Impacts of public policy on employment centres within master planned communities in South East Queensland

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Abstract:

One of the significant challenges that the Queensland government faces, specifically in South East Queensland (SEQ), is the management of population growth which is projected to increase by 735,500 new households by 2031. Currently, the State government relies on private capital to deliver housing developments and has favoured the development of contemporary master planned communities (MPCs) in greenfield sites. Master planned communities are expected to deliver the physical infrastructure and also provide the social infrastructure for the well-being of the residents in such developments.

Public policy also expects these large-scale MPC developments to deliver employment opportunities in response to the underpinning principles such as decentralisation, land use, regional development and sustainability. Of all the principles, sustainability, as it is broadly defined, has been the most difficult for public policy to deliver because it requires pragmatic restructuring and infrastructure investment that will have bearing on the creation and support of suburban MPC employment.

The ideals of job-housing balance and minimisation of journey to work travel have been difficult to achieve in the short term. Perhaps there is an unrealistic expectation of the creation of an ‘instant’ employment node in the initial stage of an MPC. Governments fail to recognise the need for such areas to establish and mature. Public policy needs to take into consideration the location decisions of firms and align itself, legislation, regulation and incentives with locator firms’ needs.

Drawing from the insights of twenty key informant interviews, this paper outlines the need to provide a ‘world-view’ of the value of employment centres located within an MPC that can be accepted and embraced by all stakeholders. Being on the same page, will maximise community utility of the concept of live-work-play provided by MPC and governments’ earnest intentions may be supported by concrete action in creating jobs to occupy these new employment centres.

Key words: Master planned communities, South East Queensland, Public policy, Employment creation
1. Background and methodology

The issue that this paper addresses emerged from the in-depth interviews undertaken as part of the author’s doctoral research. The title of that thesis is “The value proposition of master planned communities to non-retail commercial firms ...assessing demand and establishing options in South East Queensland.”

The semi-structured interviews were conducted individually and face-to-face during the period of August through December in 2010. The process and questionnaire have been subject to ethics approval from the University of the Sunshine Coast. The key informants were chosen based on the following criteria: (1) That they had intimate involvement in either developing, approving, consulting, financing, occupying, transacting with a master planned community (MPC) employment centre either as a client, agency, manager, or shareholder, and (2) that the MPC they were involved in was in Queensland. The second criterion was important as State and Local legislation have locational differences and may influence the outcome of the MPC and its components. The total number of interviews has been with twenty individuals, some of whom have been involved in several MPC projects in Queensland.

This phase of the research was exploratory in nature and its objective was to draw insights on the key informants’ experience with MPCs and the creation of its employment centres. The outcomes of this phase will inform the development of a questionnaire for the next stage of the research.

In discussing the need and importance to incorporate employment centres within MPCs with the key informants, it was discovered that there was no explicit formula to determine the size of this component, what the centre would look like and what its main features would include. Developers of MPCs in South East Queensland (SEQ) have negotiated on a case-to-case basis a number of full-time equivalent (FTE) jobs to be created in the MPC’s employment centres with State and Local Authorities to respond to public policy guidelines.

This raises several issues for developers who seek development approval for their land. Whilst there has been no opposition to the ideal of incorporating employment centres into a MPC some more basic questions when evaluating performance would be: Who’s ideal is this concept of including employment centres in MPCs? What assumptions did government identify, to require developers to include this component in their master plans? Was the timing of the commercial component market-driven or plan-led? Does the concept of value of MPCs actually exist in the minds of all residents (households and businesses), more specifically the non-retail commercial firm?

Interviews with town planners and MPC developers have suggested that the South East Queensland Regional Plan 2009 – 2031 (SEQRP) and its predecessors acted as a guide in the determination whether employment centres were required to be provided in a certain master plan. Some developers have claimed that they would have
included this component anyway as part of their strategic differentiation and vision for the community. However, in reading the document in detail, the guidelines are not prescriptive but only state principles and ideals for a preferred SEQ urban footprint particularly in ‘supporting a viable and diverse economy with well-located employment opportunities and economic activity centres’ (Department of Infrastructure and Planning 2009).

