

City of Joondalup

Metropolitan Local Government Review Submission

DECEMBER 2011

1. INTRODUCTION AND OVERVIEW

The Minister for Local Government has established an independent Metropolitan Local Government Review Panel 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, and 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;
- Present a limited list of achievable options together with a recommendation on the preferred option.

The Panel has issued a Discussion Paper posing 24 Questions (plus an additional 8 Questions for local governments) for consideration.

In his Ministerial statement announcing the formation of the Panel the Minister emphasised two major subjects for the Panel - governance models, and appropriate boundaries.

The City was a part of the major structural reform in 1998 when the City of Wanneroo was divided into two local governments (City of Wanneroo and City of Joondalup) as a result of an initiative from the Minister for Local Government.

The City has been an active and cooperative participant in all recent reviews, surveys and analysis of the local government sector, including the WALGA Systemic Sustainability Study in 2006 and Ministerial initiated voluntary local government reform initiative in 2009, and is pleased to participate in this latest reform initiative.

2. IMPLICATIONS OUTSIDE PERTH METROPOLITAN AREA

It is likely that the Panel's recommendations on boundaries will have implications for local governments outside the Perth metropolitan area as will recommendations for amendments to the *Local Government Act 1995*.

The City notes that the Panel's Terms of Reference define the Perth metropolitan area for the purpose of its Review as including the Shire of Serpentine Jarrahdale but not another adjoining local government such as the City of Mandurah (which is a de facto metropolitan local government for many public policy matters) nor the other local governments which adjoin the Perth metropolitan area boundary.

It is inevitable that any changes to local government boundaries in the metropolitan area (including the Shire of Serpentine-Jarrahdale) will have spill over effects on those local governments which adjoin the metropolitan area. Whether the State Government plans a second phase of local government reform beyond the Perth metropolitan area is not known but it seems unlikely that changes recommended (and implemented) would occur in isolation.

The other consequence of the Panel's focus on the Perth metropolitan area is the inevitability that recommendations will be made for changes to the roles, responsibilities and governance of local governments which will require amendments to the *Local Government Act 1995*, which may affect non metropolitan local governments. Those local governments are likely to be confronted with legislative changes brought on by the Panel's Terms of Reference and its focus on the Perth metropolitan area, yet without any formal regard for the special circumstances of many small, rural and remote local governments.

The Panel could consider a tiered approach to provide greater flexibility for different sized local governments which would allow one Local Government Act to be retained but with increased thresholds for local governments of different capacities and capabilities. An example of this might be tiered tender thresholds or different levels of planning delegations from the State Government.

The Department of Local Government's new Integrated Planning Framework will include an Integrated Planning Advisory Standard document which will detail what a local government will be expected to include in its Plan for the Future in order to achieve compliance with the new regulations.

The Advisory Standard will also detail the integrated planning elements and processes that a local government will need to implement in order to achieve an intermediate or advanced standard of planning maturity. It may be useful for the Panel to consider linking the standard achieved by a local government with a tiered approach that considers increased threshold for local governments dependant on the grading achieved.

3. APPROACH TAKEN BY THE CITY OF JOONDALUP

The City of Joondalup has determined to lodge a submission to the Panel based on two approaches:

1. Demonstrating that the City of Joondalup is an efficient, effective, open, accountable, responsive and representative local government;
2. Responding to the Panel's Questions as they relate specifically to the City of Joondalup and, where relevant, as they relate to the Perth metropolitan area and the local government sector from the perspective of the City of Joondalup.

Where the City has an agreed position as a result of a Council resolution, these will be referred to and, where appropriate, shown as an Attachment to the submission.

In developing its submission, the City developed a comprehensive checklist which included the questions from the 2009 Checklist distributed by the Department of Local Government as well as a number of additional questions. The Checklist was intended to provide a comprehensive assessment of the City's current status in relation to the effectiveness and efficiency of key aspects of the City's operations including:

- Strategic direction and alignment with State/National strategies;
- Compliance with legislative requirements;
- Examination of a number of governance related practices;
- Frameworks in place for monitoring performance.

The City will continue to complete the Checklist on an annual basis as a mechanism for:

- Identifying 'gaps' in governance or service delivery in a timely manner;
- Ensuring that its strategic direction is aligned to that of other levels of government; and
- Promoting good governance and continuous improvement.

The City's submission will:

- Provide a Case Study to display the attributes of the City of Joondalup and showcase those aspects that demonstrate that the City is well-positioned to anticipate and meet the regional, social, environmental and economic issues into the future for Joondalup and the metropolitan area; and
- Address all of the questions posed by the Review Panel.

4. THE CITY OF JOONDALUP

4.1 A CASE STUDY

The City of Joondalup is a relatively young local government, having formed in 1998 following the split of the City of Wanneroo into two Cities. As a result, it has benefited from the opportunity to re-establish itself within a modern context and focus its attention on creating a CBD that can service the economic and employment needs of the northern metropolitan region.

