



# **Discussion Paper on cost recovery for the Department of Water and Environmental Regulation**

**SUBMISSION**

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## INTRODUCTION / GENERAL COMMENTS

The Western Australian Local Government Association (WALGA) is an independent, membership-based organisation representing and supporting the work and interests of 138 Local Governments in Western Australia. The Association provides an essential voice for over 1,200 Local Government elected members, approximately 14,500 employees and over 2 million constituents.

WALGA welcomes the opportunity to provide comment on the proposals in the Department of Water and Environmental Regulation's Discussion Paper on Cost Recovery. In delivering services for their communities and regions, Local Governments have significant interaction with the land clearing permit and water licensing and permitting systems. As such the sector considers it vital that these systems are operating efficiently, effectively and equitably.

It should be noted that this is an interim submission. The submission will be considered by WALGA State Council at its meeting on 5 December 2018. As such, WALGA reserves the right to modify or withdraw these comments as directed by State Council at that meeting.

In considering the impacts of cost recovery for native vegetation clearing permits, water permits and water licence applications, WALGA's comments are not limited to the questions posed in the Discussion Paper. WALGA considers that proposed increased fees should be seen in the context of the overall effectiveness and efficiency of the State Government's approach to native vegetation and water management more broadly.

### The user-pays principle

#### **Application of cost recovery on Local Governments for clearing permits and water licences and permits is not appropriate.**

The imposition of fees proposed in the Discussion Paper is based on the user-pays principle:

'...the full or partial cost of service of regulatory activities should be borne by those who benefit most from the service.'

The Discussion Paper continues:

'Currently the cost of assessing applications for native vegetation clearing permits and water licences and permits is primarily borne by the taxpayer, not the applicants who derive the benefit.'

WALGA agrees with the user-pays principle and considers cost recovery may be appropriate in an efficient system where there is a private benefit accruing to, in this case, the applicant for a permit or licence. However WALGA argues strongly that the activities undertaken by Local Governments for which these permits or licences are required are almost entirely for public benefit, and that these benefits often extend beyond their local communities. This therefore amounts to cost shifting from one government entity to another. In this case, in accordance with the user-pays principle, WALGA contends that the imposition of cost recovery on Local Governments through

increased fees for clearing permit applications and water licences and permits is not appropriate.

## Operation of the regulatory and legislative systems

### System and legislative reform should be the first priority.

DWER's own key indicators demonstrate that the regulatory systems for clearing permits and water licensing and permits are not currently operating efficiently and effectively. WALGA considers that the Department's first priority should be to examine and make the necessary changes required to ensure KPIs are met. This will ensure that proponents are not being asked or required to subsidise an inefficient system.

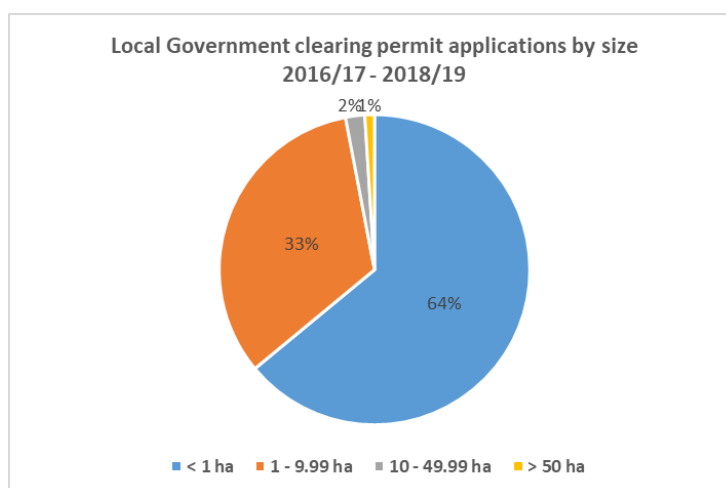
In addition, in relation to water WALGA notes that the State Government has recently given a commitment to undertake significant legislative review of all major water law in Western Australia. Consideration of regulatory reform should be in the context of contemporary water legislation, and as such should occur after the State Government has determined and delivered on contemporary water legislation.