The lack of overt criteria would leave the interpretation of the principles to planners at the implementation level. For instance, when local authorities assess development applications, whilst there is supporting documentation provided by external consultants, it still remains in the power of an individual (or the chair if there was a committee) to make an interpretation on how to incorporate employment into a master plan. This decision would have been based on that individual’s background, training, exposure and interpretation of the policy in achieving the ideals of job-housing balance, minimising journey-to-work, and providing local employment. Often times, the bureaucracy would have little or no regard to the additional risk (be it financial or market risk) that the developer is required to undertake when handing down decisions. On the other hand, developers have the opportunity to negotiate the conditions imposed and influence the final decision. The asset base and size of the developer can also potentially create a situation wherein they influence State and Local land use decisions.

This problem presented in this paper is not with the public policy intent, but rather the grey area open for interpretation. Therefore, it is recommended that some form of accountability and checks and balances be built into the implementation process to qualify the final decision and if it will be able to achieve its intended outcome.

It is recognised that it is often easy to criticise public policy and to highlight its weaknesses and would often be misconstrued as criticism or ridicule to the agents of policy development. However, those who craft public policy are just as good as the tools and knowledge available to them in creating and legislating such policies. This paper therefore is not a criticism of policy makers but rather on policy created from constructs that are yet to be clearly defined and researched.

2. Significance and Context

Contemporary MPCs have now become the prevailing urban form to accommodate increasing population housing needs. The expectation that MPC developers should provide a number of FTE jobs in their master plan on their own without the explicit support of State or Local government is important because of the continuing policy in Queensland to develop greenfield sites into complete MPCs i.e. a variety of residential accommodation types and sizes, employment centres and recreation components into their structural plans.

The creation of an employment centre is often overlooked as both an urban development project and an economic development project. Aside from the delivery
and construction of the built form for commercial endeavours, new jobs have to be created as well. Otherwise, vacancies will be created either in the MPC employment centre itself or the previous premises of the new tenancies. It is the higher than average vacancy rates that MPC employment centres suffer as compared to other suburban office locations that have been the cause for concern.

The incorporation of employment within MPCs was explicitly communicated through the Queensland Housing Affordability Strategy: Greenfield land supply in SEQ 2007, in its ‘Bring forward principles’, “Principle 3. Greenfield areas must be planned and delivered as integrated communities with access to employment opportunities” (Department of Infrastructure and Planning 2007, p. 3).

The document above was further adopted into a more comprehensive plan - the SEQRP which provides development principles in specific areas such as sustainability, natural environment, landscape, strong communities, compact settlement, employment locations amongst other things (Department of Infrastructure and Planning 2009). While this document provides the general principles of intent, the supporting structures (policy, legislation, guidelines for local governments and town planners deliberating final outcomes) are not clearly in place to ensure that the objectives are met.

An opportunity to evaluate the effectiveness of past policies, more specifically on land use and how it directs employment to a certain area can now be realised as some complete MPC’s employment centres in SEQ are built and occupied since having commenced development and construction from as early as mid-1980s.

Several indicators show that this specific area needs more attention and need a review from policy makers. Results from research demonstrate:

- The employment centres in MPCs are currently experiencing a higher than average vacancy rate as compared to surrounding areas, for example, 29.4 percent in Varsity Lakes compared to the Gold Coast at a 22.4 percent average (Colliers International 2010); 34.4 percent in Kawana compared to the Sunshine Coast average of 16.4 percent (Day 2010).

- 70 percent of businesses are located in the middle to outer suburbs (Forster 2006) however, while they remain scattered around the suburbs (Davies 2007) only small percentage chose to locate into a complete MPCs employment centre.

- As such, only one in ten MPC residents are working in the MPC suburb where they live as compared to a traditional subdivision, where they have a higher one in six chance of working where they live (Skinner, Iichi & Williams 2009).

- Almost 31 percent of MPC residents travel more than six hours a week to get to their place of work (Skinner, Iichi & Williams 2009) thereby contributing
Further public announcements have been made by the Queensland State Premier on the government’s decision to develop more greenfield MPCs towards the South western corridor of SEQ in Flagstone, Ripley Valley and Yarrabilba (Bligh 2010). Employment features as a major component of this decision. “The South Western Corridor will emerge in the medium- to long-term as a key provider for employment and residential growth (p.14).” It also underpins the $21.7 billion Western Corridor and Western SEQ investment (16.2 percent) of the total SEQ Infrastructure Plans and Program (SEQIPP) of $134 billion (Department of Infrastructure and Planning 2010).

