



MARCH 2011

Welcome to Sustain! We're moving faster



President Chris Kogler

Your SDGCI newsletter will now be more regular in a system designed for your convenience. We have a busy book of items to pore over and we'll keep on our toes in your interest

Our marketing chair and joint vice-president Greg Forgan-Smith with membership chair Martin Walsh and PR consultant Brian Harrower have been working on a better way to deliver your information updates. This is the result. A more poignant delivery system that avoids spam filter disruptions gives you the key story headline and read more links where necessary, and opens instantly on your download is, we feel, more reliable and convenient than the former multi-page method which came as an attachment.

This method allows our SDGCI administration to track the accuracy of distributing the newsletter faster, more efficiently and with great flexibility to update information very cost effectively. It's a system that allows us to promote our own members too, by placing their image and company name on industry value articles they can contribute that could also be uploaded to the SDGCI website. All you need to do is to send your contribution, company title and head picture to either our PR communications consultant Brian Harrower brianharrower@blackgrace.com.au or Greg Forgan-Smith greg@forgansmith.com.au.



Diary this SDGCI Industry Breakfast now!

Get the diary out and reserve a 7.30am start for our first of three industry breakfasts on **Thursday, 26th May**. You can be sure of not just a good hot breakfast to get you started that day but some hot topics, in line with the quality presentation reliably delivered by SDGCI.

Putting your name on a key event

We've all put a hard year behind us and the grind continues but when the going gets tough you know what they say. That said, you can put your company's name out in front by attaching it to important industry issues at one of our upcoming business breakfasts which always attract a packed audience.

Or why not talk to us about being a headline sponsor of all three breakfasts planned for 2011 for greater benefit? We'll gladly show you a sponsorship package to delight your interest. Talk to Greg Forgan-Smith direct on 07 5539 0199

or events coordinator Brian Harrower 07 5532 6762 .



Bligh opens door to 'building revival'



Craig Devlin of DM7 Director

The Premier of Queensland Anna Bligh is planning to host what she calls a 'Building Revival Forum' on an April date to be announced. It's to bring together representatives of the building and construction industry to discuss ways to solve challenges facing the industry following the global financial crisis.

The forum will provide an opportunity to build on the outcomes of last year's Growth Management Summit and will include representation from major industry stakeholders.

Sustainable Development Gold Coast executive board member Craig Devlin is invited by the Premier to participate in this April to be held in Brisbane. This is a great opportunity to put forward SDGCI members' input at a high level about industry constraints and preferred solutions.

If you have any matters that you believe are constraining the development industry and should be discussed or solutions to the challenges of the industry, please contact Craig at cdevlin@dm7.com.au



DA Forum scores a win over council



Barry Craddock of Bennett & Bennett

An agenda item that SDGCI'S DA Forum members, with UDIA support, has been actively pursuing has resulted in an important win for industry members. It means the GCCC is to abolish the application fee requirement for Negotiated Decision Notices. As developers are aware these fees (30% of your current land use fee) can be in the vicinity of \$2,000- \$6,000.00 or sometimes even higher.

Minister Hinchliffe provided a letter in December 2010 in support, indicating that a request to amend a development application or negotiated decision notice are steps in an existing application process that cannot require an additional fee.

Letters seeking refunds have been duly forwarded by the Development Industry however Council has written and appealed to the Minister that the matter be 'reconsidered'. Until such time GCCC receive a written response, fees will be continued to be charged. The Minister's letter was very clear in its deliberation, and we await the Ministers response.



Funding money going on the winners



Richard Green of SDGCI Marketing

Like any good punter financiers are reviewing key criteria in their assessment of funding new projects on the Gold Coast and as you know, the odds are tighter than they used to be.

Expect your financier to:

- look at your past form;
- ask can you go the distance;
- consider the climate conditions;
- ponder if you're good value;
- decide if they can make money on your back.

