is not a market need, businesses will decide not to open and trade.

What we measured

- Legislated restrictions on retail trading.

Retail trading hours ranking

1st	**Australian Capital Territory**
	Northern Territory
3rd	**New South Wales**
	Tasmania
	Victoria
6th	Queensland
	South Australia
	Western Australia

Key findings

With no legislated trading hour restrictions, the Northern Territory and ACT offer the best flexibility for retail traders.

Conversely, Queensland, South Australia, and Western Australia have the most restrictive trading hours in the nation.

While states have progressed, there are many restrictions still in place

Over time, retail trading legislation has evolved in many jurisdictions, however, other jurisdictions have retained a more traditional operating environment. The Northern Territory and the ACT have no restrictions on retail trading hours. Other states such as Victoria, NSW, and Tasmania have largely unrestricted retail trading environments, except for some restricted public holiday trading days.

Queensland, South Australia and Western Australia have maintained regulation of trading. These states also have varying restrictions based on different geographic areas, with regional areas often allowed fewer trading hours compared to the capital city regions.

Queensland's retail trading hours depend on type of business and location

Queensland's retail trading hours are based on the type of shop and its location. Many retail shops are classed as 'exempt' and can trade freely, but supermarkets, department stores and hardware shops (as well as businesses selling motor vehicles or caravans) have been classed as 'non-exempt'. Daily trading hours for these businesses are dictated by their geographic area, which has been classed into one of four types. Businesses in a type 4 trading area have the most restricted trading hours, including not being able to trade on Sunday. Type 4 trading areas are typically found in smaller, regional towns.

South Australia regulates trading hours based on location, size and product

In South Australia, where a shop is located, its size and what it sells will determine its status as 'exempt' or 'non-exempt' and subsequently the permissible trading hours. The state has three shopping categories including the CBD Tourist Precinct, Metropolitan Shopping District and three small Proclaimed Shopping Districts in regional areas. South Australia has identified many retail shops as exempt, which can trade freely, however, non-exempt shops as well as specialised retail such as hardware, furniture, and motor vehicles have to trade within the hours dictated by their location. Generally speaking, Sunday trade is allowed except for the three Proclaimed Shopping Districts. Reforms in 2022 extended Adelaide trading hours on Sundays

Western Australia has restricted hours of trade, but exemptions are available

Western Australia restricts its retail trade based on the type of retail shop and geographic location (either in the Perth Metropolitan Region or outside of it). All shops are classed as general retail shops unless they are included in a specialised category that is relatively unique. Businesses in the Perth Metropolitan Region generally have fewer restrictions than shops in regional areas (including the ability to trade on some public holidays and Sundays). However, Western Australia allows local governments to seek extensions to trading hours for general retail shops. Many communities across the state have done this and have unrestricted trade or more accessible trading hours than the Act prescribes.

There are restrictions beyond legislation

While this rating focuses on legislated trading hour restrictions, it is important to note that there are other regulations that can impact and restrict trading hours. In particular, planning controls and individual planning approvals can place requirements on when a business can and cannot open or receive deliveries.

Combined regulatory costs and trading ranking

1st	**South Australia**
2nd	**New South Wales**
3rd	**Northern Territory**
4th	Tasmania
5th	Australian Capital Territory
6th	Western Australia
7th	Queensland
8th	Victoria

A positive business environment encourages investment and job creation. Taxes like payroll tax directly target companies based on the fact they are providing job opportunities in a jurisdiction, and discourage employment. Transfer duties on land (stamp duty) discourages the efficient use of property by penalising property sales, discouraging 'right-sizing' and mobility. While land tax is a charge that is faced by business and impacts the competitive landscape, it does encourage efficient use of property. Retail trading hours impose opportunity costs on business, inconvenience the general public, and deprive retail workers of the choice to work. To this end:

