

# CHIEF EXECUTIVE OFFICER'S REPORT

14 MAY 2012

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**CITY OF ARMADALE**  
**Chief Executive Officer's Report**

**Mayor and Councillors**  
**City of Armadale**

Following is my Report for the period  
ended 14 May 2012

**1.1 - METROPOLITAN LOCAL GOVERNMENT REVIEW - DRAFT FINDINGS**

WARD : ALL  
FILE No. : M/253/12  
DATE : 8 May 2012  
REF : RT  
RESPONSIBLE : Chief Executive Officer  
MANAGER

**In Brief:**

- The State Government appointed an independent Panel to conduct a review of local government limited to the metropolitan area and examine social, economic and environmental challenges facing Perth.
- The Metropolitan Local Government Review (MLGR) Panel's objective is to submit recommendations to the Minister by 30 June 2012 on optimal local government structures intended to result in drawing of new local government boundaries for the Metropolitan area.
- Following the release of an Issues Paper by the MLGR Panel the City made a submission in December 2011.
- The MLGR Panel have now released its Draft Findings and have invited comment by 25 May 2012 after which the Panel will finalise its report to the Minister by 30 June 2012.

**Tabled Items**

Nil

**Officer Interest Declaration**

Nil

**Strategic Implications**

**The Steps to the Future**

These have been built around six areas of initiative:

1. Planning ahead and evaluating progress
2. Building our community
3. Communicating and marketing
4. Developing our City
5. Developing our organisation
6. Providing physical infrastructure and caring for the natural environment

All strategic Steps to the Future will need to be reviewed in the event of any Government decision altering the City's boundaries or strategic outlook.

### **Legislation Implications**

If the findings become recommendations and are adopted by the Government there are likely to be significant amendments to the Local Government Act.

### **Council Policy/Local Law Implications**

If the findings become recommendations and are adopted by the Government it will lead to a total review of all Local Laws and Council Policies.

### **Budget/Financial Implications**

An allocation of \$51,000 has been included in the 2011/12 Budget to address the immediate implications of any Government decision on restructuring of metro local governments.

### **Consultation**

Elected Members

WALGA

Industry representatives

## **BACKGROUND**

In December 2011 the City last considered the matter of the State Government's Metropolitan Local Government Review (MLGR) and forwarded its submission of some 80 pages to the Review Panel on 22<sup>nd</sup> December 2011 (CS117/12/11).

The Review Panel has now released its Draft Findings (Attachment-1) and has invited submissions on these findings by Friday 25<sup>th</sup> May 2012.

The WA Local Government Association (WALGA) has produced an Indicative Response (Attachment-2) to the Draft Findings and sought feedback from all metropolitan local governments by Tuesday 15<sup>th</sup> May 2012. This will enable a meeting of Mayors and CEOs on the 22<sup>nd</sup> May, to adopt a joint WALGA response to be forwarded by the 25<sup>th</sup>.

The Panel will then finalise its findings and make a recommendation on the preferred option to the Minister by 30<sup>th</sup> June 2012.

## **COMMENT**

It is unfortunate that any comment or constructive criticism opposing the concept of fewer, larger metropolitan local governments is seen as self-interest or anti-progress.

This Council has constructively contributed to the original Local Government SSS Report and supported the concept of an analysis and review of the structure of local government in WA. The City's support was based on successive reports on the financial plight and apparent unsustainability of many rural local governments throughout the State. It was also accepted that an objective examination of the structure of local government in the metropolitan area and some of the historic anomalies of urban growth, would not be inappropriate.

Unfortunately, every State in Australia that has embarked on this exercise has failed to address the dilemma of unsustainable rural local governments, and reverted to the "easy" and

immediate option of amalgamating, reviewing or restructuring metropolitan Councils. It would appear WA is following the same path.

It is disappointing that the current review of local government has been simplified to a set of objectives focussed on "a reduction in the overall number of local governments to better meet the needs of the community".

It's clear now from the Panel's Draft Findings that they have focused on the objective of fewer Councils, rather than the objective of better governance or service, with larger or fewer Councils as a possible outcome. The Panel espouse the view that Perth's governance arrangements are fragmented, divided, disengaged from the community showing a lack of stewardship and unable to address the region's challenges. The Panel are of the view that local government's claim that it is "connected and engaged" to its community, is a myth. They suggest that our apathetic communities have little interest in Council decisions which are disproportionately influenced by vocal minorities and vested interests.

It could be said that the Panel itself seems to have suffered that same fate.

If the submissions of 30 metropolitan Councils are dismissed as "self-interest" then the outcome is going to be biased inexorably towards the other interest groups who have made submission, many of which are traditional critics of local governments (if not all government).

The State's own attitude to metropolitan local government appears to be founded on hearsay and rhetoric, rather than sound analytical evaluation.

This is reflected in the panel's findings but not supported by analytical data – perhaps this will be forthcoming at a later time?

There has been a consistent push from industry groups (Property Council, development groups, Chamber of Commerce, building industry) and COAG that bigger, and fewer, local governments will provide more consistency, uniformity and less regulation, than currently exists. This push nationally has little foundation in substance and ignores the fact that most divergence from uniformity is initiated collaboratively by applicants or regulators. To push for "uniformity and consistency" immediately conflicts with the same parties expecting "flexibility" and "innovation" when their application fails to comply with uniform codes and laws.

This national push also ignores the significant political difference between local government in WA, compared to other States.

It is not good enough to determine that change initiated in other States must therefore be applied in WA, without due regard for the outcomes. It is not too late for WA to challenge the "wise men from the east" and determine its own outcome. Local Government in WA needs to grow and adjust, but there must be an analytical basis, with measurable improvements and outcomes, for such a change.

There are many good and relevant factors dispersed through the MLGR Review Panel's methodology and findings report. However, these are eventually submerged beneath the persistent view that bigger is better, not necessarily supported by the evidence.

The City of Armadale has based its submission on the model that will provide the best quality of life for its citizens into the future and its knowledge and awareness of metropolitan growth

and planning issues. Armadale has been acknowledged as a leader in both Perth metropolitan growth Councils, and the National Growth Areas Alliance. The City has submitted that as a Strategic Metropolitan Centre, Armadale is placed to be the centre of governance, commerce, transport, retail and service provision for populations of either 150,000, 250,000 or 350,000 into the future, dependent on the Government's directions on the required framework.

The City has submitted that there are features of the current structure of local government in WA that make it superior to that in other States. It is important that structural reform does not remove the best features and leave a system that disempowers the community.

The measure of Perth as a liveable capital city should be judged by the people of Perth not by corporate visitors or sectioned interest groups.

### **WALGA's Indicative Response**

WALGA's Indicative Response (attached) provides an excellent reflection of questions and viewpoints that should be represented on behalf of metropolitan local government.

In particular, the following points are supported with the comments below repeated as "CoA Comments" in the attached copy of WALGA's response, for ease of reading.

In particular, the following points are supported:-

#### *Panel Finding 1*

WALGA points out the need to examine the State Government's roles and responsibilities before recommending change to local government.

#### *Panel Findings 2 to 4*

WALGA points out that the case for reform is based on deficiencies found at a regional, not local level.

#### *Panel Finding 6*

A shared vision has to be determined collaboratively.

#### *Panel Finding 7*

WALGA has identified a new position from the Panel that begs explanation – is this leading to a recommendation local governments will still vary significantly in size, or is it suggesting a new contrived mechanism to fill the vacuum as "bigger" local government becomes more distant from its community.

#### *Panel Finding 8*

The benefits listed are questionable, with many outside the remit of local government, necessitating a review of State services and their strategic delivery. (See also comment on Panel Finding 1).

#### *Panel Finding 11*

A Local Government Commission was supported by WALGA but it has recommended that it be independent of the Department of Local Government.

#### *Panel Finding 12*

This is ironic in that it suggests that larger local governments might be "re-empowered" to make major planning decisions.

- WALGA's comment on the issue of tax-sharing is supported, but this is where all State's have failed in any review of local government. The inherent sustainability problems faced by rural Councils across Australia needs to be subject of review. These sustainability issues will not be addressed by amalgamations or boundary changes.

*Panel Finding 13*

WALGA's comments are wholeheartedly supported. The Panel's finding are unduly influenced by submissions that "bigger must be better" not supported by analytical data. The Panel report indicates that population size should not be the determinant, but its three options significantly change the metropolitan framework with two options clearly moving from a "local" to a "regional" format.

*Panel Finding 14*

While WALGA will not express a view here, it's clear that the Panel believe the City of Perth and Lord Mayor should provide a leadership role for all metropolitan local government. That will not happen unless the City of Perth becomes a bigger player on the Perth metropolitan scene, which implies a local government of significant population and resources. This is a fundamental reversal of earlier State Government positions leading to the breakup of the City of Perth.

*Panel Finding 16*

WALGA's position is supported with the addition that local government boundaries are "service provision boundaries" affecting contracts of service, workforce planning and many other factors. This is not the case with electoral boundaries. Robust boundaries with a mechanism for review every 20 years is suggested as appropriate.

*Panel Finding 17 & 18*

WALGA's position and comment is earnestly supported. The Panel's contention that local government in Perth is disengaged and not reflective of its communities is not supported by data or evidence. The whole issue of engagement is highly subjective and driven by a "big" Government perception of local government.

*Panel Finding 19*

WALGA's comment is supported, with the addition that "need for the new institutional arrangements and structures" is only created by the reform initiative of removing the elected body of local government further away from its electorate (i.e fewer Councillors with much bigger constituencies).

*Panel Finding 20*

See comment on Panel Finding 14. The Panel has a different perception of the role of Lord Mayor and the City of Perth on the greater metropolitan scene.

If a Council of Perth Mayors is formed it should elect its own Chair. The City of Perth and Lord Mayor, needs to be a leading local government, earning the right to lead and Chair, not have it decreed. This finding seems to contrast with the Panel's criticism of other traditional municipal arrangements.

*Panel Finding 22*

WALGA's response is earnestly supported by the City. This is an amendment to the Act which is way overdue.

*Panel Finding 23*

WALGA's position on the matter of compulsory voting is strongly supported. Compulsory voting will not change the level of engagement with the community, but would change the political environment of local government forever.

*Panel Finding 23c*

WALGA's position here is strongly supported and the Panel's view is hard to understand. The City's original submission strongly contends that team leadership is critical and that a Council should elect its own leader and spokesperson on merit.

A City-wide Mayoral election campaign would be beyond the resources of most citizens, requiring the candidate to consider party political support, or that of other interest groups, with the obvious connotations.

**Transition and Implementation**

WALGA's recommendations on this are earnestly supported, particularly the requirement that the prospective cost of any forced restructuring of local government should be met by the State Government.

**CONCLUSION**

**The City of Armadale's Position**

The City of Armadale's original submission to the Panel remains valid and appropriate. Three of the Panel's Key Findings stand out.

***Panel Finding 13 –***

*The most appropriate options for Local Government in metropolitan Perth are:*

- a) 10 to 12 Councils centred on strategic activity centres*
- b) Five Councils based on the central area and sub-regions*
- c) One single metropolitan Council*

Options 13(b) and 13(c) bear little resemblance to any accepted model of "local" Government and actually propose "regional" forms of Government with the potential for major duplication of State Government services.

In particular, the concept of a Perth capital City housing 75% to 80% of the State's population electing their own Lord Mayor, with the obvious comparisons to a State Premier elected via a suburban electorate (as occurred recently in Queensland) should be relatively short-lived. The potential conflict between capital city and State Government echoes the political reasoning behind the original break-up of the City of Perth.

Option 13(b) with five "mega" Councils also removes any concept of "local" government and implements regional governments that would each contain 10 to 15 (perhaps more) State electoral seats. This shift in the political spectrum is unlikely to be attractive to the State Government.

It would also require a major re-evaluation of State Government services as local government this "big" would significantly overlap State Government services and quickly place demand on policy in other sectors such as education and health.

Option 13(a) is the model that most closely reflects the City's own submission but if adopted by government would require boundary changes with the Shire of Serpentine-Jarrahdale and potentially with the City of Gosnells.

It will be recommended below that the City reiterates its original submission.

**Panel Finding 23**

*Amendments to governance arrangements for Local Government in metropolitan Perth should include the following:*

- a. Introduction of compulsory voting at Local Government elections*
- b. Recognition of the leadership role of Elected Members*
- c. Election of Mayors by community*
- d. Increased remuneration of Elected Members*
- e. Training for Elected Members*
- f. Clarification of the role of CEO and Elected Members*

The City has previously resolved its objection to the prospect of compulsory voting at Council elections, and election of the Mayor by the community at large.

The City's position on these matters will be reiterated.

Whilst there is no finding on the number of elected members in each Council, the report refers to "*up to 12 elected members in larger local government entities*" in the short-term, but suggest "*in the longer term, each local government should have between 8 and 10 councillors*" (page 22)

The Council has previously submitted that there is no justification for reducing the number of elected members when the full communicative role of councillors is taken into account, particularly as the City is rapidly doubling in size.

If forced to reduce the number of elected members, it is submitted that no less than 12 is appropriate for a City growing to 150,000 or ultimately 350,000 in population, dependent on boundary arrangements.

The City has previously rejected the proposition that a Council is a Board of Directors with no representative role. The Council is a Board of Governors with a mandate to represent the electors of the district exercising their best judgement at all times. They are under the constant scrutiny of their electorate and are charged to both bring matters before the Council, but also to communicate outcomes back to the electorate. Their communicative role and the amount of work conducted outside the Council chamber appears to be undervalued by the Panel and the State.

In conclusion, it will be necessary to reassure the workforce currently engaged in the local government industry that all services currently required will continue to be required, whatever the future structure determined for local government.

While there is a determination to reduce the number of CEOs and Directors employed in the industry, this marginal change will not affect the breadth of services required on the ground as population grows.

It will be important that any structural change follows a clearly defined transitional path. The sector needs to continue to attract and retain qualified professional staff against intense competition from the resources sector. Local Government must present itself as an attractive

place of employment offering the best conditions and benefits if communities throughout suburban Perth are to continue to enjoy the amenity and level of service currently taken for granted.