In other words the developer's job is now more than ever to risk assess and manage their project before asking for a financial backing. They are competing for limited funds and have to 'tick all the boxes' to get a deal.

Expect 75% debt cover via pre-commitment being either leases or presales.

Financiers are not looking at towers, but townhouses, low rise or sub-divisions catch their interest. Presale buyers must be a resident of Australia.

It appears that the majority of deals being funded in the current market will be within the \$5 million to \$10 million bracket. Financiers do want to lend money, but want their risk spread it across multiple projects so as to diversify via regions.

Maximum of two year cycle on capital from drawing up the loan to paying it down. The capital must flow back into the debt with the project being self-liquidating. The experience of the sponsors is essential. Banks are no longer willing to encourage greenhorn developers into the market. They will insist that you have asset backing

The project has to be moving. Financiers aren't interested in partially constructed or fully built projects. They want to know construction will start within six months and finish within two years and then that another project will be ready to replace it.



Asking the right questions



Greg Short of Bennett&Bennett Town Planners

The Queensland Government of late seems to be embroiled in one thing after another it has to defend edging closer to the critical path into the 2012 State Elections. However in one of its better moves this term it is showing it's taking seriously the problem of settlement defaults, especially on the Gold Coast with its substantial developer investment in high rise apartment projects.

The State recently released a discussion paper titled 'Review of the Land Sales Act 1974.' Despite the fact that the Act is actually 1984, those responsible should be congratulated for the initiative. I am not sure of the background of why it was done, but its flavor suggests it is the result of the issue of settlement defaults, and to make pre-selling on lots and allotments easier.

The bottom line is that the government is asking all the right questions in the review to improve the pre-sales situation for the benefit of the development industry.



Council lost in fog about professionals



Greg Forgan-Smith of Forgan-Smith Architects

The continuing debacle over interpretation of the government's Integrity Act 2009 is about grey matter. However, I'm saying it's the grey area of the Act that defines who is, or is not, an industry professional. It comes down to qualifications.

The essence of it is that people talking to council about any development issue should register their name with the State Government as a lobbyist unless they are a resident objector to a particular application; the owner of land with a development application or a professional person as defined in Claus 41.5 of the Act. The reason for all the confusion is over the definition of a professional – what constitutes a professional person and what constitutes otherwise between a person acting in an incidental manner to his or her fulltime occupation and that of a person fully engaged to represent a development application.

“The council and the Public Service Association (PSA) remain concerned about implications of individual officers rather than organisations or departments of government to be held responsible for any misdemeanours.”



Integrity Act Unravels



Bryn Lummus of BXL Design

Whenever issues occur that affect the Gold Coast development and construction industry, you will find the volunteers of SDGCI fighting for a balanced and equitable outcome. Unfortunately, it seems that new policies and contentious issues that need our attention are occurring all too often.

As an example the still ongoing confusion caused by Gold Coast City Council's attempts to respond to the Integrity Act. The 'Lobbyist Debacle' was brought about by Council's concerns regarding the implications of the Integrity Act and of the possible criminal charges their staff and Councillors could face when discussing issues with persons not registered as a 'Lobbyist' while acting on behalf of a third party client.

Members of SDGCI themselves heard on 24th February that Council were implementing a hurried policy that was to be in place by 1st March. Council's reaction to the Act was to label as a Lobbyist all persons who interact with Council during the course of their work - thus requiring most of the construction and development industry to register as a Lobbyist.

Given both the significance of their 'solution' and the timeframe of this, SDGCI reacted quickly by discussing the information they had with Lucy Ardern, Chief Reporter of the Gold Coast Bulletin and providing her with assistance and information for the article that appeared in that Saturday's edition of the local daily. The local chapter of UDIA also contributed to the debate.

