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**Is Faster Better?**

The Performance of Sydney Metropolitan Councils in Processing DAs

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# EXECUTIVE SUMMARY

## Sydney metropolitan councils can improve both the timeliness and efficiency with which they handle DAs

### Research Findings

The research, which analysed data for the year 2012-13, found that:

- Warringah, Ashfield, Blacktown and Pittwater were the top performing councils in terms of both the timeliness and the efficiency with which they handled development applications (DAs)
- These councils each took less than 73 days on average to determine a DA, compared to the 85 days it took councils on average. Ashfield and Warringah each averaged less than 43 days to turn a DA around
- The top performing councils were also the most efficient in how they dealt with DAs: the full-time equivalent staff dealing with DAs in those councils each handled more than 82 in a year, compared to the average across all councils, where a staff member typically handled 49 DAs in a year
- Improvements in timeliness were associated with improvements in efficiency, rather than one being at the expense of the other: every 10 extra development applications determined per EFT staff member were associated with a reduction of 6.2 days in gross time to determine a DA
- The relationship between timeliness and efficiency in handling DAs is real and not due to chance
- Quality of decision-making, council size, and the complexity of councils' DAs were all factored into the analysis of councils' timeliness in turning DAs around: none of these was found to be linked to timeliness. Only efficiency was found to have a relationship with average DA turnaround times.

### Implications for Councils

The research findings hold significant implications for councils:

- The absence of a trade-off between timeliness and efficiency implies there is scope to improve both: if a performance limit was being approached we would see evidence of a trade-off in DA handling
- The potential gains from improvement are substantial: if a council determining 300 DAs per year improved its timeliness from 100 days to turn a DA around to the average of 85 days, there would be a total reduction of 4,500 days turnaround time per year for that council's DAs
- If that same council employed 10 full-time equivalent staff, its efficiency level would be 30 DAs per staff member. If it boosted its efficiency to the average level of 49 DAs per staff member, that council would determine an extra 190 DAs per year
- Broad-brush reforms or across-the-board measures won't improve the disparate performance seen across councils' DA turnaround times or efficiency levels: measures aimed at the internal processes of individual councils are far more likely to yield results
- Councils can pursue improvements on both the efficiency and timeliness fronts
- Measures to improve DA timeliness and efficiency can include councils mapping their own DA determination processes; investigating and promoting the processes and systems of high-performing councils; mentoring of other councils by high performing councils; and tracking and reporting performance against predetermined targets.

# WHICH SYDNEY COUNCILS LED THE WAY IN PROCESSING DEVELOPMENT APPLICATIONS?

This research brief examines the timeliness with which Sydney's 31 metropolitan councils processed their development applications (DAs)

The 31 councils in the Sydney metropolitan area (those with DLG codes 2 and 3\*) determined 16,000 development applications between them in 2012-13.

There were substantial divergences in their performance in doing so.