## **ATTACHMENTS**

1. Metropolitan Local Government Review- Draft Findings - April 2012
2. WALGA's Indicative Response to MLGR Panel Findings (Includes CoA Comments)

## **RECOMMEND**

### **That Council:**

1. **endorse the indicative WALGA Response to the Metropolitan Local Government Review (MLGR) Draft Findings and forward the supportive comments outlined in this report to WALGA.**
2. **reiterate its original submission to the MLGR Panel, with particular emphasis on:-**
  - a. **The City has always supported a review of local government structure throughout the State with a view to achieving a more sustainable funding and governance framework, The MLGR's Draft Findings offer some opportunities for adjustment to the structure of local government in metropolitan Perth, but only serve to accentuate the growing gap between metropolitan and regional communities throughout Australia.**
  - b. **The Panel's three options in Panel Finding 13 – "*appropriate options for local government in metropolitan Perth*" – appear to have ignored any concept of localism, with two options clearly proposing regional models of governance.**
  - c. **The City is opposed to the prospect of compulsory voting in local government elections and election of the Mayor at large.**
  - d. **The City opposes a reduction in the number of elected Councillors and an apparent reduction of the role of elected members in local governance, noting the huge increases proposed in number of electors per councillor.**

**1.2 - COUNCILLOR'S INFORMATION BULLETIN - ISSUE NO. 8/2012**

WARD : ALL  
FILE No. : M/246/12  
DATE : 7 May 2012  
REF : CT  
RESPONSIBLE : Chief Executive Officer  
MANAGER

**In Brief:**

- Councillors' Information Bulletin – Councillors are advised to take note of the information submitted in Issue No. 8/2012 to be received by Council.

**Strategic Implications**

Corporate Services

- 2.1 Identify and implement mechanisms to improve communication and achieve common understanding of corporate issues and objectives.

**COMMENT**

The following general information and memorandums were circulated in Issue No. 8/2012 on 10 May 2012.

**Correspondence & Papers**

- **Correspondence Papers**
- Media Release: Barnett Government holding up Local Government Reforms
- **WA Local Government Association (WALGA) News**
- Issue No. 16.12 – 23 April 2012
- Issue No. 17.12 – 30 April 2012
- Issue No. 18.12 – 7 May 2012
- **Australian Local Government Association (ALGA) News**
- 20 April 2012
- 27 April 2012
- 4 May 2012
- **Media Releases**
- Diversity in Achieving Road Safety – 4 May 2012

**Information from Human Resources**

- Employee Movements

**Information from City Strategy**

- Progress Report on Contingency, Operational & Strategic Projects
- Report on Outstanding Matters – City Strategy Committee
- Donations/Grants/Contributions - April 2012
- Rates Reports
- Report of the Common Seal

**Information from Development Services**

- **Outstanding Matters & Information Items**  
Report on Outstanding Matters - Development Services Committee
- **Health**  
Health Compliance Report – March & April 2012
- **Planning**  
Planning Applications Report - April 2012  
Reviews before the State Administrative Tribunal (SAT)  
Town Planning Scheme No.4 - Amendment Action Table  
Subdivision Applications - WAPC Approvals/Refusals - April 2012  
Subdivision Applications - Report on Lots Registered for 2011/2012  
PAW Closure Report - Significant Actions during April 2012  
Compliance Officer's Report - April 2012
- **Building**  
Building Services Manager's Report – March & April 2012  
Building Compliance Report – March & April 2012  
Building Applications Monthly Statistics – March & April 2012

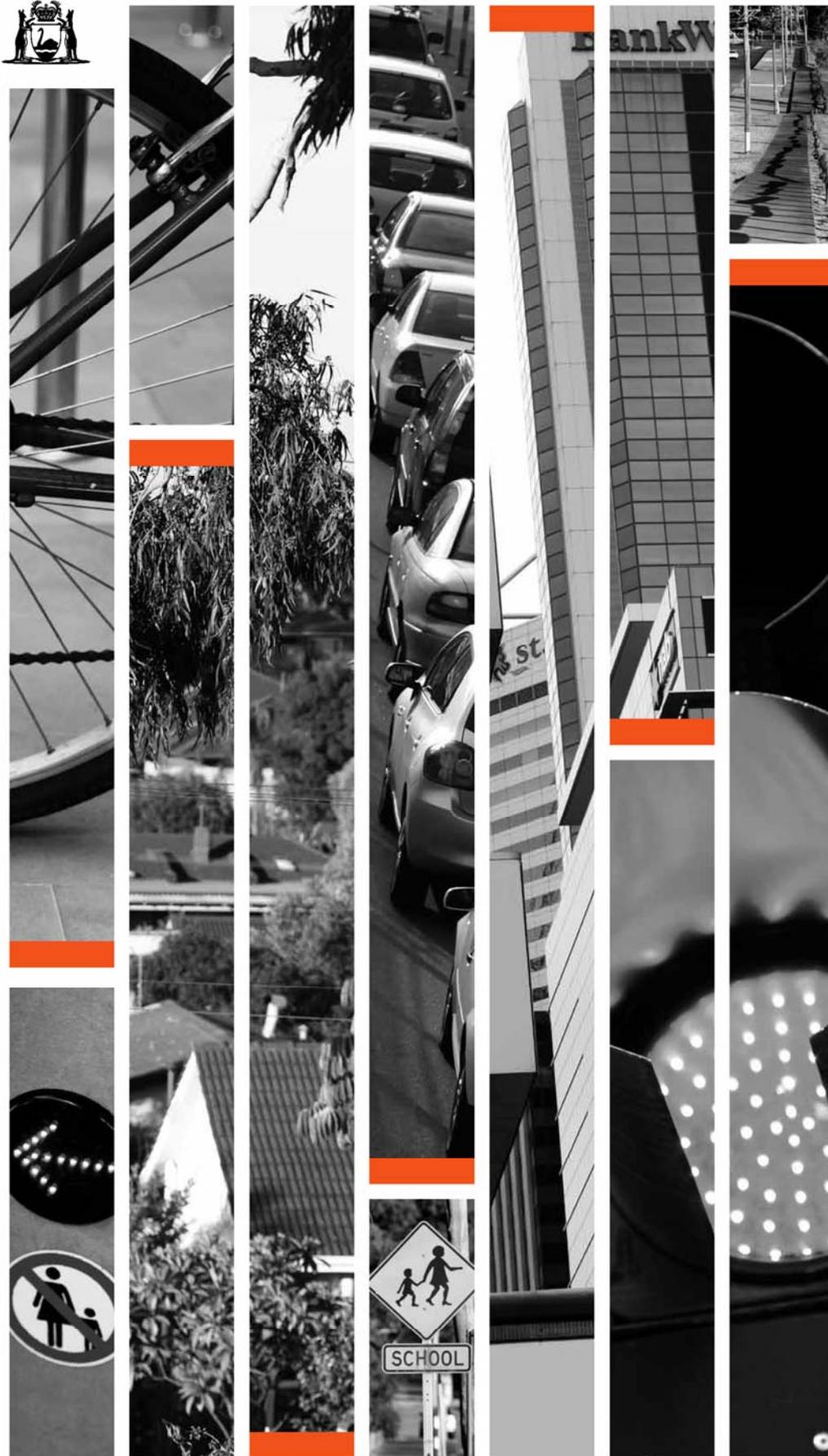
**ATTACHMENTS**

There are no attachments for this report.

**RECOMMEND**

**That Council acknowledge receipt of Issue No 8/2012 of the Information Bulletin.**

CHIEF EXECUTIVE OFFICER'S REPORT		
<b>ATTACHMENTS</b>		
14 MAY 2012		
<b>ATT NO.</b>	<b>SUBJECT</b>	<b>PAGE</b>
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METROPOLITAN LOCAL GOVERNMENT REVIEW **DRAFT FINDINGS** APRIL 2012



**ABOVE:** Panel members Emeritus Professor Alan Robson and Sue van Leeuwen

# TOWARDS MORE EFFECTIVE LOCAL GOVERNANCE

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## INTRODUCTION

This report contains the draft findings of the Metropolitan Local Government Review Panel, which commenced its work in July 2011. The draft findings are an indication of the Panel's thoughts on the future of local government in metropolitan Perth and should be viewed as a progress report, not a final position. The Panel will continue its deliberations for several months before it comes to a conclusion.

The Panel's Issues Paper, released in October 2011, was an opportunity for the Panel to gather community opinions on the broader issues of local government in Perth. This report provides the opportunity to gather opinions specifically focused on the draft findings.

The Panel would like to acknowledge the valuable contributions of those who have participated in the Review to date. In particular it would like to thank the community members and organisations who submitted comments on the Issues Paper and met with the Panel, the Panel Advisory Groups, the West Australian Local Government Association, and the local government sector. The Panel now invites all stakeholders to further participate by commenting on its draft findings.

## SUBMISSIONS

**Comments on this paper are required by Friday 25 May 2012.**

Submissions should address the Draft Findings.

At this stage the Panel is not seeking general commentary on local government, or a specific local government. Please ensure your submission addresses the findings outlined in this paper.

Submissions should be sent to the Panel via its website: [metroreview.dlg.wa.gov.au](http://metroreview.dlg.wa.gov.au)

If permission is given by the author, submissions will be placed on the Panel website.

Telephone queries: (08) 6552 1453

## METROPOLITAN PERTH

**Population:** 1,759,600

**Local governments:** 30

**Elected members:** 325

**Total operating expenditure:** \$1,596,779,100

**Total operating revenue:** \$1,858,440,620

**Largest local government population:** 202,014 (Stirling)

**Smallest local government population:** 1,741 (Peppermint Grove)

For detailed information please see the Key Data paper on the Panel's website (Background Information page): [metroreview.dlg.wa.gov.au](http://metroreview.dlg.wa.gov.au)

The panel would also like to acknowledge from the outset it sees a stronger, enhanced local government as the outcome of its Review. It does not wish to see the role of local government diminished. Any changes it proposes, for discussion in this report, and as recommendations to the Minister at the end of the Review, are intended to build the strength, capacity, effectiveness and authority of local government. Ultimately, the benefits of an enhanced local government sector will be received by the community.

## BACKGROUND

On 24 June 2011 a review of Perth metropolitan local government and broader governance structures was announced by the Minister for Local Government, the Hon John Castrilli MLA.

The Metropolitan Local Government Review Panel was appointed to examine the social, economic and environmental challenges facing metropolitan Perth. This independent Panel has been charged with recommending appropriate boundaries and governance models for local governments in the Perth metropolitan area.

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## PANEL MEMBERS

The Panel members are:

- » Emeritus Professor Alan Robson AM CitWA, former Vice Chancellor of The University of Western Australia (Chairman)
- » Dr Peter Tannock, former Vice Chancellor of the University of Notre Dame Australia
- » Dr Sue van Leeuwen, Chief Executive Officer of Leadership WA.

Two advisory groups provide expert advice to the Panel. One consists of the Directors General of the Departments of Local Government and Planning, while the other consists of the President and Deputy President of the Western Australian Local Government Association.

## TERMS OF REFERENCE

The Review's terms of reference are to:

- » Identify current and anticipated specific regional, social, environmental and economic issues affecting, or likely to affect, the growth of metropolitan Perth in the next 50 years;
- » Identify current and anticipated national and international factors likely to impact in the next 50 years;
- » Research improved local government structures, and governance models and structures for the Perth metropolitan area, drawing on national and international experience and examining key issues relating to community representation, engagement, accountability and State imperatives among other things the Panel may identify during the course of the review;
- » Identify new local government boundaries and a resultant reduction in the overall number of local governments to better meet the needs of the community;

- » Prepare options to establish the most effective local government structures and governance models that take into account matters identified through the review including, but not limited to, community engagement, patterns of demographic change, regional and State growth and international factors which are likely to impact; and
- » Present a limited list of achievable options together with a recommendation on the preferred option.

The Panel is required to submit its final recommendations to the Minister by June 2012.

## ENGAGING THE COMMUNITY

A key task for the Panel in the course of this Review has been to engage with the community, local governments, peak bodies, and government agencies and departments. The Panel has conducted several public forums and has met separately with numerous key stakeholders including individual local governments. The release of an issues paper was a key part of the engagement process, and over 250 submissions were received.

The submissions received by the Panel expressed a broad range of views on the key issues, ranging from support for retention of existing local governments, to support for fewer local governments, to calls for the abolition of local government altogether. While many respondents were passionate and committed to their local community, there was little consensus in the views expressed by respondents.

The Panel's website has been critical for disseminating information about and generated during the review. Some 40 background and information papers have been posted to the website, along with 150 of the submissions received<sup>1</sup>. At the time of publication, the website has had almost 12,000 visits, which demonstrates the significant interest generated by the Review.

<sup>1</sup> The remainder of submissions were made without permission to be made public.

## PRINCIPLES FOR THE METROPOLITAN LOCAL GOVERNMENT REVIEW

The following principles have been developed by the Panel to guide its decision making:<sup>2</sup>

*Long-term approach: the Panel's recommendations will focus on long term and strategic proposals for local government in the metropolitan area. This approach will ensure Perth is prepared for the future and able to sustain a productive economy, diverse communities and a healthy environment.*

*Community outcomes: community wellbeing, both short and long term, will underpin the Panel's recommendations. Change to local government, if required, should improve metropolitan Perth for the people that live in it, work in it, and visit the area.*

*Equity: the Panel's recommendations will seek equity, not only among the residents of the metropolitan area, but equity between generations. Decisions made now should not adversely effect future generations.*

*Clarity: the Panel's recommendations will seek clarity as to which level of government, or other organisation, is best placed to provide services to communities. The recommendations will identify funding sources, and provide evidence of the sustainability of any proposed arrangements.*

*City scale: the Panel will make recommendations for the benefit of metropolitan Perth as a city. While acknowledging the diversity of local communities, and the value of local level governance, the Panel will focus on outcomes that are best for the metropolitan area as a whole.*

*Best city: the Panel's recommendations will build on the best of Perth's attributes, ensuring its future as a sustainable, liveable, attractive, competitive, dynamic and connected city while building its international reputation as one of the world's most successful cities.*

*Evidence based: the Panel's recommendations will be based on thorough investigation and sound research.*

By returning to these principles again and again during its deliberations, the Panel will have a clear and sound basis for its final recommendations.



**ABOVE:** City of Swan Mayor, Charlie Zannino, and Chief Executive Officer, Mike Foley, present to the panel during the consultation phase.

<sup>2</sup> A paper on 'draft key principles for the review' can be found on the Panel's website.

## THE PANEL'S DRAFT FINDINGS

The Panel has reached the draft findings outlined in this document after considering the submissions received from a diverse range of community members and stakeholders, the discussions it has had with representatives of local governments and other organisations, and the background and research material provided to it over the first nine months of the Review.