## CLEARING PERMITS

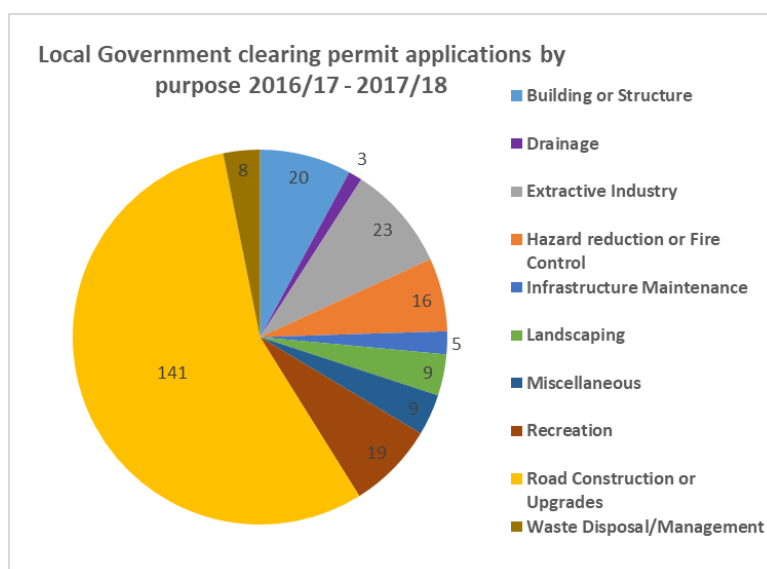
### Context

Western Australian Local Governments represent a significant proportion of all clearing permit applications, second only to the State Government. Over the period 2016-17 to 2017-18, Local Governments submitted approximately 250 clearing permit applications. In 2017-18, 23 per cent of all clearing permit applications were submitted by Local Governments.

Almost all Local Government clearing permit applications since 2016-17 have been for clearing of areas of less than 10 ha. Over that same period Local Governments made only two applications to clear more than 50 ha, both of which were in the 'extensive use zone (ELUZ)'. Approximately 90 per cent of all Local Government permit applications were for clearing in the 'intensive use zone (ILUZ)' in the South-West of Western Australia.



As illustrated below, of the 253 clearing permit applications submitted by Local Governments between 2016-17 and 2017-18, 141 (60 per cent) were for road construction, upgrades or maintenance. Other significant activities for which clearing permits are sought include recreation, extractive industries (eg quarrying of gravel, sand and limestone for use in provision of community infrastructure) and hazard reduction or fire control.



## Cost recovery for Local Government clearing permit applications

**Local Governments should not be subject to cost recovery for clearing permit applications.**

Local Governments do not derive a private benefit from the clearing they undertake. Clearing of native vegetation by Local Governments is undertaken for purposes that benefit their local, and in many cases the broader, community. The purposes for which Local Governments submit applications to clear native vegetation are also generally non-discretionary. For example, Local Governments are obligated to maintain and ensure that local roads are safe for public use.

So, while WALGA agrees in principle that the cost of regulatory activities should be borne by those who benefit most from the service, in this case it does not agree that Local Governments should be subject to cost recovery for clearing permit applications. Rather WALGA considers the incidence of this cost is already being borne appropriately by Western Australians through general taxation (as is also the case for State Government agencies).

While WALGA acknowledges the need and efforts of the State Government to improve the State's finances, it is important that in doing so, costs are not simply shifted to Local Government. In addition, fees should not be raised to compensate for the significant ongoing cuts in the State's funding of environmental regulation, including assessment of clearing permit applications. It is particularly relevant in this context to note that funding for the DWER and its predecessor, the Department of Environmental Regulation, including staffing for the assessment of clearing permits, has reduced substantially in parallel with the fall in the

percentage of applications that were decided within DWER's target of 80 percent within 60 working days.

Local Governments consider the proposed cost recovery for clearing permits for Local Government represents a **direct cost shift** to Local Government. For example:

- The Shire of Toodyay has indicated that '...54 per cent of your (DWER's) clients are a combination of both state government and local government it appears the biggest impact will be on these sectors. With no prospect of Local Governments shifting additional costs without raising rates this will mean a reduction in available funds to spend elsewhere or the ratepayers paying more'.
- The Shire of Carnamah comments that 'because we are a small Shire and this proposal amounts to cost shifting a State based financial burden onto an already financially burdened community – who are all still taxpayers. All this means is that Shires will have to get the taxpayers to pay extra, instead of the State using their taxes'.