Within the context of the Panel's research, the City is uniquely positioned to demonstrate how a major reform process can result in the creation of a progressive and sustainable local government with appropriate capacity and size to deliver high quality services to its electors.

In redefining itself, the City has leveraged its adaptability to establish best practice initiatives across a variety of service delivery areas. This has been recognised at a local, national and international level, with recent examples cited below.

- International - Liveable Communities – Winner of the most Liveable Community in the population category – 150,000 – 400,000 (2011)
- International - Liveable Communities - Silver Award - Beach Management Plan (2011)
- National - Parks and Leisure Australia – Winner - Awards of Excellence, Best Management of a Leisure Facility (2008)
- National - Australian Water Association Award – Winner - Living Smart Program (2010)
- State - Heritage Council – Winner - Outstanding Heritage Interpretation Project that Enhances a Place (2011)
- State – Heart Foundation – Winner - Travel Smart to School (2011)
- State - Heart Foundation - Winner - Smoke Free Beaches (2009)
- State – Water Awards – Winner – Waterwise Council (2011)

In addition to these discrete best practice areas, the City was also recognised as only one of four local governments within Western Australia to be classified within Category One, during the Department of Local Government's 2009 Reform Checklist Process.¹ To achieve this status, the City had to demonstrate that it had “*existing organisational and financial capacity to meet current and future community needs.*” From the 34 criteria, only 2 areas were identified for improvement, which related to encouraging greater voter participation in elections and reducing delays encountered with filling staff vacancies (both common issues within the industry).

¹ Reform Checklist Assessment provided at Appendix X

This achievement stems, in part, from the City's opportunity to holistically develop new systems and review former processes and plans during its re-establishment. It was not tied to any historical directions and could use its well determined boundaries to ensure it had a sufficient revenue base through a mixture of growing commercial areas and a stable residential population.

It is now well placed with sufficient capacity to adapt and respond to changing trends and seize upon opportunities as they present themselves.

The information below demonstrates the key features associated with the City's success in sustainable planning, service delivery and financial capacity.

4.2 COMMUNITY PROFILE

Key Statistics:

Population:	164,445
Population Growth:	1% average over 5 years
Number of Elected Members:	12 + popularly elected Mayor
Total Land Area:	97 sq. km
Distance From Perth CBD:	15km from southern boundary
Number of Parks and Reserves:	372
Length of Roads:	958km
Length of Coastline:	17 km
Value of Assets:	Over \$1 billion
Number of Schools:	48 primary, 16 secondary
Number of Hospitals:	2

Key Features Linked to Joondalup's Sustainable Future

- Established and deliberately planned Central CBD, currently experiencing rapid growth
- Major rail infrastructure
- Light Industrial Precincts
- Expanding Health Campus
- Expanding Learning Precinct (including a university, training institute and Police Academy)
- Stable population
- Capacity to achieve significant residential housing infill in the future

The City of Joondalup has an established and deliberately planned City Centre that is serviced by an integrated train, bus interchange and CAT bus transport system. This system connects the civic area with a major shopping precinct, business park Joondalup Health Campus and the Education Precinct consisting of Edith Cowan University, West Coast Institute of Training and WA Police Academy.

This area provides a knowledge and service hub for the northwest region and complements the light industrial areas, residential suburbs, marinas and general coastline area encompassing the rest of the Joondalup District.

4.3 POPULATION AND EMPLOYMENT

4.3.1 Joondalup Demographics

The population of the City of Joondalup as at 30 June 2010 was 164,445, comprising the following by age group.

Population Statistics:

0 to 14 years	19.2%
15 years to 24 years	15.9%
25 years to 34 years	11.9%
35 years to 44 years	14.6%
45 years to 54 years	16.1%
55 years to 64 years	12.5%
65 years to 74 years	5.5%
75 years to 84 years	3.0%
85 years and over	1.2%

The total population born overseas is 36.6%, with 22% from the United Kingdom².

Occupation of Employed Persons: Percentage of Total Employed Persons³

Managers	11.6%
Professionals	19.8%
Technicians and Trades Workers	17.1%
Community and Personal Service Workers	9.2%
Clerical and Administrative Workers	17.5%
Sales Workers	11.1%
Machinery Operators and Drivers	4.4%
Labourers	8.0%
Inadequately Described/Not Stated	1.3%

4.3.2 The Joondalup Workforce

The Joondalup area exhibits, on average, the following characteristics with regard to its workforce:

- low unemployment (2% in September 2011, *ABS Labour Force Survey 6202.0*);
- comparatively high incomes; and
- a relatively young population with a high skill base and high education levels.