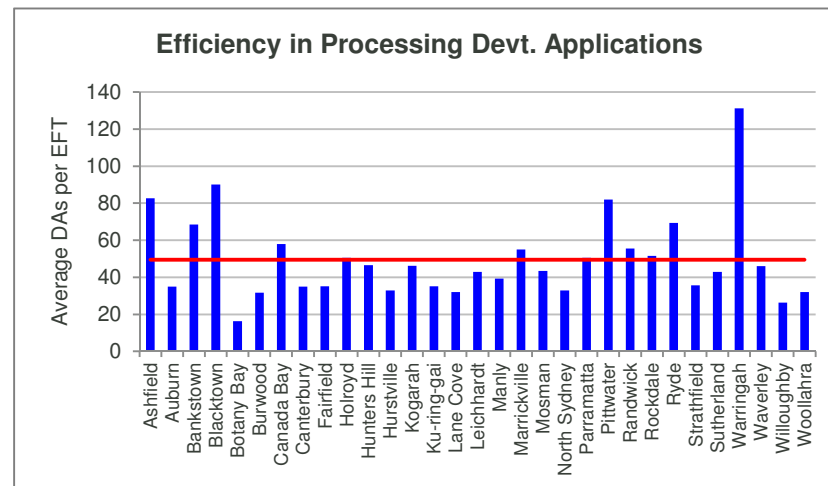
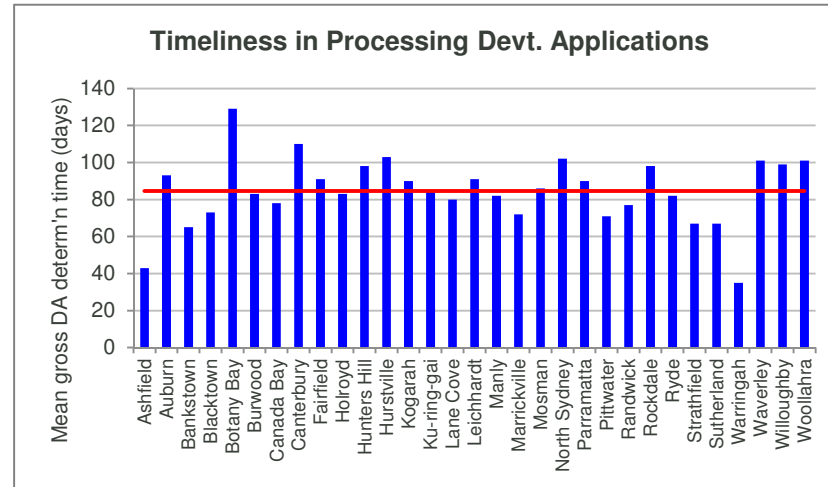
On average, a council took 85 days to determine a DA in 2012-13; yet the best performer took only 35 days, while the worst took 129 days. The top bar chart to the right tells the story – the red line shows the average across all Sydney metropolitan councils. The lower the figure, the quicker the council is in turning DAs around.

There's a similar story in terms of the efficiency with which councils processed those DAs: on average each equivalent full-time (EFT) staff member determined 49 DAs in 2012-13 (the higher the number, the more efficient the council). However individual council performance ranged between 131 DAs per EFT staff member for the best council, down to 16 for the worst. The bottom chart to the right shows individual council performance and the average across councils.

The analysis in this research brief draws on data published by the NSW Department of Planning & Infrastructure in its *Local Development Performance Monitoring 2012-2013* publication to analyse this performance in greater detail.

What is often instructive is to plot, in the one chart, how councils perform on *both* dimensions of DA handling (timeliness and efficiency). The chart on the next page shows this.

\* DLG code 2 and 3 councils are those in urban metropolitan developed areas: code 2 councils are small and medium sized with populations up to 70,000; code 3 councils have populations larger than 70,000. The grouping of councils into their DLG codes is shown in the Appendix



source for both graphs:  
Local Development Performance Monitoring 2012-2013 NSW Department of Planning & Infrastructure, 2014.

# WHAT DID THE PATTERN ACTUALLY LOOK LIKE FOR SYDNEY METROPOLITAN COUNCILS?

Warringah, Ashfield, Blacktown and Pittwater councils were the standout performers in terms of both the timeliness and efficiency of handling DAs



Note: in this and subsequent charts the vertical axis showing timeliness has been inverted, with better timeliness - a lower mean gross DA determination time - at the top of the chart.

source: data drawn from *Local Development Performance Monitoring 2012-2013* NSW Department of Planning & Infrastructure, 2014.

# IS THERE A TRADE-OFF BETWEEN TIMELINESS AND EFFICIENCY?

## Timeliness in handling DAs is associated with *higher* rather than lower efficiency

It would be expected that councils who were the fastest at handling DAs were faster because they put more staff on to handle DAs. This would result in less DAs being handled by each staff member: a reduction in efficiency. Indeed, this is what Department of Planning & Infrastructure thought:

'A high number of DAs per EFT generally results in a higher average DA determination time.'

*Local Development Performance Monitoring 2012-2013, p.84*

In other words, there would be a trade-off between timeliness and efficiency: you could only have more of one at the expense of the other.