Local Governments do not see the proposed fee structure as fair or equitable. In particular, the fees will disproportionately impact on some Local Governments, such as those in the ILUZ and those with high road to ratepayer ratios. For example, the Shire of Wandering in the Wheatbelt, 120 km South-East of Perth covers an area of 1 955 km<sup>2</sup> and has 355 km of roads<sup>1</sup>, all of which are local roads. The Shire has a population of 444 and 347 ratepayers<sup>2</sup>. Many of the Shire's roads provide a benefit to those using them but who live outside of the Shire, including one road that has 1 500 vehicle movements per day, but only 150 local ratepayers using it. The Shire has estimated that two applications at the proposed level of cost recovery, without taking into account associated other costs such as flora and fauna surveys, would equate to a one percent increase in Wandering's rates.

While the proposed fee structure seeks to differentiate between the ELUZ and ILUZ, the revised fee structure will have significant impact on Local Governments such as the Shire of Murchison, which is responsible for 1 647 kilometers of roads<sup>3</sup>, has a population of 153 and \$456 000 in levied rates in 2017-18<sup>4</sup>. In 2017-18, the Shire of Murchison lodged only one application to clear native vegetation (Purpose permit CPS7955/1) at \$200 and in 2016-17, the Shire lodged five clearing applications (purpose permits for road construction and gravel extractions) totaling \$1000 in fees. Under the proposed fee structure, the costs to the Shire would be \$12 000 for the six purpose permit applications. The costs of the proposed fees would represent nearly 3 per cent of current rate revenue.

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<sup>1</sup> Source: <https://walga.asn.au/getattachment/Policy-Advice-and-Advocacy/Infrastructure/Roads/Report-on-Local-Government-Road-Assets-and-Expendi/report-2016-2017.pdf.aspx?lang=en-AU>

<sup>2</sup> Source: <https://knowyourcouncil.com/Council-Details.aspx?council=Shire%20of%20Wandering>

<sup>3</sup> Source: <https://walga.asn.au/getattachment/Policy-Advice-and-Advocacy/Infrastructure/Roads/Report-on-Local-Government-Road-Assets-and-Expendi/report-2016-2017.pdf.aspx?lang=en-AU>

<sup>4</sup> Source: <https://knowyourcouncil.com/Council-Details.aspx?council=Shire%20of%20Murchison>

Based on the number of clearing applications submitted by Shire of Esperance between 2016-18 and 2017-18, the proposed fee structure would result in the increase in fees cost from \$5 400 for 25 clearing applications to \$72 250 for the same applications. Considering that the Shire of Esperance is responsible for 4 259km of roads<sup>5</sup>, it is reasonable to assume that it will continue to be one of the Local Governments with a high number of clearing applications.

The proposed cost recovery must also be seen in the context of the already significant financial impost on Local Governments in complying with regulatory requirements for clearing of native vegetation. These costs include the need for site assessments that can cost many thousands of dollars for specialist expertise, as well as offsets and other measures that may be required as part of conditions for approval. Based on data provided by DWER, since the offsets register was established, Local Governments have been required to acquire approximately 1 500 ha of offset land as part of their approval to clear. Additionally, the time taken for decisions to be made on permit applications creates uncertainty for Local Governments and can impact on the timely delivery of projects and/or maintenance. In this context WALGA notes that decision times have risen significantly from 46 business days in Q1 2016-17 to 73 in Q3 2017-18<sup>6</sup>.

### Use of strategic permits

WALGA supports a more strategic approach to native vegetation clearing and the ability for Local Governments to consolidate their clearing applications. Such an approach has the potential to recognise efficiencies in the process, reduce costs and the regulatory requirements burden on Local Governments. WALGA notes that the capacity of Local Governments to utilise strategic permits will vary and that smaller Local Governments may find the requirements of such a process challenging. Not only are forward plans of work required, site assessments and surveys of areas where clearing would need to occur upfront, as would consideration of offsets. The up-front clearing approval of road projects reduces Local Governments ability to cover associated costs (clearing permit fees and surveys) via road projects grants. To assist Local Governments, WALGA considers that appropriate support and guidance must be provided, including assistance for the undertaking of surveys and the application of fees payable *after* completion of road works rather than up front.