The Panel's findings are structured around three main themes:

- » Reforming relationships, roles and functions
- » An ideal structure of local government in metropolitan Perth
- » Improving governance

The draft findings outline the Panel's preliminary thinking on possible options to improve Perth's local government arrangements. Specific recommendations will be presented in the Panel's final report. It is anticipated that the final report will contain recommendations consistent with the draft findings reported in this paper.

A number of issues have been raised during the review process that fall outside of the Review's terms of reference. While the Panel is taking a somewhat broad view of the terms of reference, there are nevertheless some matters on which the Panel will be unable to comment. For example, local government respondents commented on the critical role of the State Government in metropolitan governance, however proposing changes to the operations of State Government is beyond the Panel's terms of reference other than in the way they relate to local government.

Some respondents have called for a review of the *Local Government Act 1995*. The Panel has noted some scope for changes to the Act to be considered, in line with improving governance in the sector, but the Panel has not undertaken a general review of the Act. This is a separate matter for the Minister and Department of Local Government to consider.

Ultimately, the Panel has concluded that while there are some matters of legislation to be addressed, the main difficulties for metropolitan governance are not matters under the Act. With the anticipated growth of metropolitan Perth over the next 50 years, the key issues affecting Perth require strategic 'city thinking' and leadership across State Government, local government, and the wider community. This review provides a real opportunity for enhanced strategic thinking and action, policy innovation and leadership.

### KEY FINDING

- 1. Enhanced strategic thinking and leadership across the State and local government sector and the wider community will be required to manage the extraordinary growth of metropolitan Perth over the next 50 years.**

## A NEED FOR CHANGE

The Panel has commenced this Review with a completely open mind and is independent of any vested interests. It affirms its determination to recommend local government arrangements it considers to be in the best interests of metropolitan Perth. As such it is not a review or judgement of individual local governments, but a review of the whole structure and system.

At this stage of the Review, after considering a broad range of information and hearing from a wide range of stakeholders and community members, the Panel has reached the clear conclusion that there is a need for significant change in Perth's local government arrangements. While there are many positive aspects to local government in metropolitan Perth, the Panel has determined it is not in the best interests of the wider community for the status quo to be maintained.

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Apart from some of the boundaries being illogical, and the variation in size, thirty local governments are too many for the Perth region. The current arrangements and severely fragmented structure creates a high level of duplication, inconsistencies and difficulties for business, lost opportunities for communities, confusion for consumers, and planning that is complicated, uncoordinated and un-strategic.

Charles Landry made similar observations during his appointment as "Thinker in Residence" in Perth in 2007. His report on his findings, *Perth: Town or City*, noted:

The regulation clutter and bureaucratic spaghetti needs to be simplified dramatically ... There is a need to revisit the purpose and shape of the different forms of government and to explore models of organisational change ... For Perth to fulfil its potential, municipalities and governments will need to switch the thinking and internal culture so they play a central role as catalyst and motivators for innovation....Those governance issues will not go away and will have to be cracked if Perth is to fulfil its potential. The problem is that it is never likely to get bad enough to generate the urgency to act.

The Panel asserts that if any objective and independent group were given a brief to design an optimal local government structure for metropolitan Perth today, it would be highly unlikely that they would design one with so many local governments, let alone one with such a variety of sizes of local governments as we currently have.

It is evident to the Panel that many local governments provide excellent services, engage well with their communities and create a place people want to live. Perth has a vast collection of diverse neighbourhoods and many appealing suburbs, but it needs to function better as a metropolitan area. Some local governments are performing well, but the model as a whole is unsustainable.

In seeking to improve the governance of metropolitan Perth, it is important that the best aspects of the existing system are retained as far as possible. While Perth does not seem to be in a dire crisis situation, there is still a sense of urgency requiring the community to contemplate its future. There are many pressures bearing down on local government, including the twin challenges of growth and rising expectations.

The 21<sup>st</sup> Century has been described as 'the century of the city'. With metropolitan Perth's population expected to reach 2.3 million by 2026, Perth's governance system needs to be revamped to better provide for the expanding population. Furthermore, the city is ultimately likely to grow beyond 3 million and as it does it will experience more 'big city' problems. The challenge is to consider what kind of local government system and structure would be ideally placed to meet the demands of Perth into the future. The first priority is not to focus on how many local governments there should be, but on how to best deliver effective local government services to the community.

A recent paper prepared for the Australian Centre for Excellence in Local Government (ACELG) notes that:

"The available evidence points to a particular need for ongoing consolidation of local government activities in metropolitan areas. Growing concerns about Australia's capacity to manage rapid metropolitan growth and change, and the federal government's move to develop a national urban policy and promote better metropolitan planning, call for a demonstration of local government's capacity to make a strong contribution on behalf of local communities and in the broader regional and national interest. There is a widespread view that this calls for substantially larger local government units as well as collaborative planning and resource sharing."<sup>3</sup>

3 Aulich, C et al [2011] *Consolidation in local government: a fresh look. Volume 1: report, May 2011*, p.8.

A key message in recent work for the Council of Australian Governments (COAG) is that Australia is at a watershed point for its capital cities and their strategic planning. Population growth, demographic change, increasing energy costs and the shift to a knowledge economy have changed the assumptions underpinning the shape and development of Australian cities. Managing the development of cities is fundamentally about finding the right balance between economic competitiveness/productivity, maintaining a high standard of liveability, achieving long term environmental sustainability and ensuring social inclusion, recognising that there are multiple interdependencies between these goal areas.

The Committee for Perth notes the importance of city-wide regional governance in the Discussion Paper from the Perth @ 3.5 Million Visioning Workshop:

"In order to effectively compete with other metropolitan regions throughout the world, the Perth metropolitan region needs to be formally organised to explicitly serve the purposes of the region in pursuit of economic development. The current governance structure fails to achieve this for two reasons: local government is too fragmented; and there is no dedicated mechanism for integrated regional co-operation (i.e there is no specific mechanism for regional integration and there are poor links at a state government level between different Ministries influencing regional development)."<sup>4</sup>

In its more recent Perth at 3.5 million discussion paper, the Committee for Perth, identifies a best case scenario for governance, which sees a city with:

- » effective regional governance
- » shared goals for the future
- » a governance system that takes a collaborative (government, private sector, community) approach to decision making
- » integrated regional planning for infrastructure and services (transport and utilities)
- » strong, leaders that are our stewards (political, business, community)

- » fixed terms for elected representatives, and
- » clear and transparent decision making.

The Panel notes the changing social and economic context for Australia's cities in general, and for Perth in particular, and the implications for governance. Its findings are geared to provide the right foundations for Perth's future growth.

The right foundations will not be achieved by minor boundary amendments. This has been the approach in the past, and the experience has been that such changes cost money, cause friction and animosity, fail to achieve significant outcomes, and direct council resources away from core issues. This is not the way to progress genuine reform.

While the sector is suffering fatigue with a debate on reform that has gone on for far too long, history has shown that consensus on restructuring and boundary changes cannot be achieved within the sector. It is natural for individual local governments to have a vested interest in maintaining their existence, and most of the submissions that the Panel has received from local governments, regardless of present size, have essentially provided reasons for why they should continue to exist.

So the decision on change, while considered in light of community feedback, needs to be made in an objective manner. There is a particular advantage in having this independent assessment undertaken externally to the sector.

The Panel encourages leaders in the sector to support change, to help create a stronger local government sector to better serve the community.

The Panel does not wish to see the role of local government diminished and sees a stronger, enhanced local government as the outcome of its Review. Any changes it proposes, for discussion in this report, and as recommendations to the Minister at the end of the Review, are intended to build the strength, capacity, effectiveness and authority of local government. The outcome would be a sector with the ability to take on greater responsibility, particularly in relation to the State government.

<sup>4</sup> Committee for Perth (2011) *Discussion paper, visioning workshop: Perth @ 3.5 million, August 2011*, p.35. Available at the Committee for Perth website: <http://www.committeeforperth.com.au/>

#### KEY FINDINGS

- 2. The current local government arrangements will not provide the best outcomes for the community into the future. The status quo cannot and should not remain.**
- 3. There is a need for significant change in Perth's local government, including changes in local government structures, boundaries and governance.**
- 4. The Panel envisages the outcome of the Review to be a stronger, more effective, more capable local government sector, with an enhanced role and greater authority.**

#### RISKS OF DOING NOTHING

If we as a community do nothing about improving Perth's governance arrangements, we risk perpetuating a city characterised by:

- » fragmented, divided, duplicated, ineffective governance;
- » community disengagement;
- » a lack of stewardship from political and business leaders; and
- » a governance system that does not effectively address the region's challenges, resulting in a disjointed, polluted and congested city suffering from sprawl.

While some people would continue to be quite happy in their local neighbourhoods, if the situation remained unchanged, many would continue to feel disengaged.

Previous local government reviews have not resulted in significant change. The State's present economic and social circumstances provide a once in a generation opportunity to make far reaching changes. The current uncertainty about the future is a growing risk, as it is affecting the ability of the sector to attract professional staff and there is a risk of losing staff to private industry. If nothing is done in the short term, the issue is unlikely to go

away and the uncertainty will remain. Whatever the State government is to decide, it should do so as soon as possible, so that current projects are not delayed and opportunities missed during implementation.

#### KEY FINDING

- 5. Uncertainty about the future needs to be addressed by prompt and decisive government decision making.**

#### A VISION FOR METROPOLITAN PERTH

This Review has revealed a great number of visions for the future of metropolitan Perth, held by individuals and organisations, but the Panel has been surprised by the lack of an overarching community vision.

We in Perth are fortunate to live in the best State of the best country in the world, but we need to make changes to help make Perth the best city. The potential of Perth is immense but that potential is blocked in many ways, and the people of Perth tend to have an easy going complacency about its future. These were observations made by Charles Landry during his appointment as "Thinker in Residence" in 2007.

We need to make a start by imagining the alternative futures for the Perth we want, and developing a shared vision for our city's future.

The State Government, or more specifically the Metropolitan Redevelopment Authority (MRA), has a vision for Perth. The Perth City Council, one of 30 local governments in the region, has a vision. Some stakeholders, such as the Committee for Perth or Future Perth, also have a vision. Each has a different vision, different in scope, different in scale. This diversity is compounded by the fact that at the moment there are 30 local governments in the Perth metropolitan region each with their own vision and goals for the future of *their* local communities.

It could be said that the State government provides leadership for the State as a whole, rather than explicitly for the Perth metropolitan region, and is not able to focus solely on the needs of Perth.

It is clear to the Panel that in going forward with metropolitan local government reform it is desirable that all parties work towards a shared vision for metropolitan Perth.

Many residents want to preserve the sense of place and local identity of their local area. There are many ways to experience a sense of place and maintain a sense of identity. The Panel believes that this is not under threat from local government reform. For example, urban villages like Leederville, Subiaco and Mount Lawley will retain their character. Identity and history would remain regardless of which local government is responsible for managing the locality. Like many respondents, the Panel wants to preserve the quality of life in Perth, but make it better and improve liveability for all residents of the metropolitan area. That might be a starting point for, or an element of, a shared vision.

#### KEY FINDINGS

**6. A shared vision for the future of Perth should be developed by the State government, together with local government, stakeholder and community groups.**

**7. A sense of place and local identity can be maintained through appropriate governance regardless of the size of a local government.**

#### CHANGES TO PERTH LOCAL GOVERNMENT ARRANGEMENTS

The changes the Panel is considering to Perth's local government arrangements are framed around:

- » a focus on the future (hence the question of the vision for Perth);
- » providing the basis for better services and better communities through more strategic leadership and decision making; and
- » providing the basis for better community engagement.

The Panel believes making changes to Perth's governance is not about saving money (although there is the potential for savings), but it is about getting better value for the community. Given the extent of duplication in the current system, there is great potential to free up public resources for more efficient purposes, like better community facilities, or more streamlined planning leading to increased local economic development.

Some local governments recognise a need for change, but progress is blocked by neighbouring councils that are unwilling to have the serious discussion needed. The large number of councils in Perth makes it difficult for the private and government sectors to work with local governments. This was a view expressed to the Panel from organisations as diverse as the Chamber of Commerce and Industry and the Swan River Trust.

The Panel notes that many residents in some local government areas are happy with the status quo. However, as noted above, the Review is not about the performance of individual local governments, it is about the system as a whole. The satisfaction of selected individuals does not constitute a reason for not making changes, as maintaining the current arrangements will perpetuate existing inequities across the wider metropolitan area. The Panel believes changes have to be considered in the interests of the community of the whole metropolitan region.

There are intergenerational considerations as well. For example, to house Perth's future population growth there will need to be a mix of infill in existing suburbs and greenfields development on the urban fringe. Typically the urban fringe areas are populated by households with lower disposable incomes and higher transport costs. Housing intensification in existing suburbs is an important issue, as it will give existing and future residents of metropolitan Perth more housing choices and greater opportunity to access services and reduce transaction costs. A restructured system, comprised of local governments with appropriate planning powers and acting as effective planning authorities, can help develop a city which is fairer for everyone.

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The Panel's findings are therefore geared towards ensuring appropriate governance for Perth on behalf of all residents irrespective of their socio-economic status. The Panel is concerned that resistance to change will be greatest when thinking is clouded by self-interest and when not informed about the wider picture.

The Panel has looked at the governance arrangements in other cities around the world, including Auckland, Brisbane and Vancouver. It is not possible or desirable to directly apply the arrangements in place in other cities to Perth, but it is beneficial to learn from other approaches. The Panel believes that its recommendations will be steps towards an effective 'Perth model' of metropolitan governance.

### **BENEFITS OF REFORM**

The Panel believes there are significant benefits to be achieved by reform:

#### *Building strategic capacity across the local government sector in Perth*

With greater scale, the quality of advice provided to councils could improve through the attraction and retention of the best in professional staff.

There is also the capacity to capture missed opportunities that are presently lost for the community due to limitations of scale and the current structure. For example, projects like the proposed Ocean Reef marina development, a joint venture between State and local government (City of Joondalup) would really only be possible should local governments have sufficient size and scale to partner with the State. Similarly, the Stirling City Centre Alliance and the inner city light rail project are the sort of projects where strong local government capacity is essential.