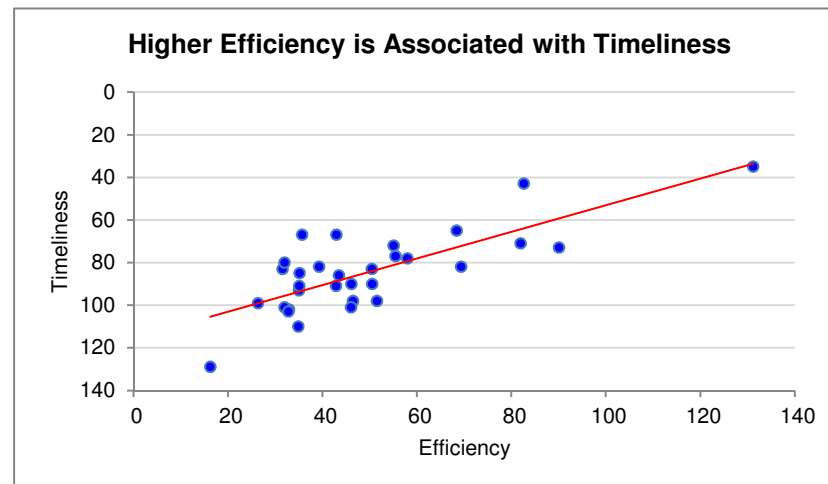
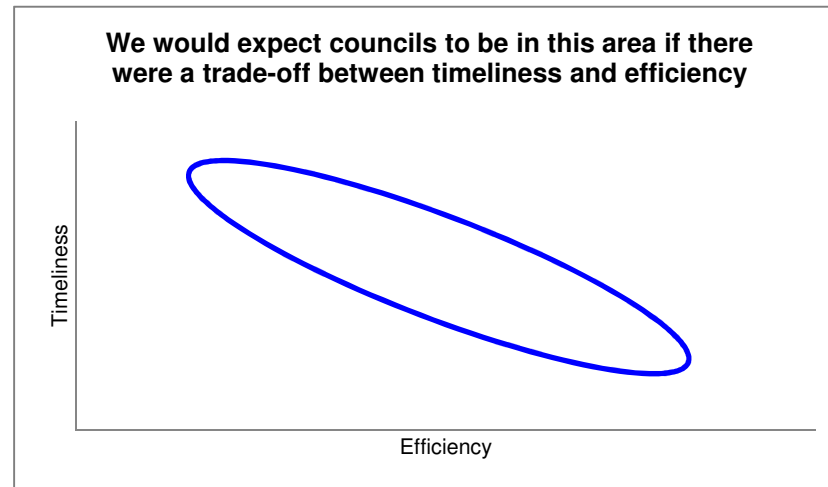
If this were the case, the data would be arranged like that in the top chart to the right: they would be scattered from the top left to the bottom right of the chart, in a 'band' similar to the pattern shown by the blue oval.

Yet the chart on the previous slide shows that the data is scattered the *other* way: from the bottom left to the top right. This means there is *not* a trade-off between timeliness and efficiency: it's possible to have more of one at the same time as having more of the other.

An analysis was undertaken to see if there is a real relationship between timeliness and efficiency; this showed:

- The relationship we see is real and not due to chance, and
- Every 10 extra development applications determined per EFT staff member were associated with a *reduction* of 6.2 days in gross time to determine a DA.

The chart on the bottom right shows the timeliness and efficiency data with its line of best fit (the red line). Details are provided in the Technical Notes in the Appendix.



source: analysis based on data drawn from *Local Development Performance Monitoring 2012-2013 NSW* Department of Planning & Infrastructure, 2014.

# COULD OTHER FACTORS EXPLAIN COUNCILS' TIMELINESS PERFORMANCE?

## Was quality sacrificed for timeliness and efficiency?

Could other factors be behind this result? Perhaps the best performers rammed DAs through so that although decisions were made faster and more efficiently, they were lower-quality decisions?

Or perhaps larger councils were able to handle DAs more efficiently? Or councils in industrial areas with more complex DAs were at a disadvantage because these DAs take longer to deal with?

