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Review of fees and charges under Part 4 of the Environmental Protection Act 1986

Thank you for the opportunity for to provide feedback as part of the review of fees and charges under Part 4 of the *Environmental Protection Act 1986*.

The Urban Development Institute of Australia (UDIA) WA is the peak body representing the property development industry in WA, with members across both private and public sector organisations. Our Vision is for 'Diverse living options in thriving, connected communities', and we strive to support this in working towards our Purpose of 'Great places + Housing choice = Better lives'.

We have considered the questions asked as part of the review and in consultation with our members, we wish to provide the following general feedback from the perspective of the development industry which we feel is pertinent to a review of the extent to which the fees recover the costs incurred by the Department of Water and Environmental Regulation in receiving and assessing proposals. UDIA WA members have also been provided with the opportunity to respond to the survey directly to share more specific feedback from their individual experiences.

Industry Expectations and Experience

It is essential that the Department of Water and Environmental Regulation is appropriately funded to efficiently and effectively undertake environmental assessments to protect our rich environmental assets whilst also facilitating development outcomes aligned with State Government priorities, such as supporting the aspirations of Perth and Peel@3.5million.

Industry support for the cost recovery scheme was predicated on the shared understanding that there would be an associated improvement in service provision and assessment timeframes. It was expected that this would be achieved through re-directing the funds generated to increase in-house capability and capacity, to use qualified consultants for complex matters and to deliver initiatives to drive process efficiencies.

Based on industry feedback, this has not been the case, with proponents paying for a level of service they are not necessarily receiving and the processes and timeframes involved being a major constraint for the timely delivery of diverse and affordable housing supply. This feedback has been shared previously with the Minister for the Environment, the Director General and Senior Leadership Team at DWER and as part of the consultation for the 2023 Independent Review of WA Environmental Approvals Processes and Procedures.





With respect to the suitability and structuring of the fees, this is dependent on the nature of the proponent and their proposal, the commercial realities, the scale of costs and personnel involved in the assessment. We understand that in the context of the not-for-profit sector, the fees charged can potentially be the determining factor in whether a project will progress. In the example that was brought to our attention, the development of a school has ultimately not occurred due to the fees that would have been payable had it gone through the assessment process. Whilst there are some aspects of discretion applicable for fees if a proponent meets the specified criteria, the criteria is quite narrow in its application and does not guarantee a positive outcome.

Improving the transparency and impact of the cost recovery scheme

Cost recovery should be underpinned by the principles of efficiency and effectiveness, and transparency and accountability, and seek to recover some or all the costs of a particular activity. In doing so, the fees should be directly linked to the provision of services and appropriate performance metrics to ensure the charges are fair and appropriate for the services used and received.

This review should appropriately consider the charges in the context of the quality and level of service provided to proponents in arriving at a conclusion about the extent to which the fees recover the costs incurred by the Department of Water and Environmental Regulation. This is a fundamental consideration for the appropriateness of the fees charged and how they and the scheme are practically functioning.

Industry expectations as articulated earlier remain unchanged. Revenue being derived from urban development and associated infrastructure referrals should be channelled back into appropriately resourcing such assessments and it is important there is appropriate transparency around the expenditure of funds.

This very much aligns with Recommendation 19 of the Vogel-McFerran Review which encouraged consideration of 'funding reform initiatives through the cost recovery provisions and communicating this in a transparent way to industry'. Whilst this Recommendation was 'noted' and not 'accepted' by the State Government, it is strongly supported by industry.

There must be increased transparency around how the fees are spent to enhance service provision and ensure an efficient and effective process. This should include establishing customer-centric performance indicators and metrics which more closely link clear expectations in relation to culture and service delivery (such as relating to approval facilitation and problem solving). This would increase accountability, help to create greater trust and certainty for industry, drive balanced outcomes and support the effectiveness of the scheme.

To that end, effectively using funds from the cost recovery scheme to build capability and capacity should include:

- Undertaking targeted recruitment activities for appropriately experienced senior professionals with industry experience, investing in the professional development of existing staff and undertaking long-term workforce planning, to build capability and capacity within DWER.
- Commissioning consultants for complicated matters to provide supplementary expertise to assist with resolving resource constraints and to allow access to better and more balance

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expert advice on key technical issues. This could include environmental assessment services, secondments and/or peer reviews.

- Increase use of active case management and reallocation of resourcing to increase the number of senior, experienced officers acting as industry case managers, ensuring clear roles, responsibilities and accountabilities, as well as consistency in project interactions.

While our response touches on elements outside of the current scope of the review, we feel these matters are fundamental considerations in reviewing the appropriateness of the fees charged. Should you require further information or wish to discuss this further, please contact Isaac George, Policy Officer at igeorge@udiawa.com.au or 9215 3409. Thank you again for the opportunity to provide feedback.

Yours sincerely

A handwritten signature in black ink that reads 'Sarah Macaulay'.

Sarah Macaulay
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