#### *A more equitable spread of resources across metropolitan Perth and more equitable delivery of services to all residents*

Some local governments have strong rate bases due to the size of their business and commercial sector, and this means rates for householders can be kept lower. Other areas which have less commercial development inevitably have higher

rates for householders or compromise on service range and quality.

The creation of larger local governments would provide an opportunity for a more equitable spread of resources across metropolitan local governments and equitable services for all residents. It is also an opportunity to make local governments more sustainable and self-reliant.

As an example of the difference in rating capacity, the City of Belmont serves approximately 35,000 residents and raised over \$16 million (2008/09) from commercial and industrial ratepayers. In contrast, the City of Armadale, serving a population of around 61,000, could only raise \$4.5 million (2008/09) from the commercial and industrial sector. This is not to say that Belmont's financial resources should be shared with Armadale, but the Panel asserts that there could be a better distribution of rating resources amongst local governments in the region.

Larger local governments also have greater capacity to absorb the burden of changing demographics (i.e. an ageing population). Smaller local governments have a limited opportunity to grow and increase their population diversity. As individuals retire and reduce their household expenditure, the need to sustain services remains the same. In contrast, larger local governments tend to have a more comprehensive rates base spread and the ability to retain diversity within their demographic.

#### *Reducing duplication and better use of existing infrastructure*

As well as the obvious savings from a reduction in the number of Chief Executive Officers (presently 30) and other senior and support staff, there could also be rationalisation of infrastructure and services. Ultimately the system could deliver less administration and more services to the community.

Experience elsewhere in WA and Queensland has shown that the amalgamation of local governments has led to a reduction in the number of senior managers, but an increase in the number of local government employees dealing directly with

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the community in key areas such as community development, youth and indigenous affairs, and economic development.

*A streamlined regulatory environment with greater transparency, simplicity, consistency, and certainty with attendant costs savings.*

There should be clear rules for everybody. The community of metropolitan Perth is not so different that we need so many different sets of local laws. The large number of councils in Perth makes it difficult for the private and government sectors to work with local governments, and ultimately the community is the loser.

For example, the treatment of properties of heritage significance varies among the 30 local governments. Some local governments have heritage lists with links to their Town Planning Scheme, while others maintain an inventory with no statutory protection. Greater consistency on heritage provisions would benefit property owners and the community generally.

Another example is the differences in the detail and interpretation of requirements for building developments across the 30 local governments in Perth. Despite operating in a standard legislative framework, there is significant inconsistency in the application of development conditions between local governments. As one review participant put it, there are effectively 30 rule books.

By having fewer local governments, requirements can be simplified and made more consistent, and the application process can be streamlined. This is not about clearing the way for developers to proceed with unfettered development, but it is about giving builders and developers more certainty and consistency, which is likely to translate to savings for the consumer.

A similar argument can be used for a number of sections of the business community, such as the food and hospitality industry. Greater consistency in matters such as eating house standards, traffic

management, parking and signage requirements will benefit all businesses. A more streamlined regulatory environment will also encourage further investment. Having fewer local governments will also make it easier for local governments to work in partnership with one another.

The cost to State and local government (and ultimately, the tax and rate payers) of maintaining 30 different Local Planning Schemes is also significant. Each local government dedicates resources to creating and implementing its Local Planning Schemes. Many do not then have the resources to review these schemes as required by law. In turn, the Department of Planning uses considerable resources to monitor and review each Local Planning Scheme. The resources dedicated by both State and local governments to this highly fragmented and complex planning system, could be better directed elsewhere. Fewer local governments would result in fewer planning schemes. Beyond cost efficiencies, the benefit of a simplified planning system is greater consistency for business and the community.

*Potential for achieving greater economies of scale*

Various studies have focused on economies of scale in local government, and in particular the population levels at which local government operations are most efficient. For example, research undertaken by Deloitte Access Economics in 2011 looked at all councils in Australia, and found clear evidence of economies of scale with larger populations. While economies of scale are achievable, the actual outcomes will vary with each service and there are other intervening variables that can affect the result. For example, the standard of leadership and management provided by the Mayor, council and CEO can have a major bearing.

There are views, supported in the literature by academics such as Professor Brian Dollery, that amalgamation of local governments yields little or no financial benefits and that the benefits of

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amalgamation can be obtained from other means of collaboration among local governments, including shared services. Other research, has found strong links between consolidation and increased strategic capacity, efficiency and economies of scale, service improvement and innovation:

"The study has revealed that consolidation provides important opportunities to capture economies of scope and enhance the *strategic capacity* of local government. Economies of scope increase the capacity of councils to undertake new functions and deliver new or improved services that previously were not possible. Significantly, they enable councils to shift their focus towards a more strategic view of their operations. We argue that this enhanced strategic capacity is in part a function of increased size and resource level, but it is also related to the potentialities that are created by the pooling of knowledge and expertise. The process of consolidation can generate a focus that transcends individual local government boundaries and encourages councils to operate in a broader context – one that is more regional or system-wide – and enables them to relate more effectively to central governments. Enhanced strategic capacity appears essential to local government's long term success as a valued partner in the system of government, and this emerged as probably the most important issue for councils to consider ..."<sup>5</sup>

It can be argued that economies of scale can be achieved by utilising shared services, and many councils in Perth have entered into agreements for the provision of some services on a shared basis. However, such arrangements are dependent on relationships and may not be robust enough to see long term benefits. Aulich et al note the ability of resource sharing arrangements to assist local governments in tackling emerging challenges

"depends in the first instance on the scope and durability of those cooperative arrangements"<sup>6</sup>.

#### *Increased influence with State and Commonwealth governments reflected in improved funding for community projects*

It is widely understood that the Commonwealth Government finds it difficult to work with multiple small local governments, and that it typically prefers to deal with larger local governments that cover larger populations. While many of Perth's local governments use regional groupings of councils to lobby State and Federal governments and compete for special purpose grants, there would potentially be increased access to government agencies from having fewer local governments in the Perth region.

Larger councils are more likely to be engaged as partners with State or Federal agencies in regional planning or governance arrangements, and are more able to exert real influence when dealing with other levels of government. This could extend to increased funding.

#### *Achieving metropolitan-wide social, economic and environmental goals*

The large number of small local government areas in metropolitan Perth restricts the ability to effectively deliver positive whole-city outcomes in a coordinated way. The nature and scope of contemporary public problems frequently transcend local government boundaries, and require a strategic response. The metropolitan area is now so closely tied together economically, socially, and structurally by daily human movements and activities that virtually every problem involves a 'spill over' between adjoining local government areas. Dealing with some issues is simply beyond the current capacity of local government.

5 Aulich, C et al (2011) *Consolidation in local government: a fresh look. Volume 1: report, May 2011*, p.10.

Available from the Australian Centre of Excellence for local government website: <http://www.acelg.org.au/>

6 Aulich, C et al (2011) *Consolidation in local government: a fresh look. Volume 1: report, May 2011*, p.23.

Available from the Australian Centre of Excellence for local government website: <http://www.acelg.org.au/>

At present, due to the number of players Perth's planning policies are overly complex and ad-hoc, and do not allow for a strategic, holistic approach to the big issues. In addition, the development of strategies to implement planning policies is time consuming, due to the number of parties required to participate in negotiations. While the State Government provides planning frameworks to address its objectives (such as those stated in Directions 2031), the planning capacity and capability to implement them varies greatly across the metropolitan area. As reported to the Panel, there is serious concern from a number of sources about the ability of some local governments to make appropriate decisions. By making decisions based on the perception of what a local community desires, the benefit to the wider community is put at risk.

As the Committee for Perth has noted, with 30 local governments in the region, the "system of local governance is problematic in that fragmentation within the region directly undermines the ability to achieve regional-level goals". This would be largely overcome in a more unified region with fewer local governments.

The recent independent review of local government in Southern Tasmania recommended the formation of a City of Greater Hobart, based on the view that similar benefits would accrue.

"Local government reform could make an important contribution to achieving outcomes such as these for Southern Tasmania. Cost savings arising from the formation of stronger and larger local government units are a part of that, but only a part. Cost savings could arise from economies of scale in administration and governance, in the use of capital equipment, and in financing, and form a much more strategic approach to management. These savings could be passed on in the form of lower rates. Alternatively, they could be used to employ people with skills that are beyond the resources of individual councils as presently

structured. It is highly likely that more unified local government for the Greater Hobart region in particular would result in more efficient and effective strategic and land-use planning, more effective coordination and promotion of economic and community development strategies, better coordination of infrastructure usage and planning, and more effective tourism promotion and marketing efforts."<sup>7</sup>

#### KEY FINDINGS

- 8. The primary benefits to be achieved by the proposed reforms of Perth's local government arrangements include:**
  - a. increased strategic capacity across the local government sector;
  - b. a more equitable spread of resources across metropolitan Perth and more equitable delivery of services to all residents;
  - c. reduced duplication and better use of infrastructure;
  - d. a streamlined regulatory environment with greater transparency, simplicity, consistency, and certainty with attendant costs savings for all sectors of the community;
  - e. potential to achieve greater economies of scale;
  - f. increased influence with State and Commonwealth governments reflected in improved funding for community projects;
  - g. the achievement of metropolitan-wide social, economic and environmental goals.

<sup>7</sup> Southern Tasmanian Councils Authority (2011) *Independent review of structures for local governance and service delivery in southern Tasmania*, October 2011, p.13.

## RELATIONSHIPS, ROLES AND FUNCTIONS

It is clear to the Panel that the structure and governance arrangements for local government in Perth cannot be considered in isolation from the role and function of local government, and perhaps more significantly, from the relationship between State government and local governments.

Many respondents to the Review understand and accept the principle that 'form follows function'. Changing the responsibilities of local government should go hand in hand with significant structural and governance reforms. Together, these changes all relate to local government's role for achieving the shared vision for metropolitan Perth.

The principle of subsidiarity is also important. This ensures decision making is made at the most appropriate level to get the best result and with no decisions made by a higher unit than necessary. Working out exactly what is the best level for decision making is difficult but it is important to get it right.

On this topic, the Panel has identified two clear priorities

- » The need for an overarching statement of the role and relationships of State and local government
- » The need to determine and agree on local government functions, roles and responsibilities

The current *Western Australian State Local Government Agreement* recognises that local government plays a significant role in community governance. It acknowledges the State Government is responsible for strategic issues of State interest and providing a coordinated approach to issues affecting all West Australians.<sup>8</sup> Underpinning the Agreement is the understanding that the relationship is not a sharing of powers but, rather, a delegation of powers by the State to local government. The Agreement also signifies

a firm commitment by all parties towards the achievement of increased capacity, long term sustainability, and improved outcomes for the community.

WALGA's submission to the Panel called for 'a strong and robust partnership agreement' that provides a basis, through meaningful engagement, for working together and discussing changes. The Panel believes there would be benefit in more specific communication provisions and protocols being negotiated.

While any State Government will have valid reasons for making policy decisions from time to time which impact on local government, with a restructured local government sector it is essential that in the future there be a new respect and partnership approach to governing Perth.

Together with a new partnership agreement, there is a need for improved coordination between State Government agencies. While this issue is outside the Panel's terms of reference, it was noted as a common theme in the local government submissions. Many respondents provided examples where government agencies lacked coordination, delayed responses, or gave conflicting advice. The lack of a whole-of-government approach has in some of these cases adversely impacted a local government's ability to deliver services or facilities, which ultimately impacts the community. As Professor Graham Sansom of ACELG has noted, it is "essential that central governments themselves be suitably organised for their involvement in metropolitan management, otherwise their internal failings in coordination of policy making and service delivery will simply add to the problems of fragmented governance"<sup>9</sup>.

A Local Government Commission, combining State and local government representatives reporting to the Premier could provide a basis for managing the critical relationship between State and local government. While local government is essentially a 'creature of the state' it would

<sup>8</sup> <http://dlg.wa.gov.au/Content/LG/LGAgreement/Default.aspx>

<sup>9</sup> Sansom, G [ed] (2009) *Summary report - international roundtable on metropolitan governance, Sydney, 14-15 December 2009*, p8. Edited by Graham Sansom, Australian Centre of Excellence for Local Government.

go some way towards equalising the power imbalance. The Local Government Commission could negotiate and oversee future changes in the role of local government. The Commission could also oversee the implementation of the Panel's recommendations, including the boundary change process. The Local Government Commission would need an independent chair and members with significant experience in State and local government.

The Panel has spent some time considering the role and functions of local government. As noted above, determining and agreeing on local government functions, roles and responsibilities should be a priority. In particular, the Panel sees potential for the stronger local governments created through the reform process to have the capacity to do more and provide a greater range of services to the community. During the Review many local governments referred both to the new expectations imposed on local government, as well as to the ways in which its traditional decision making role has been reduced or confined. The move to a new structure of local government in metropolitan Perth, with stronger local governments, logically provides a basis for a change of functions. In particular, it provides an opportunity to reconsider the powers which in recent years have been taken away from local government. The Panel therefore sees a new structure as a basis for greater competency and re-empowerment of local government, and a return to a locally based planning process.

The Panel has noted some areas where the current role of local government clearly needs to be reconsidered. The management of waste treatment and disposal is a critical area and there would seem to be a strong case for this to be managed at a metropolitan scale, potentially by the State Government, or a joint State/local government body. While regional local governments have played a key role in modernising waste management practice, the level of investment now required for waste treatment facilities is very significant and is stretching the financial capacity of the local

government sector. Furthermore, the activities of five regional councils independently seeking waste solutions ultimately results in a suboptimal solution for the metropolitan area as a whole. It seems desirable that this issue be approached from a metropolitan perspective. Local government would of course retain its role in managing waste collection services.

The Panel also heard suggestions that functions such as transport, bushfire management, natural resource management and urban and regional planning would be better suited to a metropolitan region or sub-regional approach.

#### KEY FINDINGS

- 9. The structure and governance arrangements for local government in Perth cannot be considered in isolation from the role and function of local government, and from the relationship between State government and local governments.**
- 10. Some functions need to be managed from a metropolitan-wide perspective, including waste disposal and treatment, transport and major planning. A shift in responsibility to the State government may be warranted.**
- 11. Consideration should be given to establishing a Local Government Commission, comprising an Independent chair and persons with significant State and local government experience, to manage the relationship between State and local government, and to oversee implementation of the reform process.**
- 12. A redefined local government would have its role enhanced including re-empowerment in local planning.**

## WORKING TOWARDS AN IDEAL STRUCTURE FOR LOCAL GOVERNMENT

As outlined above, the Panel has come to the conclusion that maintaining the status quo, comprising 30 metropolitan local governments of varying sizes and capacities, is not in the best interests of metropolitan Perth into the future. The current structure will not serve Perth's future needs.