The aim of this was to bring the issue and its implications to the attention of a wider audience and provide a counterpoint argument to Council's stated intent. It seemed at the time that all persons working in construction, maintenance and other related fields would need to be registered as a Lobbyist in order to keep their communication lines open with Council. In fact, the Australian Institute of Architects (AIA) promptly recommended that all Architects register as Lobbyists in order for us to continue to interface with Council.

This was the only possible action given the impossibly short notice period given by Council -who have since quickly backtracked from their initial heavy-handed approach. Councillor Ted Shepherd (current Chair of the G.C.C.C. City Planning Committee) and Matthew Hulse (G.C.C.C. Manager Implementation and Assessment Branch) addressed the Integrity Act in a Council Industry briefing as recently as 4th March and advised they are still seeking guidance from the



Integrity Commissioner on the subject. At the time of writing - Council has made no official statement, so one presumes that business will carry on as usual. However, it seems there are particular concerns regarding the role of Town Planners and whether they will need to be registered as Lobbyists. Therefore, we are not out of the woods yet.

Personally, I believe that the role of Town Planners is well understood by Council and as such, the professional role that Town Planners fulfil in relation to their dealings with Council is clear. I would ask Council if registering Town Planners as Lobbyists makes their role any clearer to anyone or whether it provides any more legal comfort to Council or their staff. I believe not.

This topic still needs to be watched and I encourage all involved with the construction industry to make their voices heard whenever possible regarding this additional policy and pointless complication to our working lives. We don't need mistrust and further distance placed between Council and us. For my part, I raised this topic at the recent Community Cabinet held on the Coast on 27th February. I prearranged an individual meeting with Andrew Fraser (Qld Treasurer and the Minister for State Development and Trade) to discuss a number of Gold Coast related development and environmental issues that I wished to bring to the attention of the State Govt.

These Community Cabinet meetings are not a forum for detailed debate given the limited time available; however, they give us all the chance to raise topics and areas of concern. There were certainly many voices of concern at this particular Gold Coast Community Cabinet where I was able to bring the Queensland Treasurer (and his entourage of listeners and note takers) up to speed on the Lobbyist issue as well as a range of other topics that I feel strongly about.

That is not to say that things will change significantly. However, I welcomed the opportunity to add to the swell of public opinion because after all, it is only by participating that we become part of the solution and are able to make a difference. As cultural anthropologist Margaret Mead once said, "Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed it is the only thing that ever has."

SDGCI continue to address the issues that are holding back and affecting development on the Coast and I think it is worth highlighting that SDGCI are concerned with all aspects of the construction and development industry.

As a group, we focus on realistic outcomes to achieve a balance of economic, social and environmental factors within the development of the City and region. It is in this broad context that SDGCI seek to foster sustainable growth to create a liveable, beautiful and long-term economically successful city for our children and grandchildren.

Undoubtedly, there is much to deal with and put right. I would therefore encourage you to participate and join SDGCI to help us address the issues that our industry faces on the Gold Coast as a collective voice. Together we are making a difference.



Games Bid a key to Cultural expediency



Chris Kogler

After numerous GCCC and limited public committees, a national ideas competition and 18 months of in-house Council debate two firms of architects were engaged consecutively to develop a master plan.

This plan is on public display via www.gchaveyoursay.com.au/culturalprecinct but public feedback has just closed. In fact, public debate has been severely restricted on the master plan and yet it has far reaching implications. It is important that thinking people and committed Gold Coasters like you become involved now.

Stakeholders were given just two days' notice to attend a hastily thrown together workshop for this important piece of civic architecture and the much needed development of our cultural heritage. SDGCI members have been active within the Council's Urban Design Advisory Board to argue for a better outcome but a lot will depend on how active the community is during this brief contact phase to get their message through to Council.

A trigger for the hasty resolution could be the Commonwealth Games Bid where, if successful, state and federal funding could be used to construct a larger theatre to host special events for the Games. A legacy would be a new large 2,200 seat hall for the Gold Coast. This is indeed a good reason to do something but it should not be a trigger for mediocrity.

