

Friday 22 March, 2019

Mr Mike Rowe
Director General
Department of Water and Environmental Regulation

Via email: streamlinewa@treasury.wa.gov.au

Dear Mr Rowe

STREAMLINE WA REGULATORY REFORM PROPOSAL

Thank you for the opportunity to provide the following proposal in relation to Streamline WA. 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 \$31.7 billion annually to the Western Australian economy and \$264.98 billion nationally. As well as helping to create sustainable and liveable communities, the industry employs a total of 215,100 Western Australians and 2.044 million Australians across the country.

UDIA WA applauds the Government for establishing Streamline WA and its commitment to improving regulation in WA by having a semi-independent review of existing Government agency regulatory requirements. To ensure the reforms are effective, UDIA respectfully requests that an industry working group be established to help guide the reform program.

Although the urban development industry experiences a wide range of regulatory challenges, the Institute offers three priority areas for consideration by Streamline WA:

1. State Planning Policy (SPP) 3.7 – Planning in Bushfire Prone Areas, and the trigger of the Australian Standard AS3959 – Construction of buildings in bushfire-prone areas;
2. Strategic Assessment of the Perth and Peel Regions (SAPPR) and navigating the Environment Protection and Biodiversity Conservation Act 1999;
3. Regulatory Impact Assessment Guidelines for Western Australia: Housing Affordability Impact Statements.

1) State Planning Policy 3.7 Planning in Bushfire Prone Areas, and the trigger of Australian Standard AS3959 Construction of buildings in bushfire-prone areas

The 'Planning in Bushfire Prone Areas' policy framework was introduced by the State Government in December 2015 with the intention of reducing Western Australia's vulnerability to bushfire. The framework set out to satisfy the recommendations of Mick Keelty's review of the 2011 Perth Hills Bushfires, 'A Shared Responsibility'. Keelty's recommendations were and remain widely supported by all stakeholders, including the development industry which recognises and fully supports the need for appropriate bushfire risk mitigation and the delivery of development that is responsive to its environment.

The statutory framework adopted contains many significant deviations from Keelty's recommendations. This has resulted in a number of unintended consequences, particularly in the metropolitan area, with poor development and community outcomes. Most significantly, the adopted bushfire framework has been detrimental to housing affordability.

There are a number of flaws within the 'planning for bushfire prone areas' policy framework which primarily include the lack of contextual consideration and the blunt application of the bushfire prone area mapping, together with poor processing procedures and inconsistent policy application.

One of the cornerstones underpinning the Keelty recommendations was that *"saving life will be a priority over saving property so expect to be evacuated"*. Disappointingly, the Framework has lost sight of this principle, and perhaps not surprisingly given their role as a fire response agency, an impractical 'zero' risk approach has been adopted by the Department of Fire and Emergency Services (DFES).

The Framework needs to be recalibrated to give a contextual consideration to the risk and mitigation requirements of urban areas within the Perth metropolitan region, with consideration given to the availability of fire-fighting resources and ability to evacuate to a safer place. In considering only vegetation, the existing bushfire prone area mapping is simply too blunt an instrument and the policy outcomes are not fit for purpose.

The lack of contextual considerations together with an excessively risk-adverse approach is perhaps best demonstrated by narrow strips of vegetation, often with low fuel density such as land contained within road reserves and land abutting the freeway being classified as bushfire prone. Similar parcels of land are not designated as bushfire prone areas within Metropolitan Melbourne by the Victorian Government or in Sydney by the New South Wales Government.

UDIA calls on the State Government to honour its pre-election commitment to revisit the bushfire protection regulations to arrive at common sense, workable solutions that overcome the problematic planning outcomes that the Framework has inadvertently brought about.

2) Strategic Assessment of the Perth and Peel Regions and navigating the Environment Protection and Biodiversity Conservation Act 1999;

UDIA fully supports the need for a robust environmental approval process in order to protect our most valuable environmental assets. However the environmental approvals process is a lengthy and uncertain component of the land development process. The navigation of the EPBC Act is now the single biggest approval risk to land development projects in Perth, with the industry experiencing significant delays as a result of the complex and uncertain approvals processes associated with any development involving the clearing of Banksia Woodlands.

The original intent of the Strategic Assessment of the Perth and Peel Regions was to reduce red tape by securing upfront Commonwealth environmental approvals and streamline the State's environmental approval process for the development of lands considered to be required to support a population of 3.5 million people. UDIA remains supportive of these principles and given uncertainty regarding the status of the SAPPR, welcomed the commencement of an independent review of Strategic Assessment in 2018. This provided the opportunity to re-engage industry, improve transparency and set out a clear plan.

The Institute believes there is significant merit to both the government and stakeholders in undertaking a SAPPR, and remains supportive of the original intent of the SAPPR. The current environmental approvals system is complex, lacks certainty, and increases costs which are ultimately borne by new home buyers. When completed it is expected that the SAPPR will provide greater certainty about environmental considerations and land development in the Perth and Peel region, as well as streamline the development approval process.

There will be many benefits to both industry and government if this is achieved, such as greater certainty about environmental considerations and costs, reduced assessment timeframes and streamlined processes, and more affordable housing outcomes for purchasers.

Whilst the SAPPR Review has been extended to tackle three critical 'gateway issues' – legal risk, flexibility and funding, UDIA calls on Streamline WA to reinforce the need for the SAPPR and ensure that delivering an effective SAPPR is a Government priority.

3) Regulatory Impact Assessment Guidelines for Western Australia: Housing Affordability Impact Statements.

Affordable housing is an essential component of healthy communities and underpins the competitiveness of our economy. Although house prices have fallen modestly over the past few years, the preceding rapid price growth and more recent restricted wage growth means that homes are now less affordable than they were in the early 2000's. Demonstrating this, out of 91 of the world's major housing markets, Perth is ranked the 21st least affordable city (Demographia International Housing Affordability Survey 2019).

As at 2018, the average house price in Perth has risen to 5.7 times the median annual household income (up from 5.4 times in 2005). A standard 20% deposit for a home equates to 115% of median annual household income (up from 108% in 2005). According to Bankwest the average time taken for a couple buying their first home now stands at approximately four years.

Despite the pressing need to ensure housing is affordable, the Planning and Development Act 2005 does not reference housing. Meanwhile, the development approval process is complex and development must conform to a wide range of regulatory requirements from a variety of different governmental agencies. As a result, the issue of housing affordability is often overlooked in favour of other competing policy objectives. The cumulative impact controls, particularly statutory planning provisions which determine development design, can have a significant impact on housing affordability.

State Planning Policies and associated development controls are not subject to the Regulatory Impact Assessment process generally required for all new or amended legislation or regulation, in accordance with the Department of Treasury's Better Regulation Unit's Regulatory Impact Assessment Guidelines. In addition, the Regulatory Impact Assessment process does not appear to consider detailed housing affordability cost impacts in general. Although the concept of housing affordability is briefly touched upon in a few of the publically available Consultation Regulatory Impact Statements, detailed analysis is not given to demonstrate to industry and the community that this important concern has been appropriately addressed.

To ensure that housing affordability is appropriately considered against other objectives, UDIA WA requests that housing affordability impact statements be included as part of the initial Preliminary Impact Assessment, as required in the Regulatory Impact Assessment Guidelines for agencies developing new regulatory requirements.

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 cgreen@udiawa.com.au or 9215 3400.

Yours sincerely



Tanya Steinbeck
Chief Executive Officer

cc Mr David Smith

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Director General
Department of Mines, Industry Regulation and Safety

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