A key consideration thus becomes how to optimise community representation and participation while enhancing planning and service delivery.

Submissions to the Panel were characterised by a diversity of views about the ideal size of a metropolitan local government ranging from 30,000 to 500,000. Some respondents felt smaller local governments were ideal (i.e. they supported the status quo), others preferred medium, others large. Some respondents favoured the Brisbane or New Zealand 'super city' model; others were firm in their objection to it. Clearly there is no consensus amongst the general public and local government sector on the ideal size for a metropolitan local government. The south-east Queensland experience points to a population size of 250,000 to 300,000 for building strategic capability.

However, the success of a local government is dependent on a number of factors. Size alone is not an absolute indicator of good governance, efficient performance, or community engagement.

It is clear to the Panel that small local governments have their limitations, some of which were identified by the Local Government Advisory Board in its 2006 report:

- » limited opportunity to achieve operational economies of scale and scope;
- » limited capacity to attract specialist human resources;

- » lack of economic strength due to narrow or small rate base and need for above average rates;
- » limited ability to maintain infrastructure;
- » duplication of depots, offices, technology, plant and equipment;
- » limited range of services provided.<sup>10</sup>

Smaller local governments may provide a more limited range of services and some residents fear they would lose services if their local government were absorbed into a larger one. But this need not be the case. As part of the negotiated transition process, arrangements could be put in place so that residents of particular areas could continue to receive (and pay for) specific services that are highly valued.

At present there is significant disparity in the services received by residents in each local government. Moreover, there is disparity in the financial resources available to each local government. This to some extent is a reflection of size, but is more particularly a reflection of the diversity and mix of the rate base. A restructured local government system would provide a basis for equalising the financial resources available to local governments, and hence the services provided to residents and ratepayers would be more equitably spread. An alternative to structural reform, not previously considered in Australia, is a tax base sharing program, where the tax base of the relatively affluent councils is shared with the less affluent councils.<sup>11</sup> To some extent this is the rationale for the Financial Assistance Grants system. While the current system redistributes significant grant funds to rural and regional local governments in WA, it does little to address the differences in capacity and special needs of metropolitan local governments.

Maintaining a 'community of interest' is often raised as a key consideration for local government boundaries, but community of interest is not dependent on the size of an area. Communities of interest exist at different scales in a hierarchical,

10 Local Government Advisory Board (2006) *Ensuring the future sustainability of communities*, p.56. Available on the Department of Local Government website: <http://dlg.wa.gov.au/>

11 This occurs, for example, in Cleveland Ohio, where transfers of \$200m are reportedly made each year to the centre city. This arrangement, however, would still not address the other critical dimensions of Perth's governance requirements.

nested and/or overlapping manner. Some communities of interest are not geographical at all, and may be created by other common factors. As noted above, the Panel is of the view that communities in the Perth metropolitan area are more alike than they are different, and while the community of interest rationale should play some role in decision making, it does not justify the retention of the status quo.

The Panel has heard many arguments against making any changes, including the suggestion that people are not asking for change. There are people who would agree with this view, but the Panel is aware too that many people are supportive of the need for change. In the interests of improved governance and the greater good for future generations, the Panel concurs with the latter view.

### OPTIONS FOR CHANGE

Based on the above discussion, the Panel supports a reduction in the number of local governments from the current 30. After careful consideration, the Panel has determined the most relevant options to be the following:

- » 10 to 12 councils
- » five to six councils
- » one metropolitan council

Research by Conway Davy/Planning Context<sup>12</sup> canvassed the advantages and disadvantages of a range of options, including options similar to those listed above. Their options also included the creation of a metropolitan regional local government as an additional body, replacing the existing regional local governments.

The advantages and disadvantages of each option are being examined by the Panel. In summary, the criteria used to weigh up the advantages and disadvantages of the different options include consideration of:

- » the degree of duplication and fragmentation across the metropolitan area;
- » the potential for functional realignment;
- » capacity for advocacy and lobbying;
- » capacity to access additional funding from State and Federal government, and the ability to demonstrate capability to undertake significant projects;

- » spread of rate base mix to ensure sustainability;
- » equity and access to services for all individuals across the metropolitan area;
- » ability to generate strategies to deal with metro-wide issues;
- » consistency and uniformity for the business, government and not for profit sectors;
- » ability to generate efficiencies and attract quality staff;
- » ability to facilitate an improvement in governance via a significant change in the roles and expectations of elected members;
- » contribution to Perth's role in the world economy and ability to promote a strong international image;
- » impact on future generations; and
- » opportunity cost.

Other advantages and disadvantages may well be identified.

The above three options for reform defined above are central to the Panel's deliberations at present, and must be considered in terms of population, capacity, rating mix, and community value. In conjunction with these options, a community council type advisory structure may be warranted. In this case, the areas of the former councils might be the basis of community boards. Another possibility is for a metropolitan regional local government to operate as an overarching strategic body, maintaining local representation and coordinating existing councils. Models for this type of arrangement include London (with its Mayor, London Assembly and Greater London Authority) or Metro Vancouver (formerly known as the Greater Vancouver Regional District), both of which are based on retention of a number of individual local governments (of 33 and 22 respectively). The advantage of this type of arrangement is that the existing knowledge-capital of local governments is retained.

The five to six council model provides the opportunity for alignment with the sub-regions identified in *Directions 2031*, which would greatly assist in the implementation of the State government's planning objectives.

The 10 to 12 council model provides an opportunity for alignment with the strategic activity centres identified in *Directions 2031*. These centres will

12 Conway Davy and Planning Context (2012) *Metropolitan local government reform, development and analysis of alternate models*.

be the focus for Perth's future development, and there is a strong case for making each centre the hub for local government. The Panel is aware that it will need to take into account the difference in population growth around these activity centres, as some will grow quicker than others.

The Panel is aware of many similar considerations, including

- » the complexities arising from splitting local governments and the resulting division of assets and liabilities;
- » differences in the demands of local government in inner and outer areas;
- » the particular challenges of local government in the hills area;
- » that communities and local governments are at different stages of a lifecycle of growth and renewal;
- » understanding the argument that 'one size does not fit all'; and that
- » the size of local government is not about population size, but is more about the rate base and socio-economic mix of the population.

### A VOICE FOR METROPOLITAN PERTH

Metropolitan Perth lacks a voice that represents it as a whole. Elsewhere in WA the Regional Development Commissions promote their respective regions, operating under a State Government framework, but there is no such organisation for the Perth region. Similarly, Regional Development Australia (RDA) is the Commonwealth Government's mechanism to provide a strategic framework for economic growth in each region. While RDA Perth has representation nominated by Federal, State and local governments, it operates within a Federal policy framework, and for this reason has limited traction with the State Government.

In the new local government structure for metropolitan Perth, a forum or council of Perth Mayors, chaired by the Lord Mayor, would be worth considering. This would be similar to the South East Queensland (SEQ) Council of Mayors, which brings together the Mayors of the ten councils in SEQ which serve the region's 3.2 million people.

It proactively seeks the cooperation of the Federal and State Governments to ensure appropriate funding and delivery of infrastructure and services to the residents of South East Queensland, "highlighting the needs of the region in a way that no other organisation is able to do". For example, the SEQ Council of Mayors has identified infrastructure priorities for its region and has been successful in attracting grant funding.

### COMMUNITY AND REPRESENTATION

One of the claimed strengths of local government is its closeness to the people, particularly in comparison to the State and Federal Governments. While this is likely to be true in a relative sense, the Panel believes the reality is somewhat overstated, and there is an element of mythology around the much vaunted community engagement. Local governments say they engage well with the community, but much of the Panel's feedback from the community says that they don't.

The status quo largely operates on the basis of apathy and a lack of involvement from the majority. Voter turnout in local government elections is low. While local governments make well intentioned efforts at community engagement, it seems vocal minorities often end up having a disproportionate influence on decision making. Many local issues are characterised by a minority vocalising opposition to change and making emotive arguments through local media in an attempt to manipulate public opinion. The current lack of participation or scrutiny from the average citizen allows vested interests to be pursued, often to the benefit of a small number of people rather than the majority. A respondent to the Panel suggested there was widespread evidence that few people have interest in what local government does, how it does it or what it actually achieves – unless they are directly and personally disaffected. The same respondent suggested it was "better to develop a system that has some prospect of working instead of persevering with the present illusion of community representation and service." Good governance relies on inclusivity and the creation of an environment where many people feel they can have their say on local matters.

Loss of representation and/or access to elected members is a strong fear expressed by many community members. The Panel has a strong view that in the new structure every effort should be made to keep the community engaged. The Panel also believes good community engagement is possible regardless of the size of a local government, provided effective methods are in place, well funded, and well managed.

The Panel was encouraged by what it saw in the place management approach used by the City of Swan and others. Place management is a mechanism for a local government to communicate with multiple communities within one area, and tailor services to suit each of them. It involves creating a partnership with a community, and working with them to offer solutions that suit their unique aspirations.

"In a council organisation that has fully adopted an effectiveness, efficiency and fairness structure, place management should apply to the whole of the council area, not just to redevelopment or dysfunctional areas, or the promotion of retail centres, although these localities are likely to be the centre of concentrated attention. Place management is a method of general rather than exceptional management".<sup>13</sup> (Mant, 2011:136)

Overall, there is a need for local governments to increase the extent and effectiveness of community engagement. This need will be significantly greater in a new structure. Development of a formal community engagement network, including adoption of a place management approach, and new institutional arrangements and structures, will ensure adequate community engagement and access to council.

### THE SIZE OF THE CITY OF PERTH

The size of the City of Perth has emerged as a key consideration, especially since the spilt of the former City of Perth into four local governments in 1993. Increasing the area of the City of Perth is not about reversing those changes, but about making more logical boundaries and building a connection between the City and the key infrastructure and facilities that serve the region.

In any future model, the Panel sees the size of the City of Perth increased and its role enhanced. The City must be of a sufficient size to be a serious national and international player, and to advocate for the whole of the metropolitan area, perhaps even the State. By increasing its size, the City will boost its capability and responsiveness, diversify its population, and enhance its international standing.

### OTHER CONSIDERATIONS

There is also the issue of the position of Mandurah and other areas adjacent to metropolitan Perth. Although Mandurah is not within the Perth metropolitan area and therefore not part of the terms of reference for this review, the Panel has received submissions which refer to the position of Mandurah. The Panel notes that Mandurah has a strong connection with the metropolitan area and as a strategic activity centre in its own right there would seem to be a case for re-examining its boundaries and regional position.

The Panel has identified a further question related to boundaries, structure, and role. The Panel believes that key institutions such as hospitals, universities and airports should not be split across different local government boundaries. At present, the way local government boundaries dissect a number of these institutions creates situations that are less optimal for the institutions and local government. One option is to take the institutions out of local government jurisdiction, similar to the existing situation with Kings Park or Rottnest Island, which both have controlling boards. This is already the case to some extent for Perth Airport, given that all development occurs on Commonwealth land.

### PERIODIC BOUNDARY REVIEWS

A related issue canvassed by the Panel is the scope for a periodic boundary review undertaken by an independent body, similar to the way the Electoral Commission reviews electoral boundaries. Given the ongoing population growth in both inner and outer suburban areas, this could be undertaken on a fixed interval of between 12 and 20 years to ensure the City's local government structure is

13 Mant, J [2011] *A reformed local government*, p.136. In *Local Government Law Journal*, December 2011 (volume 16, part 3).

optimal. Without such a mechanism, the structure is likely to stay the same for too long. This process of review is essential to take into account the changing demographics of a growing metropolitan region.

### THE FUTURE OF REGIONAL LOCAL GOVERNMENTS

The on-going role of regional local governments (RLGs) must be considered further based on the final structure and number of local governments implemented. In a restructured local government environment, waste management could become a centralised responsibility and the regional councils that currently have waste management as their sole function could be dissolved. The land development activities of the Tamala Park regional council could continue. If the regional local governments continue in something like their current form, the basis for membership would need to be examined. In the interests of regional strategic planning, there should be a strengthened onus on continued membership with less scope for councils to withdraw. The current regional council model operates with flawed accountability, in that there is no direct election of members. This is a matter that may need some consideration.

Notwithstanding the question about the future of regional councils, and depending on the final structure, it is likely that there would still be a need for voluntary regional groupings of local governments to cooperate on common issues of joint lobbying.

#### KEY FINDINGS

**13.** The most appropriate options for local government in metropolitan Perth are:

- a. 10 to 12 councils centred on strategic activity centres
- b. five councils based on the central area and sub-regions.
- c. one single metropolitan council

**14.** In any future model, the size of the City of Perth should be increased and its role enhanced.

**15.** It is important to make significant change and create a new structure with robust boundaries to minimise the need for further debate and change in the short to medium term.

**16.** Once a new structure is settled, there should be periodic boundary reviews undertaken by an independent body, to ensure the local government structure is optimal for meeting the changing needs of a growing metropolitan region.

**17.** The creation of larger local governments alone will not address all the shortcomings of the present system.

**18.** Local government's ability to connect to the community is an important asset. In any new local government structure for metropolitan Perth, community engagement must be strengthened, to improve accountability and reduce the power of special interest groups.

**19.** Local government must invest in mechanisms that encourage the whole community to participate. Consideration must be given to the development of formal community engagement networks, which may include the adoption of new institutional arrangements and structures to ensure adequate community engagement and access to council.

**20.** If the new local government structure for metropolitan Perth comprises more than one local government, a Forum or Council of Perth Mayors should be created, chaired by the Lord Mayor.

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## GOVERNANCE

The Panel's proposals for governance arrangements for metropolitan councils include consideration of the following:

- » introduction of compulsory voting at local government elections
- » recognition of the leadership role of elected members
- » election of mayors by the community
- » increased remuneration of elected members
- » training for elected members
- » the role of CEO and elected members
- » potential for council controlled organisations / local government enterprises.

### *Introduction of compulsory voting at local government elections*

Low turnout at local government elections is a weakness of the current arrangements. Despite a significant increase associated with the introduction of postal voting in the 1990s, the level of voter turnout has continued to decline. Given that voting is compulsory at State and Federal elections, the Panel is inclined to accept the view that local government should be accorded the same status. Arguments in support of compulsory voting include increased participation, consideration of the full electorate, improved legitimacy and consistency with other spheres of government.