Therefore, the plan-based regulatory land use framework in Queensland directs developers into development areas where both employment and housing can occur. It is then reasonable to believe why governments favour complete MPC developments as it provides all of the following:

- an attractive vehicle in terms of funding (usually private),
- the standards of infrastructure provision is high (as prescribed by State and Local governments),
- ample provision of housing choice,
- long term commitment to the creation of community and nurturing their well-being,
- provision of a significant number of FTE jobs during and post construction and development, and
- an overall aesthetically pleasing built environment and amenity for the wider population.

However, interviews suggest that developers alone cannot ensure the success of the MPC employment centre without direct policy intervention of government because of the multitude diffused external factors that affect location and employment choice by firms.

3. Changing nature of employment and firm location in Australia

Business locations in Australia have undergone some changes over the past forty years. A historical analysis of the corporate approach to the ownership and use of commercial property in Australia up to the 1990s is provided in Figure 1 below (Hefferan 2006). The introduction of co-located employment clusters in MPCs only emerged in Queensland in mid-1990s with the development of Robina, Gold Coast, and then later in Varsity Lakes which is also located in the Gold Coast. These types
of development reflect the changing demographic preferences, policies, priorities and technological advances for office accommodation. Together, this is displayed in Figure 1 below:

The growth of suburban office location has been increasingly popular over the past two decades and has been subject of several studies (Davies 2007). The preferred office locations of firms are influenced by the changing business environment which responded dynamically with the integration of information and communication technology (ICT) into the work process.

In the United States by 1986, 60 percent of the nation’s office space was located in suburban downtowns and the remaining 40 percent in commercial business districts (CBDs) (Pivo 1990). Even in Korea from the period of 1986 to 1996, the employment decline from CBDs was 34.5 percent in 1981 and then decreased to 17 percent by 1996 due to the rise of two employment sub-centres (Myung-jin & Seong-kyu 2002).

In Australia, at least 30 percent of jobs were located in the CBDs and surrounding the core in most cities (Forster 2006). Slightly even less in Melbourne in the analysis by Davies (2007) who cites that about 28 percent of jobs are located in the inner CBD from the census taken in 2006. This is not surprising as employment participation has also become more complex and variable in terms of time (full-time versus part-time), job sharing, employment security (permanent versus casual), location (hot-desking, mobile offices), and longer hours of work for some which will continue to evolve as Federal policies change on the deregulation of work (O’Connor, Stimson & Daly 2010).

Whilst technological advances in communication allow worker flexibility to conduct business from home, office or while mobile. There is still increasing importance and need for social capital to be developed and augmented within the business environment rationalises the attraction of firms to cluster. Agglomeration research even makes distinctions between the demand related externalities and supply related externalities that influence firms’ location decisions (McCann & Folta 2009).
Therefore, the space ‘office’ provides is still valued as a hub, is still seen as central to one’s operations and therefore needs to be accessible and social (O'Mara 1999).

This changing nature of business is confirmed by the key informants as evidenced by employers’ concern of providing staff with a work environment that offers other amenities and conveniences, in addition to a place of work. Employment centres in MPCs provide these amenities along with the option to participate in other community activities. Employers and tenant firms found it more economic to attract and retain staff than to tolerate high turnover rates of staff and the increased costs in training.

Real estate agents interviewed observed that once a firm’s employees experience ‘life’ in an MPC employment centre; they (employers) do not consider returning to their previous locations. This is testament to a dimension of the value proposition that MPC developments provide - a ‘community life’ or a ‘sense of belonging’ to resident households and to the other resident – businesses which is becoming an important criterion in location decisions.

4. Public policy affecting commercial land use

This paper is focused on the public policy that directs MPC developers to providing employment centres into their developments. Basically, public policy (influenced by concepts of mixed use, proximity, density, concentration, continuity, centrality, nuclearity) directs property developers where to provide employment or housing (within the urban footprint – see SEQRP) by designation of land uses in town plans. In some cases, when the scale of developable land is large enough to accommodate several land uses, both employment and housing are directed to be located in a MPC. The policy implementation process is depicted in Figure 2 below:
The seven principal components listed on the left column of Figure 2 were provided by Cutsinger (2005) - they provide rationales of housing and employment land uses. Cutsinger’s work expands on these underlying principles and provides how they are used to measure outcomes. Examining these inputs more closely may evaluate and reveal what issues need to be addressed when the effectiveness of such policies fail to deliver the desired outcome or perhaps, judgements and evaluations may be too early to reveal the true outcomes given the project’s lifecycle. The multi-dimensional aspects of employment creation may be so much more complex as compared to the provision of residential land. Thus understanding which factors cause positive or negative consequences, and which ones can occur simultaneously is important to dissect to create better policies (Cutsinger et al. 2005).