If you are concerned or interested and would like to know more please send us an email or ring one of our executive officers



Controversial building code move simmers



John Punch of Short Punch Greatorix Lawyers

We previously reported that this continuing hot issue was affected by a court ruling in South Australia that appeared to give relief to the tourism sector here in Queensland that would have otherwise seen about 60,000 apartments taken out of the tourist market by a proposed change to the building code.

The change would have forced the unit owners of Class 2 buildings to be unable to use them for tourist accommodation (unless they were converted to class 3 buildings). This represents the backbone of affordable tourist accommodation on the Gold Coast – and most other areas of the state. Recent correspondence from the State Government suggests that the issue has been placed on the back burner, perhaps awaiting events developing at a national level. Changes proposed to the Building Code of Australia may require more onerous space and access requirements for all class 2 and 3 buildings however it has been indicated that they will not be replicating the provisions of the Disability Discrimination Act.

While this in itself is a relief for developers and future unit buyers, who believe affordability is an issue for all, it remains to be seen how the Queensland Government will react. It was decided by the Court in a South Australian case - based on the National Building Code - that the Building Act Certificate of Classification for a class 2 residential apartment building was not subject to any minimum time limit on use by occupants. In other words, class 2 apartments could be used by tourists for short term accommodation without a class 3 classification. In Queensland the Department of Infrastructure and Planning is working on preparing options for possible amendments to the Building Code of Australia.

As an SDGCI Executive Member from Short Punch & Greatorix Lawyers, I've been representing the organisation with the Minister and the Department. He has received advice from the Executive Director that there is also activity on a national level to acquire an increase in standards for the application of disability use in such accommodation.

The issues of the both the change to building classification of apartments and any increase in requirements for use of apartments by disabled persons need input to the Department from an industry perspective to cover the construction and future use by tourists of apartments on the Gold Coast. SDGCI is therefore offering to the Department the assistance of experts as a key stakeholder and we will continue in this important area.



Many months of hard work to protect the management rights sector has paid off to date because had the building code change been enforced it could have devastated a city such as the Gold Coast. To change classification for apartment buildings would be a massive step involving extraordinary expense. New product would not be developed and it would be impossible for existing and future buildings to provide a mix of short term accommodation with a mix of resort style living.

When the building code change was gazetted, the Gold Coast Tourism board, the Accommodation Owners' Association and developers called for intervention by Infrastructure Minister Stirling Hinchcliffe and our own then locally-based Tourism Minister Peter Lawlor. Such is the slow wheels of progress dealing with government that even though in 2008 when SDGCI took it up with the Department of Infrastructure and Planning it took until late 2009 before we could get an audience with the Minister himself.



Enough to give you the pips



David Ransom of Humphreys Reynolds Perkin, Town Planners

As you are aware the development industry on the Gold Coast has an ongoing concern regarding high infrastructure charges being levied by GCCC and Allconnex on new development. Consequently we are seeing significant adverse flow on effects relating to unemployment in the city with even cashed up long term development companies announcing they are placing future investment capital outside the Gold Coast. Yes there are other economic factors at play, but PIP is certainly top of mind.

In terms of reform, there are a couple of encouraging things happening at the State and Council level. Firstly the State is conducting an infrastructure charges review and has released an option paper for public discussion. The Joint Industry Working Group (an amalgam of Gold Coast development industry groups including SDGCI) recently made a submission to the State regarding the options paper. The paper proposes to limit charges for residential development to between \$20,000 and \$30,000 per dwelling. Lower charges are of course the preferred outcome for the development industry, particularly to a level which restores economic viability to construction projects.

The main concerns raised in relation to the State options paper were that firstly the State's assumptions are based on the Integran report undertaken by GCCC to refute the claims made in the Place Design Group report commissioned by SDGCI, which demonstrated that GCCC charges were significantly higher than other locations in SEQ.