### Operation of the regulatory system for clearing of native vegetation

**The first priority should be the effective and efficient operation of the regulatory system, before any consideration of cost recovery is considered.**

WALGA is concerned that cost recovery for clearing permits is being proposed while DWER's performance, as measured by the Department's own effectiveness and efficiency indicators, shows it is not meeting its KPIs, as evidenced in the DWER 2017-18 annual report<sup>7</sup>:

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<sup>5</sup> Source: <https://walga.asn.au/getattachment/Policy-Advice-and-Advocacy/Infrastructure/Roads/Report-on-Local-Government-Road-Assets-and-Expendi/report-2016-2017.pdf.aspx?lang=en-AU>

<sup>6</sup> Source: [https://dwer.wa.gov.au/sites/default/files/RegulatoryPerformanceReport\\_1-July-2017\\_31-March-2018.pdf](https://dwer.wa.gov.au/sites/default/files/RegulatoryPerformanceReport_1-July-2017_31-March-2018.pdf)

<sup>7</sup> Source: [https://dwer.wa.gov.au/sites/default/files/DWER\\_AR2017-18\\_2\\_PerformanceReport.pdf#overlay-context=about/Annual\\_Report\\_2017-18](https://dwer.wa.gov.au/sites/default/files/DWER_AR2017-18_2_PerformanceReport.pdf#overlay-context=about/Annual_Report_2017-18) pp.29-30

<b>Outcome 2 Emissions, discharges and clearing of native vegetation are effectively regulated to avoid unacceptable risks to the public, health and environment</b>	<b>2017-18 Target %</b>	<b>2017-18 Actual %</b>
Percentage of regulatory compliance activities completed as planned	100	78
Percentage of potential environmental risks identified during compliance monitoring program that are rectified within two months	80	45
<b>Service 4 Environmental Regulation</b>		
Average cost per native vegetation clearing permit application	\$7 991	\$34 405

DWER's Q3 2017-18 regulatory performance report also illustrates the Department's underperformance in relation to native vegetation clearing permit applications<sup>8</sup>:

Applications	2016-17				2017-18		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
No. of applications carried over from previous periods	122	130	138	161*	181**	190	192
No. of applications received	137	109	99	116	103	120	104
No. of decisions on applications	129	101	72	90	94	118	91
No. of open applications as of end of quarter	130	138	163	187	190	192	205
Average time for decision (calendar days minus time in 'stop-the-clock')	46	53	48	63	74	74	73
No. of decisions that were subject to 'stop-the-clock'	42	35	25	33	50	48	41
Average time in 'stop-the-clock' for decisions in calendar days	31	26	18	59	72	100	62
Percentage of applications that were decided within 60 working days (target = 80% of applications decided)	76%	74%	74%	57%	47%	44%	42%

Declining service delivery standards and increasing delays in decision making have been largely caused by significant reductions in DWER staff numbers and underinvestment in systems and data. In this context, before any consideration of increased cost recovery, WALGA considers that DWER should improve its performance, including consideration of how the costs of administering permits and the regulatory burden for proponents, including Local Governments, can be reduced. In this regard, Local Governments have expressed concerns about the current clearing permit regulations:

- a lack of appropriate guidance on land clearing permit process and requirements;
- inconsistent advice;

<sup>8</sup> Source: [https://dwer.wa.gov.au/sites/default/files/RegulatoryPerformanceReport\\_1-July-2017\\_31-March-2018.pdf](https://dwer.wa.gov.au/sites/default/files/RegulatoryPerformanceReport_1-July-2017_31-March-2018.pdf)



- protracted assessment times and delays in decision making;
- time taken to determine appeals;
- lack of available data;
- anomalies and inconsistencies in the regulatory system (particularly in relation to requirements for roadside maintenance);
- the need for accreditation of environmental consultants; and
- duplication between the State and Commonwealth assessment and approval processes.

