

21 November 2018

Ref: 05-100-04-0001

Ms Nicky Cusworth
Chair, Economic Regulation Authority
Level 4, Albert Facey House
469 Wellington Street
Perth WA 6000



Dear Ms Cusworth

Thank you for the opportunity to comment on the Economic Regulation Authority (ERA) Inquiry into Reform of Business Licensing in WA draft report.

Overall, WALGA is supportive of the recommendations put forward by the ERA to reform business licensing in WA. There is a growing recognition by the Local Government sector of the need to reduce the regulatory burden on business as part of a broader strategy to facilitate economic development. The recommendations identified by the ERA will be an important step toward achieving this goal if implemented by Government.

While the Association is supportive of the overall direction of the report, it is concerned that the draft report does not adequately take into account the sector's concerns about fees and charges for licences that have been established under State Government legislation. These concerns were outlined in WALGA's initial submission to the Inquiry.

Local Governments have reported that they are bearing an additional financial burden given that a number of fees and charges set under legislation are now below cost recovery levels. This is due to a lack of indexation, regular review, or transparency in the fee setting methodology. Setting fees and charges below cost recovery level provides inappropriate signals to consumers, and means that these licensing services are cross-subsidised by all ratepayers. Some examples of include planning approvals, building permits and caravan licences.

While the ERA noted this issue in its draft report, it was referred to the review of the *Local Government Act 1995* that is currently being undertaken by the Department of Local Government, Sport and Cultural Industries as the most appropriate avenue to examine concerns about Local Government fees and charges.

While the Act Review is an important process for the sector, WALGA believes this will not adequately address the issue given that fees and charges for a number of licences are not set under the *Local Government Act 1995*, but under other legislation (e.g. *Planning and Development Act 2005*). In this regard, WALGA considers that fees and charges are an important issue for the Inquiry and urges the ERA to examine this issue in developing its final report.

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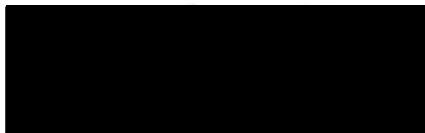
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Should you require any further detail, please do not hesitate to contact WALGA's Policy Manager – Economics, Dana Mason, on 9213 2096 or dmason@walga.asn.au.

Yours sincerely



Cr Lynne Craigie
President