Under the current arrangements it can be relatively easy for minority groups to dominate election outcomes where the general community is apathetic. The WA Electoral Commission submitted the following statement to the Panel: "while there are a number of arguments against the introduction of compulsory voting for local government elections, these need to be considered against the legitimacy of local governments in an environment of declining elector participation." In order to improve accountability, local government must invest in mechanisms that encourage everyone to participate. Compulsory voting may be an option to address this and reduce the power of small special interest groups.

While compulsory voting may help increase the participation of young people in local government, it is even more desirable that more young people are encouraged to come forward to nominate for their council.

### *Recognition of the leadership role of elected members*

The model for elected members needs to be updated to encourage an increased capacity for strategic decision making. The Panel believes elected members need to exhibit a higher standard of executive governance, similar to that of a board. This can be reinforced by training which is encouraged by appropriate remuneration. The demonstration of board-like behaviour will be particularly important in a restructured environment where metropolitan local governments will typically serve large populations and have budgets of \$200m or more. Councillors will need to move from a representative role to more of a leadership role. In the larger local governments, where there is more diversity in areas and needs, elected members will have to consider the big picture and be less focussed on matters of a very localised nature.

### *Election of mayors by the community*

The election of the mayor by the community, the entire electorate, is also a preferred model for the future. There may also be merit in limiting the number of terms that an elected member can serve, to ensure there is fresh and dynamic input of new leadership.

The number of councillors should generally be small, to better mirror a board-like model, but up to 12 elected members might be acceptable in larger local government entities, particularly in the short term. Ideally, in the longer term, each local government should have between eight and ten councillors.

### *Increased remuneration of elected members*

The current remuneration of elected members in Western Australia is relatively low compared to other Australian jurisdictions. To go with the restructured local government arrangements for metropolitan Perth, it would be desirable to increase the levels of remuneration for elected members to more appropriately recognise their contribution.

#### *Training for elected members*

The Panel believes elected members of metropolitan councils should be strongly encouraged to undertake training, similar to that provided by the Australian Institute of Company Directors, although the breadth and scope of the training would need to be considered further. The training would play a key role in providing elected members with a better understanding of the required relationship between the CEO and the Council. Successful completion of training should be rewarded through increased remuneration.

#### *Relationship of CEO and elected members*

An appropriate relationship between the Chief Executive Officer and elected members is critical to the successful performance of a local government. Feedback to the Panel indicated difficulties in some councils, particularly the involvement of individual elected members in operational matters, and an apparent lack of appropriate performance management. A solution may be for appointment and performance management to remain the responsibility of council, but with oversight by an independent commission.

#### *Potential for council controlled organisations/local government enterprises*

Another key area of interest is the scope for local governments to be given greater power to establish and manage local government enterprises (LGEs), or in the language of local government in New Zealand, council controlled organisation (CCOs). The Panel believes this is a reasonable and logical consideration in the context of local government reform. The stronger local governments created would have greater capacity to manage LGEs and CCOs. While the operating framework and governance arrangements for these entities would need to be considered carefully, the empowerment of local government in this way could be a key benefit of reform.

The Panel is aware that some of the proposed changes may have implications for the rest of the State. At present, in line with the terms of reference, the Panel envisions the proposed changes to governance arrangements as only applying in the restructured local government environment of metropolitan Perth. The State Government will also need to consider amendments to *the Local Government Act 1995* to implement these recommendations.



Panel Chair, Emeritus Professor Alan Robson, presents to the forum of local government representatives, 12 November 2011

KEY FINDINGS

**21. The role of elected members should be reshaped to enhance their capacity for strategic leadership and reduce their involvement in operational matters.**

**22. The potential for council controlled organisations / local government enterprises should be further considered.**

**23. Amendments to governance arrangements for local government in metropolitan Perth should include the following:**

- a. introduction of compulsory voting at local government elections
- b. recognition of the leadership role of elected members
- c. election of Mayors by community
- d. increased remuneration of elected members
- e. training for elected members
- f. clarification of the role of CEO and elected members

The Panel is aware that there are a vast range of implementation issues associated with progressing the reforms outlined in this paper. This includes the time frame for implementation, the costs of reform and how it will be funded. It is likely the greatest expenditure will be required in the earliest phases of implementation before the community starts to see the benefits.

There are also more strategic and practical considerations related to bringing different local government entities together. These are covered in the Department of Local Government's Amalgamation Guide, and include systems, human resources, financial, electoral, and legal considerations. The Panel will consider these matters further prior to finalising its final report.

Implementation of the changes will not be easy and there will be many different views on how, and if, they should proceed. Councils should be taking on a leadership role in this debate and preparing their residents now for the possibility of changes in the future. Implementation must ensure minimum disruption to service delivery, and interruptions to existing projects.

## IMPLEMENTATION AND TRANSITIONAL ARRANGEMENTS

While previous reviews have not resulted in significant change, the current context is a once in a generation opportunity to make far reaching changes that will complement and facilitate the best growth scenario for Perth. Uncertainty about the future of Perth's local governments is a growing risk, as it is said to be affecting the ability of the sector to attract professional staff with the further risk of a loss of staff to private industry.

Whatever the State government is to decide, it should do so as soon as possible, so that current projects are not delayed and opportunities not missed during implementation.

**'IT IS CLEAR THAT LOCAL GOVERNMENTS NEED TO ENGAGE IN A DISCUSSION ABOUT THE METROPOLITAN WIDE PICTURE AND WHAT IS BEST FOR THE PEOPLE OF PERTH AS A WHOLE'**

**(CONWAY DAVY PLANNING CONTEXT, 2012:24).**

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## KEY FINDINGS

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- 1.** Enhanced strategic thinking and leadership across the State and local government sector and the wider community will be required to manage the extraordinary growth of metropolitan Perth over the next 50 years.

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  - 2.** The current local government arrangements will not provide the best outcomes for the community into the future. The status quo cannot and should not remain.

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  - 3.** There is a need for significant change in Perth's local government, including changes in local government structures, boundaries and governance.

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  - 4.** The Panel envisages the outcome of the Review to be a stronger, more effective, more capable local government sector, with an enhanced role and greater authority.

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  - 5.** Uncertainty about the future needs to be addressed by prompt and decisive government decision making.

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  - 6.** A shared vision for the future of Perth should be developed by the State government, together with local government, stakeholder and community groups.

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  - 7.** A sense of place and local identity can be maintained through appropriate governance regardless of the size of a local government.

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  - 8.** The primary benefits to be achieved by the proposed reforms of Perth's local government arrangements include:
    - a. increased strategic capacity across the local government sector;
    - b. a more equitable spread of resources across metropolitan Perth and more equitable delivery of services to all residents.;
    - c. reduced duplication and better use of infrastructure;
    - d. a streamlined regulatory environment with greater transparency, simplicity, consistency, and certainty with attendant costs savings for all sectors of the community;
    - e. potential to achieve greater economies of scale;
    - f. increased influence with State and Commonwealth governments reflected in improved funding for community projects;
    - g. the achievement of metropolitan-wide social, economic and environmental goals.

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  - 9.** The structure and governance arrangements for local government in Perth cannot be considered in isolation from the role and function of local government, and from the relationship between State government and local governments.

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  - 10.** Some functions need to be managed from a metropolitan-wide perspective, including waste disposal and treatment, transport and planning. A shift in responsibility to the State government may be warranted.
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**11.** Consideration should be given to establishing a Local Government Commission, comprising an Independent chair and persons with significant State and local government experience, to manage the relationship between State and local government, and to oversee implementation of the reform process.

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**12.** A redefined local government would have its role enhanced including re-empowerment in local planning.

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**13.** The most appropriate options for local government in metropolitan Perth are:

- a. 10 to 12 councils centred on strategic activity centres
- b. five councils based on the central area and sub-regions.
- c. one single metropolitan council

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**14.** In any future model, the size of the City of Perth should be increased and its role enhanced.

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**15.** It is important to make significant change and create a new structure with robust boundaries to minimise the need for further debate and change in the short to medium term.

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**16.** Once a new structure is settled, there should be periodic boundary reviews undertaken by an independent body, to ensure the local government structure is optimal for meeting the changing needs of a growing metropolitan region.

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**17.** The creation of larger local governments alone will not address all the shortcomings of the present system.

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**18.** Local government's ability to connect to the community is an important asset. In any new local government structure for metropolitan Perth, community engagement must be strengthened, to improve accountability and reduce the power of special interest groups.

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**19.** Local government must invest in mechanisms that encourage the whole community to participate. Consideration must be given to the development of formal community engagement networks, which may include the adoption of new institutional arrangements and structures to ensure adequate community engagement and access to council.

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**20.** If the new local government structure for metropolitan Perth comprises more than one local government, a Forum or Council of Perth Mayors should be created, chaired by the Lord Mayor.

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**21.** The role of elected members should be reshaped to enhance their capacity for strategic leadership and reduce their involvement in operational matters.

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**22.** The potential for council controlled organisations / local government enterprises should be further considered.

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**23.** Amendments to governance arrangements for local government in metropolitan Perth should include the following:

- a. Introduction of compulsory voting at local government elections
- b. Recognition of the leadership role of elected members
- c. Election of Mayors by community
- d. Increased remuneration of elected members
- e. Training for elected members
- f. Clarification of the role of CEO and elected members

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## MORE INFORMATION

More information about the Metropolitan Local Government Review, including the following papers which were considered by the Panel in the course of the Review, can be found at the Panel website: [metroreview.dlg.wa.gov.au](http://metroreview.dlg.wa.gov.au)

### THE REVIEW

- » Metropolitan Local Government Review - Terms of Reference
- » Draft Key Principles for the Review
- » Key data for Metropolitan Local Government Review
- » Defining what we mean by 'Perth Metropolitan Area'
- » Summary of Local Government and Community Engagement Forums
- » Summary of Local Government Sessions with The Review Panel

### BACKGROUND INFORMATION

- » Metropolitan Local Government Review - Background Paper
- » Local Government Boundary Reform in Western Australia: a Review
- » Proposals for District Boundary Amendments considered by the Local Government Advisory Board since 1 July 1996
- » Local Government Reform - Progress since February 2009
- » Metropolitan Local Government Review - Metropolitan Governance: Historical Overview

### BRIEFING PAPERS - PERTH

- » Perth's Population
- » Perth's Economy and Drivers of Economic Growth in Perth
- » Directions 2031 and Beyond
- » Transport Governance in Metropolitan Perth

- » Natural Resource Management in Perth
- » Metropolitan Governance - Servicing the Metropolitan Area
- » Metropolitan Planning since the 1990s
- » Perth's Multicultural Population
- » Critical and Strategic Issues for Metropolitan Perth

### BRIEFING PAPERS - LOCAL GOVERNMENT

- » Overview of Metropolitan Local Governments Financial Data
- » The Role of Local Government in Enhancing Social Wellbeing
- » Elected Members Remuneration for Elected Members
- » Local Government Workforce Issues
- » Key Financial Ratios for Metropolitan Local Governments
- » Financial Ratios Definitions - Extract from Local Government (Financial Management) Regulations 1996
- » Metropolitan Local Governments - Average Residential Rates per Assessment 2000/2001 - 2009/2010
- » Metropolitan Local Governments - Average Rate Increases 2007/08 - 2011/12
- » Commentary on Local Government Rate Increases
- » Revenue and Expenditure (by type) 2009/10
- » Local Government Performance Measurement Framework - Metropolitan Baseline Survey Results
- » The Role of Mayors and Chief Executive Officers
- » Grants received by Local Governments
- » Functions of Local Government
- » Regional Collaboration Models for Local Government in Western Australia
- » Engaging with Communities
- » State Administrative Tribunal
- » National and International Governance Models

[metroreview.dlg.wa.gov.au](http://metroreview.dlg.wa.gov.au)





## Indicative WALGA Response

### Metropolitan Local Government Review Draft Findings

*The indicative response provided below is based on the Association's Submission to the Metropolitan Local Government Review Panel and standing policy positions.*

*Input from Local Governments will be incorporated into the next version of this report which will be presented to a meeting of Metropolitan Mayors and Presidents on 22 May 2012. The final submission will be provided to the Panel subject to State Council endorsement.*

#### **Principles for the Metropolitan Local Government Review**

The principles for the Metropolitan Local Government Review are supported.

##### ***Panel's Principles***

- *Long-term approach*
- *Community outcomes*
- *Equity*
- *Clarity*
- *City scale*
- *Best city*
- *Evidence based*

The Panel has highlighted the need for their work to be *evidence-based*; it is anticipated that evidence will be demonstrated in the Panel's final report.

The Panel have stated they aspire to *clarity*, however many of the Draft Findings are unclear. The Local Government sector expects that the Panel's final report will be unequivocal about the role, responsibilities and structure of Local Government in metropolitan Perth.

The Panel also argues that governance of the metropolitan area should be considered holistically, at the *city scale*, yet the Panel refrains from considering the role of the State Government in the metropolitan area. The Panel states that "proposing changes to the operations of State Government is beyond the Panel's terms of reference other than the way they relate to Local Government" (Draft Findings p6).

The Association's Submission argued that the metropolitan governance of Perth is primarily a function of the State Government. Changes to the form or functions of Local Government will necessarily result in changes at the State Government level. The reverse is also true.

Given that the management of metropolitan regions is primarily a function of State Governments in Australia, the Association argues that the Panel's Finding 1 is most applicable to the Western Australian Government.

##### ***Panel Finding 1***

*Enhanced strategic thinking and leadership across the State and Local Government sector and the wider community will be required to manage the extraordinary growth of metropolitan Perth over the next 50 years.*

Indicative WALGA Response to the Metropolitan Local Government Review Draft Findings



The Association believes that it is impossible for the Panel to fulfil their terms of reference without considering the role of the State Government. Where improvements to governance of the metropolitan region can be achieved with changes to the operations of the State Government, the Panel should state this. The Panel should make recommendations regarding the operations of the State Government if there will be benefits to the community.

**CoA Comment (1)**

*WALGA points out the need to examine the State Government's roles and responsibilities before recommending change to Local Government.*

**A Need for Change**

The Association's submission highlighted a number of systemic issues that need to be addressed to optimise the governance arrangements of metropolitan Perth. The Association's submission to the Panel highlighted the following critical success factors in its original submission:

- Enhanced Intergovernmental Relations
- The establishment of a Local Government Commission
- A review of the *Local Government Act 1995* and legislative change
- The removal of Local Government revenue constraints
- Empowerment of Local Governments to establish a range of service delivery models, and
- The importance of Local Government as a legitimate sphere of Government.