The Integran report was considered to contain a number of erroneous assumptions and hence it was of concern that the State was using this document as a background report. Secondly, the state options paper failed to address non-residential development, being the main driver of ongoing employment in our city. Consequently no suggestions were put forward by the State as to how to make non-residential development viable again. The JIWG submission suggests a \$20,000 charge to be imposed on dwellings, and a charge equivalent to 5% of the construction cost be imposed on non-residential development. You may recall that Mayor Clarke proposed a similar solution several years ago.

Unfortunately due to the recent floods the infrastructure review being undertaken by the State has been postponed, and is expected to reconvene later in 2011.



On the Council front, the JIWG was successful in gaining agreement from GCCC to undertake an economic report into the PIP. No such report has been previously undertaken by Council. PriceWaterhouseCoopers (PWC) are currently working on this report which has been broken up into 8 separate briefs. The JIWG have provided feedback to PWC and GCCC in relation to 6 of the 8 briefs.

While being supportive of the report, the JIWG have expressed concern that the briefs prepared to date fail to provide any real examination of the impact of PIP charges on non-residential development. This has been deemed to be out of scope and anyway fails to identify if Council is indeed accounting for the collected PIP charges in a manner which is reflective of the PIP methodology. This has also been deemed to be 'out of scope'. These two issues must be addressed for the report to have any chance of comprehensively examining the economic impacts of the PIP on the economy of the city.

Elsewhere Council has adopted the Temporary Local Planning Instrument (TLPI) based charges as a permanent component of the PIP. That is, charges will now be permanently considered on the 'actual' development being undertaken by a developer and not on a theoretical development scenario relating to the maximum development potential under the Planning Scheme. That is the good news.

The bad news is that Allconnex have reneged on applying the lower rates under the TLPI and propose to revert back to charging on the basis of 'planned' demand. This is the topic of ongoing debate with Council (as the 65% owner of Allconnex, and Allconnex itself).

On yet another front the Business GC Advisory Group recently made a resolution regarding infrastructure charges which then passed through Council's Economic Development Committee and was adopted by full Council, which recommends that Council adopt an infrastructure charging regime which is no less competitive than that applicable to Logan and Ipswich Council areas.

The resolution also sought a greater input by Council into the economic value of development proposals to act as a counterbalance to the significant environmental and social assessments which currently occur, as together they all make up the triple bottom line assessment which should be undertaken. It remains to be seen exactly how Council intend to implement the Business GC resolutions, however Council's adoption of these resolutions is seen as a step in the right direction.

Work to reduce infrastructure charges to an economically sustainable level remains ongoing, and bit by bit the message is getting through that an unsustainably high charging regime is as bad for Council as it is for the development industry. It is understood that Mayor Paul Pisasale of Ipswich and Mayor Pam Parker of Logan are great fans of the current GCCC PIP regime as it will guarantee them a source of future prosperity for their residents as developers mothball Gold Coast-intended projects and invest in outside the Coast.



Social policy submissions ignored



Greg Short of Bennett&Bennett Town Planners

Despite submissions from SDGCI and other industry representatives, the GCCC pushed forward with the introduction of its new Social and Health Impact Assessment policy, which commenced on 10 January, 2011. The submissions were generally ignored and the policy established without significant change to the draft.

The policy applies to impact assessable applications only for a range of land uses and project sizes. Projects that are triggered by the policy require a Social and Health Impact Assessment Report prepared by a suitably qualified professional. We can now only react to issues which are likely to arise from this ill- conceived policy. SDGCI will continue to push for better outcomes should this policy become a problem for our industry.



'Risk Smart' turnarounds move faster



Barry Craddock of Bennett&Bennett Town Planners

Although GCCC have indicated that development processing delays continue to be reduced, the joint industry bodies are establishing a set of measurable statistics that reflect agreed measures. The focus is on what's actually been achieved to meet targets and therefore what's accountable.