- Stamp duty should be abolished. Stamp duty is a relatively high, non-recurrent cost for business and for homeowners. It can place a strain on cashflow, investment, and financing. Stamp duty can discourage new housing development as the duty is paid twice: once by the developer when the land is acquired and again when the owner buys the house. By abolishing stamp duty and replacing it with an annual property tax, much smaller, regular payments can be more easily absorbed by individuals or businesses.
- Retail trading hours should be deregulated. Most states and territories have moved to largely deregulate retail trading hours, but Queensland, Western Australia, and South Australia are the last holdouts. Deregulating retail trading hours will simplify the regulatory system for businesses and allow them to trade in line with market and consumer demand. The ability to shop when convenient is what is expected from customers in the 21st century.
- The payroll tax system in Australia is complex, particularly for businesses that operate across multiple jurisdictions. It is literally a tax on jobs. Given the way payroll tax is structured, it can act as a financial penalty for a growing business. Payroll taxes should be harmonised nationally and rates reduced, with a simple single national platform to simplify compliance for businesses that operate across multiple jurisdictions and minimise government charges for businesses to employ people.

The Business Council's *Seize the Moment* report contains a broader range of recommendations to improve the business environment in Australia, boosting investment and productivity.

Appendix A
Jurisdictional Ranking Cards

BCA

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Australian Capital Territory

Planning system	5th out of 8
Efficiency in development application assessments	7th
Consistency in land use planning	2nd
Certainty in land use planning	1st
Transparency in land use planning	5th

Regulatory costs and the trading environment	5th out of 8
Tax for employing workers	7th
Charges for owning or acquiring property	1st
Retail trading hours	1st

Excelling in:

- standard planning instruments
- standard planning provision
- stop clock provisions
- development contributions
- digital development application tracking
- land tax rates for businesses
- retail trading hours.

Needing improvement in:

- major development application determination timeframes
- planning delegations
- planning data transparency
- payroll tax rate.

New South Wales

Planning system	8th out of 8
Efficiency in development application assessments	7th
Consistency in land use planning	7th
Certainty in land use planning	8th
Transparency in land use planning	1st

Regulatory costs and the trading environment	2nd out of 8
Tax for employing workers	2nd
Charges for owning or acquiring property	4th
Retail trading hours	3rd

Excelling in:

- digital development application tracking
- planning data transparency
- payroll tax rate
- retail trading hours.

Needing improvement in:

- development application determination timeframes
- layers and complexity of planning documents
- development contributions.

Northern Territory

Planning system	4th out of 8
Efficiency in development application assessments	5th
Consistency in land use planning	3rd
Certainty in land use planning	5th
Transparency in land use planning	5th

Regulatory costs and the trading environment	3rd out of 8
Tax for employing workers	3rd
Charges for owning or acquiring property	4th
Retail trading hours	1st

Excelling in:

- standard planning instruments
- standard planning provision
- stop clock provisions
- digital DA tracking
- land tax rate
- retail trading hours.

Needing improvement in:

- standard development application determination timeframes
- deemed decision timeframes
- planning delegations
- planning data transparency
- stamp duty rate.

Queensland

Planning system	6th out of 8
Efficiency in development application assessments	4th
Consistency in land use planning	8th
Certainty in land use planning	5th
Transparency in land use planning	5th

Regulatory costs and the trading environment	7th out of 8
Tax for employing workers	5th
Charges for owning or acquiring property	7th
Retail trading hours	6th

Excelling in:

- deemed decision timeframes
- planning date transparency.

Needing improvement in:

- standard planning provisions
- layers of planning documents
- stop clock provisions
- digital development application tracking
- land tax rate
- stamp duty rate
- retail trading hours.

South Australia

Planning system	1st out of 8
Efficiency in development application assessments	3rd
Consistency in land use planning	1st
Certainty in land use planning	2nd
Transparency in land use planning	1st

Regulatory costs and the trading environment	1st out of 8
Tax for employing workers	1st
Charges for owning or acquiring property	3rd
Retail trading hours	6th

Excelling in:

- standard planning instruments
- standard planning provision
- layers of planning documents
- planning delegations
- digital development application tracking
- payroll tax rate
- stamp duty rate.

Needing improvement in:

- deemed decision timeframes
- stop clock mechanisms
- retail trading hours.

