

Our Ref : [REDACTED]  
Enquiries : [REDACTED]

[REDACTED]

14/11/2018

Cost recovery responses  
Department of Water and Environmental Regulation  
[REDACTED]  
PERTH WA 6850

Dear Sir/Madam

**RE: City of Armadale Submission – Cost Recovery for the Department of Water and Environmental Regulation**

The City of Armadale (the City) has reviewed the proposed implementation of a cost recovery approach for clearing permits and water licences. This has included review of the Discussion Paper and attendance at a consultation workshop held on the 13<sup>th</sup> September, 2018.

As a Local Government authority within the 'Intensive Land Use Zone' the proposed changes will increase the cost of project delivery and maintenance of community assets, ultimately impacting on the City's ratepayers. Therefore the City has formulated the below response to the questions outlined in the Discussion paper, with additional comments also provided.

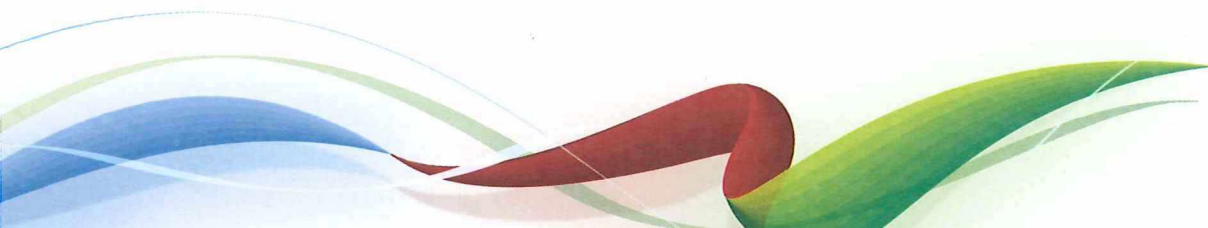
**Native Vegetation Clearing Fees:**

*Qu: Would a strategic approach to clearing, through a strategic purpose permit benefit you?*

In general the City supports a more strategic approach to clearing approvals, to better plan the City's infrastructure, provide project certainty and allow better consideration of the environment in project planning. However clearing permits in the City are often required for unforeseen works, or are in response to community concerns. Therefore despite the City's best intentions of a more strategic approach, cost recovery for clearing permits will likely increase the City's project delivery costs.

*Qu: What is the likely impact on your business or industry of the proposed clearing fee structure?*

Quantifying costs is difficult given with the number of clearing permit applications varying significantly from year to year, and as outlined above can often be in response to



unanticipated community concerns. However the proposed clearing fee structure will certainly increase budgetary requirements for project delivery.

The City recommends that if introduced, the Department of Water and Environment Regulation (DWER) should give enough time for the City to adjust budgets to reflect the additional project delivery costs. If DWER fail to make a decision prior to budget finalisation next year (May, 2019), then implementation of the proposed changes should be delayed until the following financial year.

*Qu: Is the proposed fee structure fair and does it adequately reflect differences in the financial capacity of clearing permit applicants?*

The City believes a 'user pays' system is appropriate for larger projects and where the applicant is seeking to gain financially or otherwise from the clearing of native vegetation. However this isn't generally the case for Local Government and the City believes the fee structure should consider the impact to the community resulting from increasing application fees for Local Government, and the fact Local Government aren't seeking commercial gain from projects that may require clearing.

Additionally, data provided at one of the consultation workshops indicated that State and Local Government comprise a majority percentage of clearing permit applicants. Therefore given this additional cost burden will ultimately be passed onto the City's rate-payers through rate increases, and/or impacts to community infrastructure, the City views this proposal as an exercise in cost shifting.

The City suggests further consideration of an equitable fee structure to better reflect the impacts to local communities that may result from passing these additional costs onto Local Government.

*Other comments on the proposed Native Vegetation Clearing Fees:*

Poor performance and service delivery are mentioned as rationale for this proposal; however there does not appear to be any clear link between increasing fees and performance benchmarks. The City is of the view that there needs to be accountability with regards to assessment time frames given that the fees are aimed at addressing this deficiency.