On the other hand, no literature has been found in the public domain that measures the dimensions of value for businesses in choosing their location decisions - more so for this research, for non-retail commercial businesses locating into a MPC employment centre. These values may be in the minds of some, however because an MPC employment centre is a multi-stakeholder enterprise, there needs to be a sufficiently encompassing ‘value model’ that works for all parties to embrace and overlap. If these values are identified and articulated, action may be undertaken by parties responsible be it the MPC developer, the commercial builder, State or Local authority, among others to target and address those issues important in this urban form.

In Queensland, the key public policies that affect the structural plans of MPC developers and guide approving authorities in State and Local level include the following:

- Integrated Planning Act (1997)
- Queensland Housing Affordability Strategy (2007)
- Greenfield land supply in South East Queensland, in its ‘Bring forward principles’, “Principle 3. Greenfield areas must be planned and delivered as integrated communities with access to employment opportunities.” (Department of Infrastructure and Planning 2007, p. 3)
- Urban Land Development Authority Act (2007)
- Urban Development Areas (UDAs)
- South East Queensland Regional Plan (2009-2031)
- South East Queensland Infrastructure Plans and Programs (2009-2031)
- Sustainability Planning Act (2009)
- Local government policies
- Negotiated agreements and other site specific Development Agreements

As stated earlier, none of these policies, explicitly prescribe that employment centres be provided in the structural plans of MPCs.
State and Local governments have wrongly assumed that the strategies in providing housing are similar in providing employment opportunities. Hence, approval of structural plans is withheld unless developers agree to provide a certain number of FTE jobs. To illustrate, in Varsity Lakes, Gold Coast, a target of 4,500 FTE jobs was negotiated for 7,800 residents (Bajracharya, Earl & Khan 2008). In the recently approved MPC on the Sunshine Coast, Palmview, the structural plans approximates the creation of 3,000 FTE jobs for the targeted 14,000 residents (Strategic Planning Branch 2009b) and for yet another MPC undergoing its final stages of negotiation, Caloundra South, 15,000 FTE jobs has been announced by their developers, Stockland (Gatehouse 2010) for the envisioned 50,000 residents (Strategic Planning Branch 2009a). Perhaps, it is this assumption that has created the unrealistic expectations and relatively poor performance of current employment centres in MPCs in SEQ.

The transparency of the process by which the number of FTE jobs is determined, negotiated, finalised and measured given specific time frames needs to be brought forward. Unless clear economic strategies are formulated alongside the provision of land to justify the creation of new jobs, that number appears to be arbitrary and perhaps optimistic. This is not to say that developers themselves have not provided their own economic strategies to create jobs. In fact, to their credit, what has been achieved to date is largely due to the developer’s internal strategies without much government intervention and assistance. One developer key informant has highlighted the risk undertaken by some by saying ‘if they have been successful in getting employment centres to work - it is purely by chance’. This comment further validates the research gap undertaken here.

The remainder of this paper will investigate further the process of public policy development and implementation in Australia.

The cycle of the eight stages in Figure 3 allow policy instruments to be reviewed through consultation with stakeholders prior to implementation. A major area of this process is the evaluation component (Stage 6). At this stage, the effectiveness of the policy needs to be tested to allow issues to be identified and public policy to be re-crafted or supported with other policies, regulation, guidelines and the like to achieve the intended outcomes.
5. Evaluating employment centres in MPCs

Land use regulatory frameworks in Australia have been criticised for their failure to provide affordable housing. Australia was ranked the most unaffordable place to live in an international study of six countries completed in 2010 compared to New Zealand, United Kingdom, Canada, Republic of Ireland, and the United States (Cox & Pavletich 2010). What this study highlighted was the consequence of a *plan-driven* (prescriptive) land use regulatory framework that restricted land supply and lengthened the delivery process (converting urban fringe land to new houses in new subdivisions) and thereby increasing prices (Cox & Pavletich 2010). The Australian market is unlike the United States where development operates under a model of *demand-driven* (responsive) land use frameworks, allowing development to occur within environmental constraints. In the United States, the delivery of new houses in new subdivisions is 1.5 years as against 6.25 to 14.5 years in Australia (Cox & Pavletich 2010).