The Panel's Findings 2, 3, and 4 make significant claims but little evidence for these claims is provided. Evidence is required to demonstrate the need for change and it is anticipated that evidence will be provided in the Panel's Final report.

**Panel Finding 2**

*The current local government arrangements will not provide the best outcomes for the community into the future. The status quo cannot and should not remain.*

**Panel Finding 3**

*There is a need for significant change in Perth's local government, including changes in local government structures, boundaries and governance.*

**Panel Finding 4**

*The Panel envisages the outcome of the Review to be a stronger, more effective, more capable Local Government sector, with an enhanced role and greater authority.*

The Panel seems to be presenting a case for reform of the *Local Government* sector by highlighting deficiencies at the *regional* level. The Association's submission demonstrated that governance for the metropolitan *region* is principally the responsibility of the State Government (WALGA Submission, p16):

*"The Australian Constitution establishes that State and Territory Governments have principal responsibility for planning and managing cities. For this reason, and due to the highly urbanised population distribution of all Australian States, State and Territory Governments play the most important role in the governance of metropolitan regions in Australia.*

*Similar to other Australian State capitals, metropolitan governance in Perth is primarily a function of the Western Australian State Government. Key reasons for the dominance of the State Government include the economic significance of Perth for the wellbeing and economic success of the state and the primacy of Perth as home to three quarters of Western Australia's population."*

**CoA Comment (2 to 4)**

**WALGA points out that the case for reform is based on deficiencies found at a regional, not local level.**

**Risks of Doing Nothing**

The Association accepts the Panel's Finding 5 and acknowledges that the Local Government sector is seeking certainty about the future and specifically about the structure, roles, resources and responsibilities of Local Government in metropolitan Perth.

**Panel Finding 5**

*Uncertainty about the future needs to be addressed by prompt and decisive government decision making.*

Finding 5 is fundamentally about the implementation and transition process associated with the Metropolitan Local Government Review. The Association's original submission contained commentary and specific recommendations on the transition process. These recommendations are reiterated in this response on page 13.

**A Vision for Metropolitan Perth**

A key role of the State Government is to develop and articulate a shared vision for Metropolitan Perth.

The Association endorses the Panel's Finding 6 as a key priority.

**Panel Finding 6**

*A shared vision for the future of Perth should be developed by the State Government, together with Local Government, stakeholder and community groups.*

The State Government should be at the forefront of developing and articulating a vision for the Local Government sector. A hierarchy of visions is required:

- i. A vision for Western Australia
- ii. A vision for Local Government, and
- iii. A vision for metropolitan Perth.

Further, it is well established that a shared and coherent vision is fundamental to any change process.

A shared vision for Local Government was developed during the Association's Systemic Sustainability Study (SSS) process and endorsed by the Local Government sector:

*"Local Government will implement and maintain a governance model that integrates effective service delivery (on a regional basis) with appropriate political representation (on a local basis)."*

The Association's *Vision for Local Government*, defined in its *Strategic Plan 2010-2015* is:

*"Local Governments in Western Australia will be built on good governance, autonomy, local leadership, democracy, community engagement and diversity."*

Indicative WALGA Response to the Metropolitan Local Government Review Draft Findings



*Local Governments will also have the capacity to provide economically, socially and environmentally sustainable services and infrastructure that the needs of their communities."*

A shared vision for Perth and a shared vision for Local Government will benefit the State Government, Local Governments and the community.

**CoA Comment (6)**

*A shared vision has to be determined collaboratively.*

The Panel's Finding 7 is accepted but further detail about what this Finding will entail is requested.

**Panel Finding 7**

*A sense of place and local identity can be maintained through appropriate governance regardless of the size of a Local Government.*

**CoA Comment (7)**

*WALGA has identified a new position from the Panel that begs explanation – is this leading to a recommendation local governments will still vary significantly in size, or is it suggesting a new contrived mechanism to fill the vacuum as "bigger" local government becomes more distant from its community.*

**Benefits of Reform**

The Panel lists a number of perceived benefits of reform in its Finding 8.

**Panel Finding 8**

*The primary benefits to be achieved by the proposed reforms of Perth's local government arrangements include:*

- a. Increased strategic capacity across the local government sector;*
- b. A more equitable spread of resources across metropolitan Perth and more equitable delivery of services to all residents;*
- c. Reduced duplication and better use of infrastructure;*
- d. A streamlined regulatory environment with greater transparency, simplicity, consistency, and certainty with attendant costs savings for all sectors of the community;*
- e. Potential to achieve greater economies of scale;*
- f. Increased influence with State and Commonwealth governments reflected in improved funding for community projects;*
- g. The achievement of metropolitan-wide social, economic and environmental goals.*

A number of the benefits listed are outside the remit of the Local Government sector. In relation to Finding 8(d), if a more 'streamlined regulatory environment' is a legitimate goal, the Western Australian Parliament has the ability to legislate to achieve this goal. The Western Australian Parliament is responsible for legislation and the State Government, through its Ministers, is responsible for regulation. Local Governments play a role in enforcing legislation and regulations and are able to make local laws if empowered to do so by legislation.

Further, in relation to Finding 8(g), while Local Governments rightly make contributions towards the achievement of metropolitan social, economic and environmental goals, State Government coordination is necessary in many cases.

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**CoA Comment (8)**

*The benefits listed are questionable, with many outside the remit of local government, necessitating a review of State services and their strategic delivery, as stated in Finding 1.*

**Relationships, Roles and Functions**

A coherent and overarching vision for Perth would more clearly define the roles of, and relationships between, Local Government and State Government.

The Association argued, in its original submission, that consideration of the role of Local Government in metropolitan Perth necessarily requires consideration of the role of the State Government. Panel Finding 9 is therefore supported.

**Panel Finding 9**

*The structure and governance arrangements for Local Government in Perth cannot be considered in isolation from the role and function of Local Government, and from the relationship between State Government and Local Governments.*

A key theme of the Association's submission to the Metropolitan Review was the importance of collaboration and coordination between all levels of government, the private and not-for-profit sectors and the community.

Panel Finding 10 is accepted, however it should be noted that the State Government has responsibility for transport and regional planning.

**Panel Finding 10**

*Some functions need to be managed from a metropolitan-wide perspective, including waste disposal and treatment, transport and planning. A shift in responsibility to the State Government may be warranted.*

Following the principle of 'subsidiarity', there may be some services currently delivered by Local Government that are best provided at a regional or sub-regional level. Conversely, there may be services provided by the State Government that could be provided more efficiently by Local Governments. A thorough analysis of service delivery has not been undertaken by the Panel and this represents a significant missed opportunity for the Metropolitan Local Government Review process.

The Association supports the Panel in its call for "specific communication provisions and protocols being negotiated" between State and Local Government and for a "partnership approach to governing Perth" (Draft Findings p15).

Recommendation 1 of the Association's Submission emphasised the importance of strong intergovernmental relations and called for a communication and consultation protocol to be established.

**WALGA Recommendation 1**

*A protocol guiding communication and consultation between the State Government and the Local Government sector be developed and implemented as a matter of urgency*

The Association's Recommendation 2 called for the establishment of a Local Government Commission as an agency focussed on capacity building in the Local Government sector, sufficiently independent of the State Government and the Local Government sector.

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**WALGA Recommendation 2**

*A Local Government Commission be established in Western Australia as proposed in this submission*

The Panel's Finding 11 requires amendment to be supported by the Association.

**Panel Finding 11**

*Consideration should be given to establishing a Local Government Commission, comprising an Independent chair and persons with significant State and local government experience, to manage the relationship between State and local government, and to oversee implementation of the reform process.*

The role of the Commission should not be to "manage the relationship between State and Local Government". Responsibility for inter-governmental agreements such as that which establishes the basis for the relationship between the State Government and the Local Government sector must sit with the Department of Premier & Cabinet in liaison with WALGA.

WALGA's submission proposed the role of the Local Government Commission as follows:

- Progressing Local Government's ability to examine and improve its sustainability
- Improving access to consistent aggregated Local Government financial information
- Encouraging standard asset management practices
- Encouraging long term strategic financial planning and management
- Assisting with the implementation of community infrastructure planning, and
- Undertaking the majority of the advisory and sector support functions currently undertaken by the Department of Local Government.

Further detail on the role and administration of the Local Government Commission is requested. As stated in WALGA's submission, a key rationale for the establishment of the Commission is "the inherent conflict" caused by "the dual role of the Department of Local Government".

It would therefore be inappropriate for the Local Government Commission to be administered by the Department of Local Government. The Local Government Commission needs to be sufficiently independent from both the State Government and the Local Government sector.

**CoA Comment (11)**

*A Local Government Commission was supported by WALGA but it has recommended that it be independent of the Department of Local Government.*

Finding 12 is supported, however further detail is requested regarding what this Finding entails. Further, this Finding may be incongruous with Finding 10.

**Panel Finding 12**

*A redefined Local Government would have its role enhanced including re-empowerment in local planning.*

**Working Towards an Ideal Structure for Local Government in Metropolitan Perth**

The concept of a 'tax base sharing program' (Draft Findings p17) (either as an alternate to structural reform, or as integral part of it) based on redistributing rate revenue between Local Governments is academically interesting but does little to address the inadequacy of the global level of funding available to the sector.

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Broad tax redistribution is an issue that should be considered and needs to be debated across all spheres of government (particularly at the federal level, where 83% of the nation's tax collections sit). Rather than a redistribution of locally raised rate revenues between Local Governments, The Panel should be examining the role tax redistribution could play in enhancing the financial sustainability of Metropolitan Local Governments.

It seems pointless to argue for mechanisms which shift the distribution of an existing level of sector funding (rates) when the macro problem is the inadequacy of funding to the sector in its totality.

**CoA Comment (12)**

*This is ironic in that it suggests that larger local governments might be "re-empowered" to make major planning decisions.*

- *WALGA's comment on the issue of tax-sharing is supported, but this is where all State's have failed in any review of local government. The inherent sustainability problems faced by rural Councils across Australia needs to be subject of review. These sustainability issues will not be addressed by amalgamations or boundary changes.*

**Options for Change**

The Panel presents three options for change but little detail on what the proposed models would entail.

**Panel Finding 13**

*The most appropriate options for Local Government in metropolitan Perth are:*

- a) *10 to 12 Councils centred on strategic activity centres*
- b) *Five Councils based on the central area and sub-regions*
- c) *One single metropolitan Council*

The three models floated by the Panel are too extreme, particularly after considering the Panel's Terms of Reference which states that a list of *achievable options* is to be provided. Further, the population projections for Perth also raise a number of issues for the proposed options.

The Association held a Governance Models Forum in January 2012 to inform its submission to the Panel. One single metropolitan Council was rejected by the Local Government sector at the forum. Similarly, the sector also rejected a model based on the central area and sub-regional areas from *Directions 2031*. The Association therefore rejects options (b) and (c).

Option (a) requires significant refinement to be acceptable to the Local Government sector. As the Association stated in its original submission to the Panel, the metropolitan region should be governed by approximately 15 to 20 Local Governments (WALGA Submission p61).

The Association's recommendation 11 identified the appropriate governance model for the Perth metropolitan region.

**WALGA Recommendation 11**

*That a Governance Model based on the following guiding principles be adopted for the Perth metropolitan region:*

- *Determination of Local Government boundaries based on sustainability principles (economic, social, environmental and organisational) with reference to Directions 2031. The existence of strategic industrial areas and other major land uses should also be considered*
- *Establishment of regional bodies to undertake regional service delivery and regional strategic planning, and*

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- *Enhancement of Intergovernmental Relations between State Government and the Local Government sector at the strategic, policy and project levels.*

The Association contends that much greater detail regarding the governance models proposed by the Panel needs to be provided for an informed assessment to be made on the merits of the proposed models. In particular, the Local Government sector should be involved in a conversation about future Local Government boundaries in the metropolitan region. To this end, and in line with the Panel's *clarity* principle, publication of the Panel's proposed boundaries would be beneficial. This would then be a catalyst for Local Governments to engage in a voluntary reform process.

The Metropolitan Local Government Review provides a significant opportunity for the State Government to outline its vision and intentions for Local Government in metropolitan Perth. This, together with appropriate incentives, could pave the way for an appropriate voluntary reform process to be established.

The Association argues that there is a role for the community in the options presented by the Panel. A recommendation to remove or significantly alter the rights of communities to self-determination expressed through the poll provisions contained in schedule 2.1 of the *Local Government Act 1995* would be opposed.

More information is also required regarding the implementation of the proposed options. As stated in the Association's submission, funding, HR issues and financial management issues will be key aspects of the transition process which are yet to be addressed.

At a more fundamental level, the models proposed will result in significant changes in the nature of the roles and functions of Local Governments in metropolitan Perth. These changes will necessarily result in a shift for State Government departments and agencies. This is yet to be documented by the Panel.

**CoA Comment (13)**

*WALGA's comments are wholeheartedly supported. The Panel's findings are unduly influenced by submissions that "bigger must be better" not supported by analytical data. The Panel report indicates that population size should not be the determinant, but its three options significantly change the metropolitan framework with two options clearly moving from a "local" to a "regional" format.*

The Association is not in a position to comment on the Panel's Finding 14 relating to the City of Perth.

**Panel Finding 14**

*In any future model, the size of the City of Perth should be increased and its role enhanced.*

**CoA Comment (14)**

*While WALGA will not express a view here, it's clear that the Panel believe the City of Perth and Lord Mayor should provide a leadership role for all metropolitan local government. That will not happen unless the City of Perth becomes a bigger player on the Perth metropolitan scene, which implies a local government of significant population and resources. This is a fundamental reversal of earlier State Government positions leading to the breakup of the City of Perth.*

Panel Finding 15 is an acceptable conclusion, if the premise is accepted.

**Panel Finding 15**

*It is important to make significant change and create a new structure with robust boundaries to minimise the need for further debate and change in the short to medium term.*

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**Periodic Boundary Review**

The Panel suggests that periodic boundary reviews should be undertaken at regular intervals.