Tasmania

Planning system	2nd out of 8
Efficiency in development application assessments	1st
Consistency in land use planning	3rd
Certainty in land use planning	4th
Transparency in land use planning	8th

Regulatory costs and the trading environment	4th out of 8
Tax for employing workers	6th
Charges for owning or acquiring property	1st
Retail trading hours	3rd

Excelling in:

- development application determination timeframes
- standard planning provision
- land tax rate.
- stamp duty rate
- retail trading hours.

Needing improvement in:

- stop clock provisions
- digital development application tracking
- planning data transparency
- payroll tax rates.

Victoria

Planning system	7th out of 8
Efficiency in development application assessments	6th
Consistency in land use planning	5th
Certainty in land use planning	5th
Transparency in land use planning	3rd

Regulatory costs and the trading environment	8th out of 8
Tax for employing workers	8th
Charges for owning or acquiring property	7th
Retail trading hours	3rd

Excelling in:

- planning data transparency
- retail trading hours.

Needing improvement in:

- layers of planning documents
- development contributions
- payroll tax rate
- land tax rate
- stamp duty rate.

Western Australia

Planning system	3rd out of 8
Efficiency in development application assessments	2nd
Consistency in land use planning	6th
Certainty in land use planning	2nd
Transparency in land use planning	4th

Regulatory costs and the trading environment	6th out of 8
Tax for employing workers	4th
Charges for owning or acquiring property	6th
Retail trading hours	6th

Excelling in:

- standard development application determination timeframes
- planning delegations
- payroll tax rate.

Needing improvement in:

- layers of documents
- standard planning instruments
- deemed decision timeframes
- land tax rate
- retail trading hours.

Appendix B

Methodology

BCA

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Methodology of rankings

The following outlines the methodology used to collect and collate information to produce an objective comparison between jurisdictions.

Identification of criteria

Planning and taxation systems are complex and detailed as they cover a diverse range of issues and stakeholders. A long list of elements were collated, that were considered critical to the performance of the planning and tax systems. The following considerations were applied to refine the indicators:

- the most influential in the ability for a business to get things done;
- objectively measurable through open source data; and
- could be measured over time to demonstrate changes in performance.

Collection and ranking

Information on planning systems and frameworks was collected by a leading urban planning firm from open-source information primarily from state and territory government websites. Determination efficiency was sourced from a data research firm who monitor a wide range of activities including monitoring development applications. This approach is collected at local government area level.

Tax and trading regulation information was sourced by a leading independent economics consultant from state and territory revenue offices, workers' compensation regulators, and fair-trading offices, as well as Payroll Tax Australia, and other public information.

The data collected was used to apply a score for each jurisdiction against each individual component, which was then translated into a ranking (1 to 8).

The weightings placed on individual components are based on the judgement of the experts involved in putting this document together, separately the planners for the planning system and economists for the regulatory cost and trading environment.

Individual ranking methodologies

Each individual ranking table is informed by a set of key performance indicators, weighted within their grouping. These individual component rankings are then weighted to achieve an overall ranking for either planning or regulatory cost and trading.

Planning system

There are four individual ranking components that together make up the combined ranking for planning systems. These components have been weighted as follows:

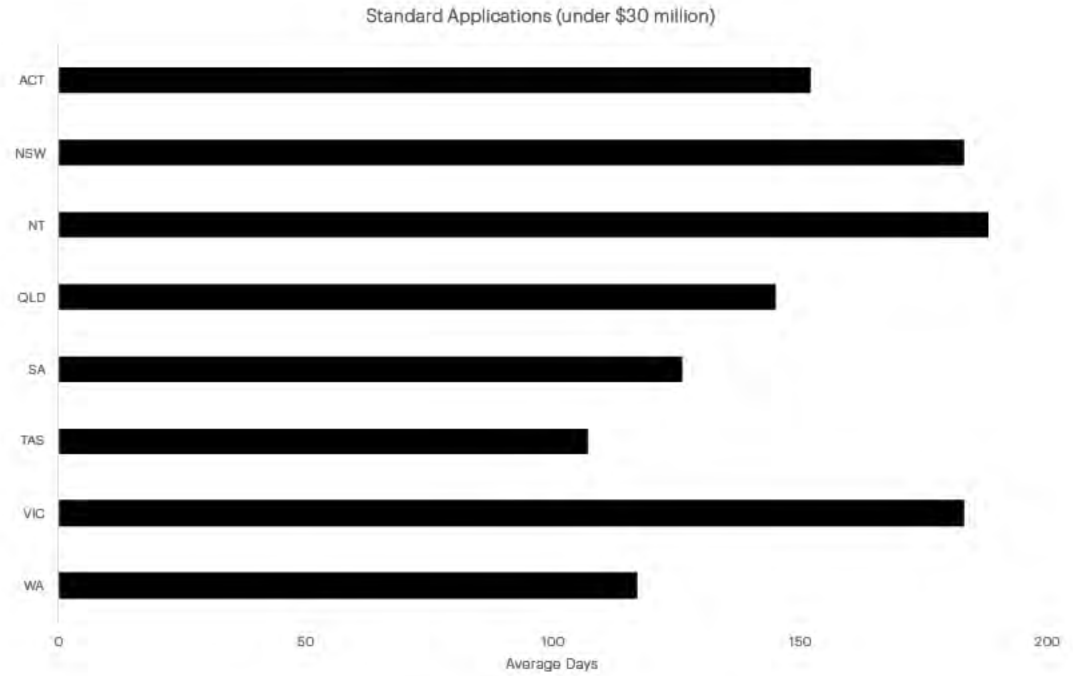
- Efficiency – 40 per cent
- Consistency – 20 per cent
- Certainty – 25 per cent
- Transparency– 15 per cent

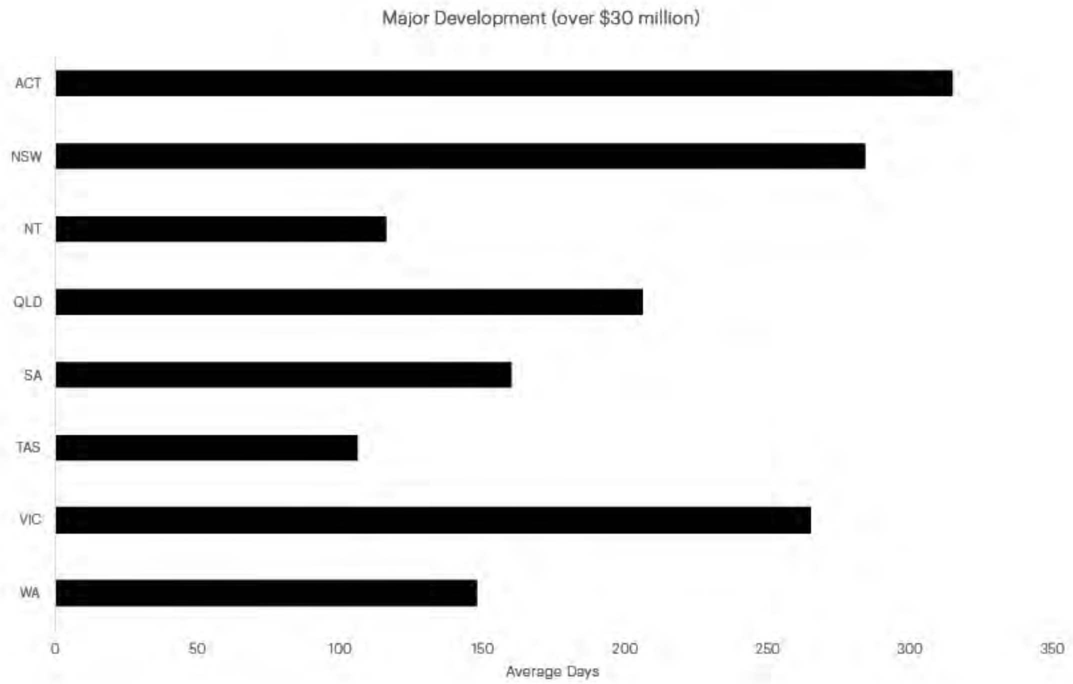
Efficiency

The ranking consists of two components:	Weight
Average standard development application (less than $30m) assessment time over 3-year average, ranked from fastest to slowest.	50%
Average major development application (more than $30m) assessment time over 3-year average, ranked from fastest to slowest.	50%

Development categories included are hospitality, industrial, office, residential, and retail developments.

