



29 October 2018

Cost Recovery Responses

Department of Water and Environmental Regulation

[REDACTED]
[REDACTED]
[REDACTED]

Via email: fees@dwer.wa.gov.au

Dear Sir/Madam

Discussion Paper on Cost Recovery for the Department of Water and Environmental Regulation

Thank you for the opportunity to provide feedback on the above Discussion Paper. The Urban Development Institute of Australia (UDIA) WA is the peak body representing the property development industry in Western Australia. UDIA is a membership organisation with members drawn from the residential, commercial and industrial property development sectors. UDIA members include both private and public sector organisations. Our industry represents approximately 12.7% of Western Australia's Gross State Product, contributing \$30.45 billion annually to the Western Australian economy and \$251.7 billion nationally. As well as helping to create sustainable and liveable communities, the industry employs a total of 224,500 Western Australians and almost 2 million Australians across the country.

Application fees and processing times for statutory approvals are of critical importance to the development industry to enable the industry to provide homes in a timely and affordable manner. UDIA greatly appreciates the Department's commitment to engaging with industry and providing the opportunity to offer feedback on permit fees for native vegetation clearing and water licences.

UDIA fully recognises the need to ensure that Government departments are appropriately resourced to undertake their statutory duties. Therefore in principle we do not object to the fee increases proposed by the Department, providing that the fee increases are accompanied with comparable improvements in service delivery and timeframes.

As such, further clarity is sought on how funds gathered from the increased fees are to be spent to achieve the improvements described within the discussion paper. This information should be coupled with improved reporting and transparency to demonstrate the effectiveness of the projects, programs and increased personnel employed to achieve the stated improvements as per the DWER strategic plan commitment on page 7 and the 'anticipated service improvement' section of the discussion paper on page 8.

Increased clarity and transparency

The Department outlines in Section 3.2, Anticipated Service Improvement, limited details as to where the additional revenue will be directed and what additional staff it will contribute to. Details are also not provided on how many additional staff will be required to achieve the service improvements mentioned, such as: what level of expertise will be required; what training requirements will be needed; nor how many staff are in current employment and that might also require increased training for the new 'systems' and 'streamlin(ed) business processes' anticipated. The information provided is not sufficient to determine if permit timeframes will improve and therefore the Institute recommends that further information be provided to increase clarity of how the improvements mentioned in the discussion paper are to be achieved.

UDIA also notes several contradictions in the statements of improvements that can be found in Section 3.4 which assert that 'the fee structure reflects a proportionate cost for clearing regulation for increased assessment complexity' (pg. 9). This statement of increased assessment complexity raises the question as to whether timeframes will actually see improvement, given the anticipated 'increased complexity'.

Also in Section 3.2 of the document, under 'cost of service', the Department makes a case for the increase in fees based on the discrepancy between the average cost for the assessment of the clearing permit (estimated at \$10,000) and the actual fees charged by the Department, stated as 'rang{ing} from \$50 to \$200 for area permits with a flat rate of \$200 for purpose permits' (pg. 8). Given the large difference between the average cost and fee rate quoted within the document, UDIA queries if the average cost quoted is reflective of most permit applications, considering that complex applications may add significantly to the average costs. The Institute recommends that the average costs of standard and complex applications be averaged separately in this section to provide increased transparency in the costs involved for the Department for the assessment of clearing permits.

To further increase clarity, UDIA would also recommend that a worked example of the revised fee structure be included in the discussion paper. i.e. For agriculture or basic raw materials purposes (or both) as stated in Table 1 (pg. 10).

Reporting Requirements

While UDIA appreciates that DWER does publish quarterly reporting, it is recommended that this reporting be expanded to include appropriate reasoning. For example, within the Regulatory Performance Report for Quarter 3, 2017-18 ([here](#)), no written analysis or further information is provided behind the failure to meet timeframes. i.e. Reasoning for decisions to 'stop-the-clock' (pg. 6 of Report).

The Institute believes that provision of such detailed reporting, on a more consistent basis, would serve to foster increased understanding between industry and government of any potential issues such as resourcing which may be affecting application processing times or other items. Such transparency may even lead to potential solutions being brought forward such as exemptions and/or accrediting consultants.

It is not clear in the discussion paper whether solutions such as exemptions and accrediting consultants have been considered. As these are options which have the potential to reduce costs for the Department, and be more cost-effective to industry through the reduction of application processing times, UDIA would recommend that these be explored.

As outlined in paragraph 1 of the section of this submission on increased clarity and transparency, the Institute has concerns regarding the lack of detail provided in the discussion paper on how anticipated improvements are to be achieved and exactly how the increased funding will be spent. In addition to this concern, improvements to reporting of such spending are recommended, to provide a clear, transparent, detailed and timely record demonstrating the achievement of these improvements.

Application Thresholds

As the application thresholds have remained unchanged, it is unclear if consideration has been given to whether they are appropriate and should be amended. UDIA would welcome more guidance either in the discussion paper or privately on this matter.

Of additional concern is, if there is a risk that the increased fees may result in an increase in unauthorised clearing, particularly in the >1000 category. Such an increase may cause a corresponding rise in the cost of compliance for the Department and involved parties.

Key Recommendations:

In summary, the Institute's key recommendations concerning the discussion paper and its implementation are that:

1. Clarity be provided within the discussion paper on the intended spending schedule to achieve the improvements outlined within Section 3.2, Anticipated Service Improvement.
2. All spending of the funds generated by the increased fee structure be demonstrated through clear, detailed and transparent reporting.
3. Solutions such as exemptions and accrediting consultants be explored for inclusion in the discussion paper.

Should the Department require any assistance or further information regarding this matter, the UDIA would be delighted to assist. Should any further information be required in relation to the comments above, please contact Chris Green, Director Policy and Research at [REDACTED]

Yours sincerely

[REDACTED]

Allison Hailes
Chief Executive Officer