The SEQ’s response to urban growth pressures is to adopt ‘smart growth’ principles (Department of Infrastructure and Planning 2008). One of the ‘smart growth’ principles is to accommodate appropriate dwelling and employment capacities or a greater job-housing balance, where there is a proportionate number of jobs to residential dwelling units in a locality. Ideally, the jobs available should match labour force skills, and housing should be available at the price, size, and locations that suit those workers who wish to live in the area. This concept contributes to the achievement of two economic objectives sought by local government – maximizing local employment opportunities (self-sufficiency); and encouraging the local capture of employment (self-containment) (Urbecon Publication 2005).
With these principles and direction, State and Local Authorities look to large scale MPC developers to include provision for employment opportunities in their structural plans. The precincts may well prove an excellent physical environment to attract knowledge intensive small-to-medium enterprises (SMEs) and other firms who are increasingly becoming critical to the sustainable economic growth in countries such as Australia (Hefferan 2006). However, what is currently happening is that the ‘burden’ of ensuring the success of the employment centre ultimately becomes the responsibility of the MPC developer. It can be argued that the MPC developer would benefit from the higher land value of commercial land once the momentum of commercial development is established at the same time the community would also be benefiting from the economic activity generated in the area. It is the initial stimulus of economic activity that is the main issue.

In the past, MPC developments have depended on local and regional centres for employment (Yigitcanlar et al. 2005) and therefore without public policy and government support to drive employment activity, these areas will have lesser chances of achieving their full potential.

The need therefore is to evaluate the land use policies in creating employment centres in MPCs. The underlying assumptions of land use frameworks need to be examined in order to determine whether they are contributing, exacerbating or conflicting with the intended outcomes of the principles of job-housing balance, self-sufficiency and self containment. Perhaps it is time to put the spotlight on the effectiveness of public policy on the creation employment location within MPCs.

6. Some recommendations

The key informants approached for the research have recommended some actions that State and Local authority could consider.

Developers feel that the level of discretion, negotiation and interpretation is left too much in the hands of bureaucrats and politicians, and that the short-term electorate outcome desires compromise the long-term, intergenerational project’s best interests. It was suggested that a non-partisan, independent, professional body or organisation to oversee the implementation of urban projects at a regional and local level be created. Some have suggested designing a similar model to the way local councils now use private building certifiers in the building approval process.

Long time developers are also looking for a higher level of trust, engagement and commitment from authorities. On the other hand however, they also call for greater accountability on the part of approving bodies similar to the way public boards have to respond to their stakeholders. Developers interviewed would appear to be prepared to report their triple bottom line to governments and the public to ensure that social and environmental outcomes are addressed by their decisions.

The optimal solution, to turn away from punitive prescriptions to a process where actions become voluntary and the state provides sufficient incentives to promote
cooperation and local policy action (Dillingham 2008). A further call came from the interviewees to ensure that local policies are consistent with state expectations through a consistent and coordinated approach by the different departments in State and Local government.

MPC developers recognise the challenge of providing successful employment centres is difficult to achieve on their own. If the maximum community utility or stakeholder contribution are to be delivered and earnest intention of government is to be realised, they need to assist with the mobilisation and relocation of some of the institutional anchors such as a hospital, education facility, government department or agency, even perhaps a family court or legal institution. There may even be the inclusion of incentives for firms that re-locate or establish themselves into these new employment centres (Burke, Dodson & Gleeson 2010).

All of these recommendations requires the whole area (inclusive of the MPC, and other local and regional employment hubs) to support and integrate with local planning, including sufficient transport access and links, signage and marketing.

7. Conclusion

Urban planning should be responsive to changing market demands. The real need today is to evaluate public policy, particularly the process of urban planning, in order to put some evidenced-based policy in place to measure if the intended outcomes are achieved.

A MPC developers’ main task is to provide developed, buildable land. Establishing employment centres is a function of economic opportunity - it is multi-faceted and needs a ‘catalyst’ to create an economic response. The understanding that there are two projects simultaneously undertaken – one an urban development project and the other an economic development project needs to be acknowledged. The challenge for governments is to facilitate the catalyst for job creation is necessary as the multiplier effects will be beneficial to the success of a new employment node, and the wider community as well.

The discussion presented in this paper has revealed that the tools, knowledge and measures available to policy makers are deficient in assessing the current status of MPC employment centres. The ideals of job-housing balance and minimisation of journey to work travel espoused by public policy have yet to be realised and appreciated. The next stage of this research is to establish the dimensions of value to measure and understand how public policy could be more responsive to the changing demands of firms locating in employment centres in MPCs.
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