

24 June 2016

John Phillips  
Director - Planning Systems  
Department of Environment, Land, Water & Planning  
PO Box 500  
East Melbourne VIC 8002

Dear John,

### **Regulatory Impact Assessment – Review of Planning and Subdivision Fees**

The Victorian Urban Development Institute of Australia (Institute) would like to thank the Department of Environment, Land, Water and Planning (DELWP) for the opportunity to provide feedback on the proposed planning and subdivision fees.

As the peak industry body for the urban development sector, the Victorian Institute provides benefits of policy and advocacy, industry intelligence, networking and business building for over 320 member companies.

In general, the Institute is supportive of the guiding principles for the review on planning and subdivision fees. However, a review of the proposed fees and their reasoning outlined in the raises the following issues and concerns:

- Assessment of the cost impost for Council's performing planning and subdivision functions assumes that current assessment processes represent an optimal and efficient use of resources.
- Imposing a fee of between \$18,000 – \$48,000 is expected to be accompanied with a transparent and accountable process. The planning scheme amendment process fails to meet this expectation with no right of appeal and a lack of transparency when an amendment is abandoned.
- Over the past two years, fee increases for planning permit applications have been far greater than that identified by the regulatory impact statement.

For example, prior to July 2016 the fees for successfully lodging an application for development with an estimated cost of development at \$50 million was a little over \$16,000. With the introduction of the Metropolitan Planning Levy and the new fee schedule, the lodging an application for the same development will require approximately \$118,000 to be paid (\$52,963 in P&S fees and \$65,000 for the MPL). This is an increase of over 730% within two years.

- Significant increases in fees are not proposed to be accompanied with any guarantee of productivity improvements. As planning authorities have the monopoly on assessment processes, there is no incentive for Council's to improve functions and streamline processes when fees are updated to cover the cost of any inefficiencies.
- Introducing fees basing on the number of submissions provides little clarity on expected development costs and incentivises frivolous and vexatious submissions. At the same time, the proposed fee structure provides a disincentive for submissions of support.
- A pro-forma letter signed and submitted by multiple parties could potentially be counted as multiple submissions rather than as one submission. The number of signatories raising the same issue(s) should not have a substantial impact on assessments of merit for planning scheme amendments.
- Unintendedly, a consequence of having fees based on the number of submissions will be the avoidance of particular areas. Municipalities where even appropriate development would likely

receive numerous submissions from an active and vocal minority group would likely be avoided. Such a scenario would be detrimental to providing housing in locations with a high level of access to jobs and services.

To address these matters, the Institute recommends the following:

- Fees should be based on the costs associated with performing efficiently and optimally. Assessment of the costs borne by Council's in performing their planning and subdivision functions needs to be based on processes that represent an optimal and efficient use of resources;
- Any significant increases in the planning and subdivision fees must be accompanied with a requirement to increase efficiency and transparency. Full fees cannot be applied where a Council fails to meet specified efficiency dividends;
- State government explores a governance model that allows assessment of applications to be performed by private consultants. While assessments can be carried out by the private consultant, decision making rights will remain with the relevant planning authority;
- State government assesses the lack of transparency and accountability in the planning scheme amendment process. The planning scheme amendment process should be amended to reflect the government's own guide to regulation and the key characteristics of good regulatory systems (i.e. right of appeal)
- Fees for planning scheme amendments be established on the assessment of merit not the number of submissions received after the application has been lodged.

If you have any queries, please do not hesitate to contact me at [john@udiavic.com.au](mailto:john@udiavic.com.au) or on 0402 788 219 for further information.

Yours sincerely,

**John Casey**  
Policy & Advocacy Director  
Urban Development Institute of Australia (Victoria)