Given that Local Governments represent a significant proportion of overall clearing permit applications and that most of these are for areas of less than 10 ha, WALGA considers there are a number of measures that DWER could be considered to address these concerns:

- the creation of a dedicated Local Government Service Unit within DWER that could provide advice and assistance to Local Governments related to their native vegetation clearing permit needs (particularly in relation to road construction and maintenance) and strategic permit processes;
- financial assistance to Local Government for the undertaking of surveys, potentially through loans refundable via road project funding;
- consideration of funding for the development and implementation of an integrated roadside environmental management framework for Local Governments via the Roadside Conservation Committee (such as that implemented in NSW in 2017);
- Development of an on-line checklist for vegetation clearing permit requirements where any project that will involve vegetation clearing will need to be entered for an assessment whether a clearing permit is exempt or not, determination of the type of the clearing permit and listing of matters that will need to be addressed. This system would also facilitate better monitoring of native vegetation clearing rates; and
- Undertake a comprehensive consultative review of all matters in relation to vegetation clearing for Local Government.

Addressing these concerns has the potential to reduce costs for DWER due to the provision of higher quality clearing permit applications requiring less time to assess; Local Governments needing less time and resources to prepare applications on which decisions would be made in shorter timeframes; and achieve better environmental outcomes.

WALGA acknowledges the anticipated service improvement proposed in the Discussion Paper is proposed to be funded by the \$1.3m additional revenue from increased fees to 'improve service delivery and efficiency in its regulatory services' (p8):

- employing additional assessment staff, including to develop strategic approaches for the assessment and management of native vegetation;
- additional compliance staff to allow more targeted and proactive inspection and audit activities;
- improving systems;
- streamlining business processes; and

- publication of relevant data.

The Discussion Paper indicates that these measures will ‘improve the timeliness of decision-making and ensure an appropriate response to the increasing demand for environmental assessment and approvals related to economic growth’. WALGA considers further information on the level of, and specific commitments to, service improvements expected from these measures is required.

### **A more comprehensive approach to protecting native vegetation in Western Australia is needed**

WALGA notes the findings of the Western Australian Auditor General, referencing the last *State of the Environment Report 2007*:

‘In some parts of WA (especially the Wheatbelt and parts of the Swan Coastal Plain) native vegetation has been cleared beyond safe ecological limits. Continued clearing will result in loss of biodiversity and extinctions, with fragmented habitats becoming more susceptible to climate change, disease, and weed and introduced animal invasion.’

This Discussion Paper, coming more than 10 years after the State of the Environment and Auditor General’s report makes the same comment (p6). In addition to illustrating the need for ongoing State of the Environment Reporting, WALGA considers that the acknowledgement by the Department that ecological limits of clearing have been exceeded in the Wheatbelt and the Swan Coastal Plain requires consideration by the State Government of a strategic, comprehensive and sustainably funded, approach to the protection of native vegetation of which clearing regulation is only one part. It is clear that the current case-by-case consideration of clearing permits and other proposals impacting on native vegetation without a broader vision and strategy for the protection of native vegetation in the South-West and the Wheatbelt is creating complexity for DWER and proponents, including Local Governments and is resulting in sub-optimal environmental outcomes.

## **WATER LICENCES AND PERMITS**

**Local Governments should not be subject to cost recovery for water allocation licences or permit application assessments.**

### **Context**

Local Governments consume approximately 3 per cent of the State water budget<sup>9</sup>.

The overwhelming majority of water resource consumption by Local Governments is in relation to the irrigation of public open space. Local Governments do not derive a private benefit from the provision of water to irrigate public open space (POS). Water resource management by

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<sup>9</sup> Source: State Water Plan Summary – Government of Western Australia 2007  
[https://www.water.wa.gov.au/\\_data/assets/pdf\\_file/0013/5161/82413.pdf](https://www.water.wa.gov.au/_data/assets/pdf_file/0013/5161/82413.pdf)

Local Governments is undertaken for purposes that benefit their local, and in many cases the broader community (for example at regional level sporting facilities).

The purposes for which Local Governments submit applications to access water supplies are also generally non-discretionary. For example, Local Governments are obligated to maintain and ensure that active public open space provided through the land development process is maintained to community expectations.