**Panel Finding 16**

*Once a new structure is settled, there should be periodic boundary reviews undertaken by an independent body, to ensure the Local Government structure is optimal for meeting the changing needs of a growing metropolitan region.*

The Panel state that this should be undertaken "similar to the way the Electoral Commission reviews electoral boundaries". While there may be a role for an independent body to undertake boundary reviews, the Association rejects the comparison to electoral boundaries.

As stated in the Association's submission to the Panel (page 32):

*"Such a comparison [to electoral boundaries] is inappropriate: Local Governments are a legitimate sphere of government in Australia's democratic system. Conversely, electoral boundaries are an administrative tool to ensure that each citizen's vote is roughly equal when electing a representative to the House of Representatives or the Legislative Assembly.*

*However, while Local Governments are not equivalent to electoral boundaries, it may be appropriate for an independent body to determine Local Government boundaries to remove local politics from the process. An independent body undertaking Local Government boundary reviews should utilise criteria including sustainability and communities of interest."*

**CoA Comment (16)**

*WALGA's position is supported with the addition that local government boundaries are "service provision boundaries" affecting contracts of service, workforce planning and many other factors. This is not the case with electoral boundaries. Robust boundaries with a mechanism for review every 20 years is suggested as appropriate.*

As stated, Panel Finding 17 is supported.

**Panel Finding 17**

*The creation of larger Local Governments alone will not address all the shortcomings of the present system.*

**Community and representation**

The Association views community engagement as a strength of Local Government. WALGA's submission to the Panel highlighted the innovative methods of community engagement undertaken by Local Governments through evolving media channels. Local Governments, as the closest sphere of government to the community, are constantly striving to improve their community engagement methods.

Commentary that low voter turnout, relative to other spheres of government, is a sound indicator of community disengagement is disingenuous. Clearly voter turnout will be lower in *voluntary* Local Government elections than in *compulsory* State Government elections. As the Association stated in its submission (page 28-29):

*"There has been commentary recently that voter turnout in Local Government elections provides an indicator of community engagement in the affairs of their Council. This argument is simplistic: voter*

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*turnout is one indicator of community engagement with their Council. Given the high levels of access that community members have to Elected Members, the Council and Local Government administrations, voting is arguably less important at the local level than for other spheres of government."*

Local Governments consistently aim to improve their engagement with the community. Suggestions that Local Governments are not sufficiently engaged with their communities have not been justified by the Panel.

**Panel Finding 18**

*Local Government's ability to connect to the community is an important asset. In any new Local Government structure for metropolitan Perth, community engagement must be strengthened, to improve accountability and reduce the power of special interest groups.*

The Association contends that the Panel must justify its claims with evidence that goes beyond the anecdotal; No evidence whatsoever is provided that 'special interest groups' wield too much power.

Community engagement can always be improved, however the Association contends that this is an evolutionary process and a compelling rationale for forced wide-scale reform has yet to be presented.

**CoA Comment (17 & 18)**

*WALGA's position and comment is earnestly supported. The Panel's contention that local government in Perth is disengaged and not reflective of its communities is not supported by data or evidence. The whole issue of engagement is highly subjective and driven by a "big" Government perception of local government.*

**Panel Finding 19**

*Local Government must invest in mechanisms that encourage the whole community to participate. Consideration must be given to the development of formal community engagement networks, which may include the adoption of new institutional arrangements and structures to ensure adequate community engagement and access to Council.*

As the Association stated in its original submission, community members have very high levels of access to their Elected Members and Local Government administrations.

**CoA Comment (19)**

*WALGA's comment is supported, with the addition that "need for the new institutional arrangements and structures" is only created by the reform initiative of removing the elected body of local government further away from its electorate (i.e. fewer Councillors with much bigger constituencies).*

**Voice for Metropolitan Perth**

The Panel has proposed a Council of Metropolitan Mayors to act as a 'voice' for the Perth metropolitan region.

**Panel Finding 20**

*If the new local government structure for metropolitan Perth comprises more than one local government, a Forum or Council of Perth Mayors should be created, chaired by the Lord Mayor.*

The Association is well placed to accommodate this type of structure under current governance arrangements. A contemporary example is the Swan Canning River Policy Forum established to address issues relating to the management of the Swan-Canning River system.

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Another option would be for a Regional Development Commission (RDC) to be established for the Perth metropolitan region. Establishing a Perth RDC was a recommendation of the Association's 2010 Submission to the Review of Regional Development Commissions but was not accepted by the Review Committee.

**CoA Comment (20)**

*See comment on Panel Finding 14. The Panel has a different perception of the role of Lord Mayor and the City of Perth on the greater metropolitan scene.*

*If a Council of Perth Mayors is formed it should elect its own Chair. The City of Perth and Lord Mayor, needs to be a leading local government, earning the right to lead and Chair, not have it decreed. This seems to contrast with the Panel's criticism of traditional municipal arrangements.*

**The Future of Regional Local Governments**

The Association argued in its original submission for Local Governments to have access to a number of service delivery models: Regional Local Governments, Regional Subsidiaries and Council Controlled Organisations.

The Association does not accept that Regional Local Governments "operate with flawed accountability" (Draft Findings p21). Regional Local Governments are accountable to their constituent Councils who are accountable to their communities. This is appropriate.

The Association reiterates the recommendations contained in its original submission.

**WALGA Recommendation 8**

*A review, with the involvement of the Association and the Local Government sector, examining the regulatory and compliance burden of Regional Local Governments be undertaken.*

**WALGA Recommendation 9**

*That the Local Government Act 1995 and Regulations be amended to enable Local Governments to establish regional subsidiaries as intended by the Local Government Amendment (Regional Subsidiaries) Bill 2010*

**WALGA Recommendation 10**

*That the Local Government Act 1995 and Regulations be amended to enable Local Governments to establish Council Controlled Organisations*

The Panel's Finding 22 suggests that Council Controlled Organisations should be considered.

**Panel Finding 22**

*The potential for council controlled organisations / local government enterprises should be further considered*

The Association supports this finding but contends that significant work has already been undertaken to support the introduction of Council Controlled Organisations in Western Australia. Further, CCOs are successfully utilised in other Australian States and in New Zealand.

**CoA Comment (22)**

*WALGA's response is earnestly supported by the City. This is an amendment to the Act which is way overdue.*

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**Governance – General Comments**

The Association requests that the Panel's Findings in relation to governance are thoroughly substantiated in their final report.

The Association would like to highlight two key themes of its original submission to the Panel: a review of the *Local Government Act 1995* to restore the Act to the principle of 'general competence' and the removal of revenue constraints.

To clarify, the Association is not recommending that the *Panel* undertakes a review of the Act; the Association is recommending that the Panel *recommend* to the State Government that a review be undertaken (refer Draft Findings p6). A review of the Act should be driven by the State Government with significant Local Government consultation.

**WALGA Recommendation 3**

*A comprehensive review of the Local Government Act 1995 be undertaken to restore the Act to the principle of 'general competence'*

The Association also reiterates its recommendations focused on removing the significant revenue constraints placed on Local Governments.

**WALGA Recommendation 4**

- a) *The Local Government Act 1995 be amended to remove the rate exemption for Independent Living Units*
- b) *The Local Government Act 1995 be amended to provide clarification on rating of land used for charitable purposes*

**WALGA Recommendation 5**

*That LandCorp and other Government Trading Entities' rate equivalency payments be made to the relevant Local Governments instead of the State Government*

**WALGA Recommendation 6**

*That Section 6.21 of the Local Government Act 1995 be amended to allow Local Governments to use freehold land, in addition to its general fund, as security when borrowing*

**WALGA Recommendation 7**

*That a review be undertaken to remove fees and charges from legislation and Councils be empowered to set fees and charges for Local Government services*

**Governance – Introduction of Compulsory Voting at Local Government Elections**

The Panel's Finding 23a proposes that compulsory voting be introduced at Local Government elections.

**Panel Finding 23**

*Amendments to governance arrangements for Local Government in metropolitan Perth should include the following:*

- a. *Introduction of compulsory voting at Local Government elections*

The Association has a formal position on compulsory voting determined by State Council in 2008. The Association supports the retention of voluntary voting in Local Government elections.

The Association contends that compulsion is only one aspect of the electoral system which should not be considered in isolation. As the Association's original submission argued (page 29-30):

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*"Compulsory voting is only one aspect of the electoral system and should not be considered in isolation. Other considerations include the method of voting and the frequency of elections.*

*Should there be efforts to make voting in Local Government elections compulsory, a full and detailed review of the Local Government electoral system should be undertaken."*

**CoA Comment (23a)**

***WALGA's position on the matter of compulsory voting is strongly supported. Compulsory voting will not change the level of engagement with the community, but would change the political environment of local government forever.***

**Governance – Recognition of the Leadership Role of Elected Members**

The Panel's Findings 21 and 23b are supported.

**Panel Finding 21**

*The role of Elected Members should be reshaped to enhance their capacity for strategic leadership, and reduce their involvement in operational matters*

**Panel Finding 23**

*Amendments to governance arrangements for Local Government in metropolitan Perth should include the following:*

*b. Recognition of the leadership role of Elected Members*

Elected Members currently play a significant leadership role in their community. The Association welcomes this acknowledgement by the Panel.

The Association acknowledges that the Panel has accepted that Councils are not equivalent to Boards.

The Association's submission to the Panel was unequivocal on this subject (page 53):

*"Councils consist of democratically elected representatives in local communities. Elected Members represent the community, provide leadership and guidance and facilitate communication between the community and the Council.*

*Elected Members are also stewards of large and complex organisations and are ultimately responsible for multi-million dollar decisions. This has led to comparisons between Councils and Boards.*

*This is inappropriate: Councils are not Boards. This comparison neglects the very important democratic and community representation role undertaken by Elected Members. This comparison also diminishes Local Government as a legitimate sphere of government and should be rejected.*

*There are significant differences between Councils and Boards but there are also similarities. It is appropriate for good governance principles and practices to be implemented by Councils. Elected Members should be encouraged to develop their capacity to make sound, strategic decisions based on professional advice. 'Board-like behaviour' from Elected Members in terms of strategic decision making should be encouraged and facilitated.*

*Professional and strategic decision-making is crucial to good governance, but in striving for this goal, the very important democratic role of Elected Members in communities should not be forgotten or diminished".*

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**Governance – Election of Mayors by the Community**

The Panel's Finding 23c suggests that Mayors should be elected by the community.

**Panel Finding 23**

*Amendments to governance arrangements for Local Government in metropolitan Perth should include the following:*

- c. Election of Mayors by community*

The Association does not support this proposal. Mayors elected by the community present an increased governance risk for the sector. History demonstrates that a large proportion of Inquiries related to dysfunctional Councils have been brought about by Mayors elected by the community in conflict with the Council.

The concept of term limits for Elected Members is raised in the document. Term limits for Elected Members are not supported. Term limits are not in place in other spheres of government and may cause significant issues in attracting Elected Members in rural and regional Western Australia.

**CoA Comment (23c)**

*WALGA's position here is strongly supported and the Panel's view is hard to understand. The City's original submission strongly contends that team leadership is critical and that a Council should elect its own leader and spokesperson on merit.*

*A city-wide mayoral election campaign would be beyond the resources of most citizens, requiring the candidate to consider party political support, or other interest groups – with the obvious connotations.*

**Governance – Increased Remuneration for Elected Members**

The Panel's Finding 23d is supported.

**Panel Finding 23**

*Amendments to governance arrangements for Local Government in metropolitan Perth should include the following:*

- d. Increased remuneration of Elected Members*

The Association has been advocating for many years for the Salaries and Allowances Tribunal to be empowered to determine Elected Member remuneration. The Association and the Local Government sector have welcomed the recent amendment to the *Local Government Act 1995* and looks forward to the Salaries and Allowances Tribunal making determinations in relation to Elected Member remuneration.

**Governance – Training for Elected Members**

The Panel's Finding 23e, which proposes that training for Elected Members be encouraged, is supported.

**Panel Finding 23**

*Amendments to governance arrangements for Local Government in metropolitan Perth should include the following:*

- e. Training for Elected Members*

The Association agrees that training for Elected Members, whether provided by the Australian Institute of Company Directors, WALGA, or other training providers should be encouraged and facilitated.

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**Governance – Clarification of the role of CEO and Elected Members**

The Panel's Finding 23f is supported.

**Panel Finding 23**

*Amendments to governance arrangements for Local Government in metropolitan Perth should include the following:*

*f. Clarification of the role of CEO and Elected Members*

This Finding is supported, however any amendment to the *Local Government Act 1995* to clarify the roles of CEO and Elected Members and their relationship should undergo a rigorous consultation process.

The text supporting this Finding suggests that, while remaining a Council responsibility, there should be oversight of the CEO recruitment and performance management processes by an independent body. This concept should be included in the Finding.

**Transition and Implementation**

The Association reiterates its comments on the transition process from its original submission. There is likely to be a significant period of uncertainty while the Local Government sector awaits decisions about the future. The Association highlighted the impact that this period may have on the attraction and retention of skilled staff for individual Local Governments and for the sector more broadly.

The Association recommended that the Metropolitan Local Government Review Panel develop a transition plan as part of their report to the Minister.

**WALGA Recommendation 12**

*That the Metropolitan Local Government Review Panel develops a transition plan as part of their final representations to the Minister*

Further, the Association recommended that the Panel emphasise the impacts of the review process on Local Governments to the Minister.

**WALGA Recommendation 13**

*That the Metropolitan Local Government Review Panel ensures the State Government is made aware of the potential impacts of their recommendations on the workforces and financial positions of Local Governments*

The Association acknowledges that the Panel have noted that there will be significant impacts on Metropolitan Local Governments and that more detail will follow in their report.

The Association has consistently and strongly argued that any State Government imposed reform should be State Government funded. If this does not occur, affected communities will pay for reform which they may not have endorsed or supported.

**WALGA Recommendation 14**

*That any change to the Structure and Governance of Local Governments, whether forced or voluntary, be funded by the State Government*

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Further, in any reform that involves Local Government, the Local Government sector should be involved.

***WALGA Recommendation 15***

*That the Local Government sector and Local Government peak bodies – WALGA and the LGMA – are involved in any Local Government reform initiative stemming from the Metropolitan Local Government Review*

The Association's final recommendation is that the Panel's final report to the Minister is made public. This will allow Local Governments to be involved in the conversation about their future and the future of metropolitan Perth.

***WALGA Recommendation 17***

*That the Metropolitan Local Government Review Panel's final report be made public*