The DA Forum has allowed for improved communication between industry representatives and GCCC Officers that has also transpired to the development industry overall. This platform is only the beginning to a collaborative effort of reducing unnecessary delays in DA processing now that the Sustainable Planning Act 2009 (SPA) is in operation. The group focuses on the problems, issues or frustrations that add to further delays.

A push to have more applications considered under the 'Risk Smart' banner is seen a positive step forward by the group in producing faster timelines for low risk applications that can only assist the development industry, developers and end consumers. Continued improvement is still required from GCCC in relation to development permit conditions being relevant and issued in a timely manner and internal departments responding to the assessment manager also in a timely manner.

Background: From early 2008, SDGCI representatives have been actively engaged with Gold Coast City Council (GCCC) concerning the delays in development application (DA) processing. Together with the UDIA, Property Council and development industry representatives, a DA Forum was established to meet monthly with senior council officers. The idea was to work cooperatively through DA processing problems, frustrations, concerns and solutions to reduce development application delays.

The overall aim of the group being to streamline Council processes to allow faster 'turn around' times for all applications.

Through various workshops, 50 items were recognised by the DA Forum members that required attention and an Action Plan developed to systematically work through these as a collective group. Three key areas were readily identified being pre-lodgement, application process and information request & decision phases.



The Action Plan has been established in a manner that provides for outcomes and measurable timeframes to be achieved. The Forum has not only dealt with processing of planning applications but also with regard to Infrastructure Charges, Operational Works applications and Sealing of Survey Plans.

To date GCCC claim that about 50% of the issues raised have been attended to in raising the level of service from council. The early phases of the application process have been successfully implemented and appear to be operating efficiently. These items include:

- Acknowledgement Notices containing correct referral agencies;
- Reduction in number of Amended Acknowledgement Notices;
- Information Requests in accordance with Act timelines and appropriate requests;
- Draft conditions being sent to Applicants;
- Improved Final 'sign off' delays;
- Decision making time in line with Act;
- TLPI & PIP – impacts (new forms less complex);
- Survey/Questionnaire feedback on Decision Application process experience by applicants;
- Establishment of timeline to consider Negotiated Decision Notices by GCCC; and
- Applicants able to attend Developer Contributions Group Review Committee meeting at 'front' end of process.

SDGCI will continue to work hard in this forum for a better outcome for our industry



Light rail to encourage compact urban style



Greg Forgan-Smith of Forgan-Smith Architects

The GCRT or light rail project promises to do more for the Gold Coast than any other single piece of infrastructure since the upgrade to 8 lanes of the M1 to Brisbane, and the heavy rail both of which opened in the early to mid-90s.

Whereas the transport upgrades benefited commuters and encouraged Brisbane workers to live on the Coast the light rail will encourage a new more compact urban form of living to develop within the city and be of huge benefit to existing residents.

Better access through modern tramcars will diminish the use of the motor vehicle in our more intensely developed suburbs and stimulate greater opportunity for diversification in land uses – in short, better (closer) access to a greater variety of activities.

SDGCI remains involved to ensure that the city fully recognises this potential and is keen to see the Council make some positive contributions to fast-track approvals for development in the light rail corridor.

Sadly, the new planning scheme to be released next year will not contain any incentives. However, work within the strategic planning framework of the scheme should facilitate a less heavy handed approach by officers when the many supporting studies being carried out by Council consultants support more and a better mix of development along the corridor.

Sustainable development at a city level is no better supported than by a light rail. In Melbourne over the last three years 67% of new development took place within one city block of a transport route – according to a presentation at Council's last Urban Design Conference on the Coast. Interestingly, the Gold Coast initially won Federal Government support for the project as research indicated that we were the most compact city in the country and that our concentration of higher density would ensure the highest probability of financial success of a light rail system.

Stage 1 from Broadbeach to the Knowledge-Health Precinct in Southport is now under construction with expected completion later next year.