The sector acknowledges and has long understood the importance of water efficiency, through participation in the ICLEI Water Campaign and more recently the Water Corporation Waterwise program. WALGA contends that no other sector has been as efficient in managing its water allocations, nor been subject to as much public or State Government scrutiny.

In the provision of public open space, Local Governments have invested heavily in water related infrastructure such as wastewater recycling schemes, managed aquifer recharge (through the local drainage system), urban stormwater harvesting, as well as in the broader waterwise agenda (water sensitive urban design, Development in Groundwater Constrained Environments guidelines, Better Urban Water Management (2007) guidance, input into the review of the Department of Planning and Heritage water related state planning policies, water quality improvement plans and active investment and participation in the CRC for Water Sensitive Cities). Local Governments have also been at the forefront of innovations in water use efficiency for public open space, including irrigation efficiency, remote control irrigation systems, soil moisture sensors, real time water use monitoring and hydrozoning.

So, while WALGA agrees in principle that the cost of regulatory activities should be borne by those who benefit most from the service, in this case it does not agree that Local Government should be subject to cost recovery for water allocation licenses or permits.

Rather WALGA considers that in this incidence, the cost is already being borne appropriately by Western Australians through general taxation (as is also the case for State Government agencies). This view is reinforced by the Economic Regulation Authority (ERA). In its report of 2011<sup>10</sup> the ERA, in outlining its principles for cost recovery notes:

‘Public funding is appropriate where there is a component of public good to some activities, or where parties benefiting from the services cannot be identified.’

Further to this, the ERA then states that (p18):

‘The Authority therefore recommends that the water resource management and planning costs associated with public open spaces be recovered from public funds, as the costs of recovering costs from private beneficiaries would outweigh the benefits of cost recovery.’

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<sup>10</sup> Source: Inquiry into Water Resource Management and Planning Charges - Economic Regulation Authority 2011  
<https://www.erawa.com.au/cproot/9476/2/20110329%20D62487%20Final%20Report%20-%20Inquiry%20into%20Water%20Resource%20Management%20and%20Planning%20Charges.PDF>

WALGA asserts that Local Government use of water allocations is strictly for the public good (the irrigation of public open space), and therefore given the benefits are accrued to the general public, and not an individual local government, that Local Government be exempt from the cost recovery regime proposed in the discussion paper.

In terms of demonstrating the public benefit allocation of the water resource, Local Government groundwater licences also require a water conservation plan to be prepared. Therefore current allocations are known, and could simply be added to the environmental flow allocations to provide a comprehensive public benefit allocation that is determined by both the environmental flow proportion, and the public benefit portion (both exempt from the proposed fees and charges regime).

### Water law reform

WALGA notes the view of the Productivity Commission in their recently released report on the National Water Initiative, that:

‘All jurisdictions, except Western Australia and the Northern Territory, have created statutory-based, clear and secure long-term water rights for consumptive uses’<sup>11</sup>, and goes on to note that “...Western Australia and the Northern Territory have not yet introduced legislation to create the statutory-based entitlement and planning arrangements that provide for these features. Delay in adopting legislative reforms is likely to constrain economic activity in these jurisdictions, as investors will not have certainty about water rights and allocation arrangements’.<sup>12</sup>

The State Government has recently given its commitment to undertake significant legislative review of all major water law in Western Australia, including reviews of the *Water Service Act (2012)*, the *Rights in Water Irrigation Act (1914)* and the *Water Corporations Act (1995)*.

Given the desire of the Government to modernise the water legislation in Western Australia, as announced by Minister Kelly on 23 August 2018, it is of concern to WALGA that the DWER has embarked on pre-emptive regulatory reforms based on the RIWI Act that is over 100 years old, which is now to be the subject of modernisation.

WALGA contends that regulatory approaches must support contemporary water legislation and that therefore that any regulatory reforms should occur after the State Government has determined and delivered on contemporary water legislation. For example, how does this proposed cost recovery schedule integrate with the potential for consumptive pools, or indeed over-allocated resources?