DWER should provide clear public reporting on timeframes for decision making (i.e. via the website) and clearly demonstrate the benefits outlined in the Discussion Paper resulting from an increase in fees. This would provide confidence that the change in fee structure and the implementation of a cost recovery scheme will provide the intended improvements in service and performance.

## **Water Licence and Permit Fees**

*Qu: Do you consider it reasonable for taxpayers to pay 100 per cent of the cost of assessing water licence and permit applications and if so, why?*

Increased costs associated with a cost recovery proposal for water licences will be absorbed by the City and passed onto residents in the form of rates and charges, hidden in the Lot purchase price of new residential blocks, or affect delivery of community infrastructure.

*Qu: If water licence and permit assessment fees were introduced, what do you consider to be an appropriate fee for a water licence or permit application?*

The City recommends a fee structure that considers the purpose or intent of the water licence (i.e. social and community benefit compared to commercial benefit). Currently the proposed fee structure will impact on the City's capacity to provide fit-for-purpose facilities and Public Open Space for the community.

*Qu: Would you consider a risk-based model for determining water licence and permit application fees to be appropriate? If not, what basis could the Department use to structure fees?*

The City would be unfairly impacted given water resources are over-allocated or nearing allocation limits ("medium to high risk") within areas of continuing urban growth across the City. As a result, the City believes the risk based model is too simplistic, and doesn't recognise the impacts to Local Government's that are experiencing development growth, including the flow on effects to the community.

*Qu: What would be the likely impact on your business or industry if water licence and permit fees were introduced?*

Because the City is a rapidly growing outer-suburb Local Government area, an increase in numbers of water licences required to service additional open space and other public areas in the City will be necessary. A summary on the estimated impacts are outlined in Table 1 below, in consideration of the primary licence requirements of the City:

Table 1: Fee Proposal and Estimated Cost Impact per year:

Type	Cost	Est Impact/Yr.	Comment
New 5C licence	MR-\$7,143 HR-\$8,929	\$7,143-\$8,929	Significant cost impacts will be added to project budget. This will result in a reduced community infrastructure outcome.
Renew 5C	MR-\$5,335 HR-\$6,668	\$6,660	Not an annual cost impact and varies with Licence expiry's after 10yrs
Amend	LR-\$4,407 MR-\$5,876 HR-\$7,345	\$36,725	The City has a lot of pending "one-off" licence amendments due to DWER issuing new licences as part of developer transfer rather than amending existing licences, which take longer to assess & administrate. When we next amalgamate licences this additional cost in particular will be a major impact. Yearly we would have potentially 5-6 due to subdivisional transfers.

*Other comments on the proposed Water Licence and Permit Fees:*

The City notes that the recent implementation of the Water Online Portal still appears under development and is therefore not able to effectively measure performance. When the Water Online Portal is fully operable it is assumed there will be improved service delivery which may negate the need for the degree of fee increases proposed under the cost recovery proposal. The City requests further clarification on when the Water Online Portal will become functional, and whether changes to the performance of DWER will be made publicly available.

**Concluding Comments**

The City supports the concept of cost recovery or a 'user pays' philosophy, particularly when this encourages a more sustainable and strategic approach to clearing permit and water licence requirements. However the proposal as presented does not consider Local Government's role in ensuring the efficient resourcing of budgets for the benefit of the community.

The City of Armadale, as with other Local Governments, does not directly benefit from the implementation of projects that require clearing or water licences. Increases in costs will also ultimately be passed onto our ratepayers, either through impacts to project delivery, or increases to rates and land prices. Therefore it is recommended the proposed fee structures be reconsidered to better reflect the potential impacts to the City's ratepayers.

The City is also concerned about the lack of accountability, and recommends that DWER outline the processes required to demonstrate (in a transparent manner) that the increase in fees will directly result in improving DWER's performance in clearing permit and water licence assessments.

If you have any further questions in regard to the above, please contact the City's, Senior Environment Officer on 9394 5194.

Yours faithfully



Kevin Ketterer  
**Executive Director Technical Services**