All these factors were taken into consideration, so that their effects could be analysed: the panels on this page show how each of these was accounted for.

The result was that efficiency was the only factor with a real relationship with the timeliness of processing DAs. When each of efficiency, quality, size and complexity were analysed, the only variable that had a relationship with timeliness was efficiency.

The Technical Notes in the Appendix set out the details of the analysis.

### Accounting for Complexity

Perhaps some councils had an unfair advantage because they had less complex DAs to deal with, while others had to contend with difficult DAs that inherently take more time to process.

While this is a tricky issue to navigate, industrial DAs are likely to be the most complex and controversial. The proportion of each councils' total DAs made up of industrial DAs was included in the analysis: the higher the proportion, the greater the complexity.

### Does Size Matter?

Does size provide a benefit to councils, with larger councils at an advantage because of their scale?

This question is particularly of interest at a time when the idea of council amalgamations has again been floated. Admittedly, the basis for council amalgamations is their financial viability rather than their performance, yet size could still impact council performance.

To account for the impact of size on timeliness, councils were 'tagged' according to whether they had populations less than or greater than 70,000. Since efficiency in DA handling could be impacted by size, this was also included in the analysis.

### How Do We Deal With the Quality Issue?

Could councils who were the fastest at turning DAs around have sacrificed quality for speed and efficiency?

We can gauge this: data is available for each council on the number of reviews of DA determination decisions, and how many of these reviews were approved, refused, withdrawn or rejected. If a DA determination was reviewed and approved, this suggests that the original decision was not well made. Dividing the number of such instances for a given council by the total number of DAs determined by that same council serves as an indicator of quality: the higher the proportion of all DAs that were reviewed and those reviews approved, the lower the quality of that council's DA decisions.

Including this measure in the analysis means we can put it alongside efficiency and other variables, thereby getting a handle on the quality of DA decision making.

# HOW CAN COUNCILS' DEVELOPMENT APPLICATION HANDLING BE IMPROVED?

## It all comes down to internal efficiency...

The absence of a trade-off between timeliness and efficiency implies there is scope to improve both: if a performance limit was being approached we would see evidence of a trade-off in DA handling.

The issue of council DA handling performance is significant, in view of the observed disparities between councils. The gains could be substantial: the panel to the right ('What Might the Gains from Improving Performance Look Like?') quantifies possible benefits.

Since efficiency is the key variable associated with individual council performance on timeliness, this suggests that measures to reduce the time taken to process DAs are only likely to be effective if they bear on councils' internal efficiency. Broad-brush reforms or across-the-board measures won't improve the disparate performance seen across councils' DA turnaround times or efficiency levels: measures aimed at the internal processes of individual councils are far more likely to yield results.

### Next Steps for Higher Performance

The analysis makes it clear that councils can pursue improvements to both timeliness and efficiency.

Accordingly, councils should aim to pursue improvements on both these fronts. Some suggestions are provided in the panel titled 'Improving Council DA Performance.'

### What Might the Gains from Improving Performance Look Like?

- Take the hypothetical case of a council which determined 300 DAs per year, and took an average of 100 days to turn a DA around. If that council improved its timeliness to the 2012-13 average for Sydney metropolitan councils (85 days) there would be a total reduction of 4,500 days turnaround time per year for that council's DAs
- If that same council employed 10 full-time equivalent staff, its efficiency level would be 30 DAs per staff member. If that council boosted its efficiency to the average level of Sydney metropolitan councils (49 DAs per staff member) then it would determine an extra 190 DAs per year.

### Improving Council DA Performance

- Councils can map their own DA determination processes: simply documenting 'as is' processes often highlights areas of immediate improvement
- Investigation of the internal processes and systems of high-performing councils enables dissemination of best practices to other councils
- High-performing councils can mentor or 'buddy' other councils
- Councils can set targets for improvements to DA processing performance, track their performance over time, and report against those targets.