### Regulatory efficiencies

In terms of the strategic outcomes for the DWER, WALGA notes that there is considerable room for improvement in the DWER meeting Objective One – *Western Australia’s growth*

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<sup>11</sup> Productivity Commission Inquiry Report No.87, December 2017, p8 <https://www.pc.gov.au/inquiries/completed/water-reform/report>

<sup>12</sup> Productivity Commission Inquiry Report No.87, December 2017, p12 <https://www.pc.gov.au/inquiries/completed/water-reform/report>

and development is supported by the sustainable management of water resources for the long-term benefit of the state.

WALGA notes that the DWER has consistently failed to manage its cost base in water planning allocation and optimisation, particularly in relation to the average cost per plan, report or guidance document to support said water planning, allocation and optimisation.

As outlined in the table below<sup>13</sup>, timeframes in 2017/18 are also not being met in relation to processing water licence applications and permits.

#### Water licence and permit applications by risk category – Target 80% of applications processed within KPI timeframe

Water Licence and Permit Applications – Low Risk	2017-18		
	Q1	Q2	Q3
No. of applications received	425	518	470
No. of applications processed	458	636	674
Percentage of applications processed within 65 working days (target = 80% of applications processed within 65 working days)	79%	57%	70%
Water Licence and Permit Applications – Medium Risk	2017-18		
	Q1	Q2	Q3
No. of applications received	22	37	18
No. of applications processed	33	57	41
Percentage of applications processed within 75 working days (target = 80% of applications processed within 75 working days)	61%	44%	46%
Water Licence and Permit Applications – High Risk	2017-18		
	Q1	Q2	Q3
No. of applications received	34	46	38
No. of applications processed	58	81	48
Percentage of applications processed within 95 working days (target = 80% of applications processed within 95 working days)	60%	36%	35%
Applications awaiting assignment of risk level at close of quarter	254	248	271

Unfortunately, there is little demonstration in the Discussion Paper of how the proposed cost recovery schedule actually leads to improved efficiencies, and in how it meets DWER strategic outcomes and water related KPI's.

WALGA is concerned that there is no service level guarantee related to the cost recovery pricing regime, and that there has not been an articulated or transparent roadmap to system

<sup>13</sup> Source: [https://dwer.wa.gov.au/sites/default/files/RegulatoryPerformanceReport\\_1-July-2017\\_31-March-2018.pdf](https://dwer.wa.gov.au/sites/default/files/RegulatoryPerformanceReport_1-July-2017_31-March-2018.pdf)

improvement, net of two recent Ministerial announcements on water law reform and additional resourcing for the EPA Service Unit.

There is also the concern from proponents that the potential for further cost recovery increases may come without demonstrable and transparent improvements to the existing inefficiencies in the licensing and permit assessment process. There is a lack of clarity as to the drivers for the DWER to deliver greater operating efficiencies, regardless of the cost recovery approach mooted in the discussion paper.

A demonstration of the efficiencies currently being pursued and their estimated impact on KPI's would not only help proponents understand the estimated improved level efficiency currently funded (i.e. without revenue from cost recovery), but would also provide the opportunity to potentially revise downwards the estimated cost of assessment to be borne through cost recovery.

WALGA appreciates that the current investments in DWER assessments will take time to consolidate. This then leads to the WALGA recommendation that this regulatory approach should be deferred until the legislative reform agenda (such as the Water Resource Management Bill) is drafted and then considered by the Minister, and ultimately, the Parliament.

Further to this, the DWER should consider:

- A further consolidation of existing Local Government groundwater licences in order to reduce the administration costs borne by both DWER and Local Government; and
- Work with and invest in the ability of Local Government to increase its capacity to assess water management issues.

## Cost Shifting

Based on data provided by the DWER, if the proposed regime was applied to existing Local Government water licenses and permits (only), it would represent a cost shift approximating an additional \$2.360m to Local Government.

## Costs to economic development and employment

WALGA notes the concerns of members such as the Shire of Manjimup on the implications of the proposed regime to local and regional economic development. In their submission on the discussion paper in relation to uncertainty and its impact on local economies, employment and growth, the Shire asserts that:

'Whilst larger businesses within the Shire may be able to absorb these proposed costs, many smaller primary producers may find that the proposed costs will have greater financial impacts. Furthermore, the majority of primary producers will not have opportunity to pass the cost of those licencing fees on to consumers.'

The Government will need to take into account the implications of such perverse outcomes for its policies in relation to regional economic development, jobs and growth.