Average time taken for each component is shown below:





Consistency

The ranking consists of four components:	Weight
Jurisdiction has standardised manner and form across local planning instruments, ranked in order by: 1. has a single comprehensive scheme that covers all local government areas. 2. provides standard manner and form of primary planning scheme document that is regulated to be followed by LGAs. 3. enables alternative development pathways outside of principal planning scheme. 4. no standard manner and form of primary planning scheme.	28.5%
Jurisdiction has standardised zones, land uses and development categories, ranked in order by: 1. prescribes all land use zones with consistent naming, objectives and development types. 2. prescribes all land use zones and development types but allows LGAs to modify. 3. provides direction on land use zoning and development types to inform LGA planning schemes but allows LGAs to determine form and nature of planning schemes. 4. does not prescribe any land use zoning and/or development types.	28.5%
Least number of layers of planning documents in operation to manage and consider, ranked by number of documents.	28.5%
Jurisdiction provides the ability for proponent led rezoning and planning schemes, ranked by: 1. amendments can be initiated by proponent. 2. amendments can be initiated by proponent but must be in conjunction with government or council. 3. amendments can only be initiated by government or council.	14.5%

Certainty

The ranking consists of four components:	Weight
Least number of days deemed refusal/approval timeframes for development applications.	25%
Least number of days and times a consenting authority can stop assessment and seek more information.	25%
State has mechanism for delegations in place, including to independent panels for complex matters.	25%
Clear development standard exist with prescribed thresholds.	25%

Transparency

The ranking consists of two components:	Weight
Ability to lodge and/or track applications online.	50%
Open data is published on determinations across different planning authorities in the jurisdiction.	50%

Regulatory costs and trading environment

There are three individual ranking components that together make up the combined ranking for the ease of doing business. These components have been weighted as follows:

- Tax for employing workers – 40 per cent
- Cost of owning or acquiring property – 40 per cent
- Flexible retail trading hours – 20 per cent

Tax for employing workers

The ranking consists of two components:	Weight
The highest payroll tax rate charged (including surcharges) for 2023-24.	80%
The payroll tax threshold applied for 2023-24.	20%

Cost of owning or acquiring property

The ranking consists of two components:	Weight
The highest rate of land tax charged by a jurisdiction for business property as at July 2023.	50%
The highest stamp duty rate charged for a transaction on business property as at July 2023.	50%

Importantly, these tax rates have been considered from a business perspective. Some jurisdictions – notably the ACT and South Australia – have exclusions for commercial or business properties. As such, it is those rates that have been used in the rankings, meaning the ranking is not applicable to residential property. Victoria will also transition in new rates for businesses, but they are yet to be implemented and so are not part of the ranking consideration.

The ACT charges 'rates' to businesses, these are typically levied elsewhere by local governments, which do not separately exist in the ACT. To ensure like for like comparison we have not included these. We have also excluded charges that are specifically regionally based, such as the Perth Metropolitan Region Improvement Tax (MRIT).

Retail trading hours

Retail trading hours were evaluated based on the restrictiveness (or lack thereof) for the trading environment. The number of restricted trading days, number of restricted trading hours on certain public holidays, as well as the overall restricted nature of retail trading based on type and geographic location of a business within the jurisdiction were considered. Ranking is based on:

- Northern Territory and the Australian Capital Territory have no restrictions.
- Victoria, Tasmania, and NSW have deregulated trading hours except for a small number of restricted public holidays.
- Western Australia, South Australia, and Queensland still regulate trading hours across the year.
  - Non-exempt stores (based on factors such as store size or goods sold) must comply with specific trading hour requirements.
  - If captured by these requirements, hours are dependent on location. So, for example, a store in Brisbane may have more flexibility than a store in Perth, but a store in regional WA may have more flexibility than a store in regional Queensland. Given that, the three states have been ranked equally last.

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