# APPENDIX

## DLG Council Classification: Codes 2 and 3

Code 2 Councils	Code 3 Councils
Ashfield Municipal Council	Auburn City Council
Botany Bay City Council	Bankstown City Council
Burwood Council	Blacktown City Council
Hunters Hill Municipal Council	Canterbury City Council
Kogarah City Council	City of Canada Bay Council
Lane Cove Council	Fairfield City Council
Leichhardt Municipal Council	Holroyd City Council
Manly Council	Hurstville City Council
Mosman Municipal Council	Ku-ring-gai Council
North Sydney Council	Marrickville Council
Pittwater Council	Parramatta City Council
Strathfield Municipal Council	Randwick City Council
Waverley Council	Rockdale City Council
Woollahra Municipal Council	Ryde City Council
	Sutherland Shire Council
	Warringah Council
	Willoughby City Council



# APPENDIX

## Technical Notes

Slide 5: Regression analysis was used to test for a relationship between timeliness in handling DAs, and efficiency and other variables.

The regression of timeliness on efficiency was statistically significant at better than one percent. The regression had a relatively high degree of explanatory power, accounting for more than half the variation in council timeliness in determining DAs ( $r^2 = 0.593$ ) – the regression output is displayed in the panel on the top right.

Slide 6: Other variables were accounted for as follows:

- Quality of DA decision-making was included as a variable with the proportion of total DA determinations which were reviewed and the review decision was approved, overturning the original determination. The higher the proportion of review decisions approved, the lower the quality of DA decision making.
- To test whether the size of a council impacted its timeliness in processing DAs, a dummy variable for size was included reflecting councils' respective DLG codes: 2 (small-medium, ie. population of 70,000 or less) or 3 (large: population greater than 70,000). Because size could interact with efficiency, an interaction variable (size x efficiency) was also included.
- More complex industrial-type DAs could be expected to be more difficult and take longer to deal with, and hence not be dealt with in as timely a fashion. Councils with a larger industrial base might therefore be at a disadvantage relative to residentially-dominated councils in which DAs are more straightforward. A complexity variable constituted of the number of industrial DAs as a proportion of total DAs determined was included to account for this.

The analysis was a backwards-elimination regression with timeliness of DA processing as the dependent variable: variables which did not have statistically significant relationships with timeliness were eliminated.

The full multiple regression output is shown on the bottom panel to the right. After carrying out the backwards elimination the only statistically significant variable was efficiency; therefore the model reduced to the original regression shown in the top panel.

OLS, using observations 1-31  
Dependent variable: Timeliness

	Coefficient	Std. Error	t-ratio	p-value	
const	115.544	5.22116	22.1300	<0.00001	***
Efficiency	-0.624611	0.0961071	-6.4991	<0.00001	***
Mean dependent var	84.67742		S.D. dependent var	18.60894	
Sum squared resid	4229.099		S.E. of regression	12.07605	
R-squared	0.592916		Adjusted R-squared	0.578879	
F(1, 29)	42.23845		P-value(F)	4.09e-07	
Log-likelihood	-120.1813		Akaike criterion	244.3627	
Schwarz criterion	247.2306		Hannan-Quinn	245.2975	

OLS, using observations 1-31  
Dependent variable: Timeliness

	Coefficient	Std. Error	t-ratio	p-value	
const	125.563	9.84195	12.7579	<0.00001	***
Size_Dum	-9.62441	11.1848	-0.8605	0.39769	
Efficiency	-0.796834	0.195454	-4.0768	0.00041	***
Quality	-377.185	215.193	-1.7528	0.09190	*
SizebyEfficiency	0.268824	0.226333	1.1877	0.24610	
Complexity	-19.863	57.4234	-0.3459	0.73231	
Mean dependent var	84.67742		S.D. dependent var	18.60894	
Sum squared resid	3623.798		S.E. of regression	12.03960	
R-squared	0.651181		Adjusted R-squared	0.581418	
F(5, 25)	9.334097		P-value(F)	0.000041	
Log-likelihood	-117.7871		Akaike criterion	247.5742	
Schwarz criterion	256.1781		Hannan-Quinn	250.3789	

Source: analysis of data drawn from *Local Development Performance Monitoring 2012-2013* NSW Department of Planning & Infrastructure, 2014.

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