For 2008, the net wealth generated by the local economy, or the gross local product, was calculated to be \$4,507 million, with the gross local product per capita at \$30,118 and per worker at \$138,945.⁴

² ABS

³ ABS

⁴ ABS

With regard to skills, over 73% of the labour force works in professional or white collar employment areas where qualifications or specific skills are required.⁵ This is linked predominantly to the City's boundaries that encompass many affluent coastal suburbs and low levels of state housing.

4.3.3 Regional Growth

The City has more than 13,000 registered businesses within strong health, education, tourism, retail, finance and professional service sectors. These businesses service a regional population of 314,000⁶ people, which is expected to grow substantially over the next 25 to 30 years; reaching 395,000 by 2031.⁷

The services and commercial activities located within the City of Joondalup complement the large industrial areas in Wanneroo. As urban growth expands to the north (Alkimos-Eglinton and Yanchep-Two Rocks) and east (East Wanneroo, Ellenbrook, etc.) greater demand for a more intense and diverse centre for knowledge-based and service industries will increase in the Joondalup City Centre. As a result, Joondalup will become the economic hub for these growing population centres.

4.3.4 Employment Self-Sufficiency

In light of the high employment participation rates within the City of Joondalup and rapid residential growth within the City of Wanneroo, the region is currently experiencing a very low employment self-sufficiency rate.

This rate acts as a measure of employment sustainability by comparing labour force participation to local job availability. Currently sitting at 41%, the northwest region is required to increase its employment self-sufficiency rate to over 60% under *Directions 2031*, if it is to effectively function in the future.

This growth in local jobs will need to occur within the Joondalup City Centre over the short to medium term, as the City of Wanneroo continues to establish infrastructure and commercial areas to support its growing residential population.

Current trends and projections pertaining to regional employment include:

- | | |
|---|---------|
| • Projected 2031 population: | 395,000 |
| • Labour force increase by 2031: | 72,000 |
| • 2031 employment self-sufficiency target | 60% |

⁵ ABS

⁶ ABS – combined estimated populations of the Cities of Joondalup and Wanneroo as of December 2011.

⁷ As estimated within *Directions 2031*. However, commissioned statistical forecasting by the City of Wanneroo projects this growth figure to be significantly greater.

- Number of new jobs required by 2031 69,000⁸

By comparison to other metropolitan regions, the northwest region has a significant local employment shortfall:

Sub-Region	Residents	Labour Force	Total Jobs	ESS
Central	669,571	342,140	423,460	124%
North West	260,613	137,086	56,296	41%
South West	181,971	85,797	52,152	61%
North East	177,910	89,292	56,160	63%
South East	155,003	76,325	31,919	42%
Peel	71,235	28,793	21,474	75%

4.3.5 Achieving Employment Self-Sufficiency Targets

To achieve the employment targets determined by *Directions 2031*, the City has set comprehensive long term objectives to build on existing strengths around health and education through its current and draft *Economic Development Plans* and *Local Planning Strategy*.

These objectives are translated into strategies which are then delivered through stakeholder partnerships, investment attraction activities and the establishment of a *Regional Governance Framework* with the City of Wanneroo. This framework aims to coordinate and manage economic development and infrastructure planning across the northwest region by ensuring that planned projects and priorities are aligned and complementary.

The approach is strategic and consultative and acknowledges the need to concentrate development efforts within the Joondalup City Centre, over the short to medium term, in order to achieve regional sustainability.

Despite the City's progress and forward-approach to increasing employment opportunities within the region, (in alignment with *Directions 2031*), there are many examples where State Government Departments have failed to deliver outcomes in a timely manner or effectively communicate their intentions to local governments.

For example, the Department of Planning, after taking 16 months to consider the City's *Draft City Centre Structure Plan*, introduced new requirements under *Directions 2031* that required the City to rewrite its Plan in order to comply. This is despite the Department being aware of the proposed changes due to come into effect and not warning or advising the City to consider delaying submitting its Plan or amending it in advance. This has caused significant delays in the City's ability to develop and submit other integral planning documents, which places many short-term initiatives at risk of becoming

⁸ Again, these are estimated figures within *Directions 2031*. Commissioned statistical forecasting by the City of Wanneroo projects these figures to be significantly greater.

unachievable as the City dedicates its resources to redrafting its Structure Plan.

Another example of difficult communications with the Department is its continual delays in preparing an Economic Development and Employment Strategy for the northwest region, despite the completion of a comprehensive report from Pracsys Economics on future employment targets and requests from the Cities of Joondalup and Wanneroo to complete the Strategy to inform their own Economic Development Plans. The Department has now communicated that it will be two years before the Strategy is developed, which will have significant flow on effects to achieving necessary milestones in the short-term.

Similarly, the City's *Local Housing Strategy* has been with the Department for over 10 months waiting for approval, despite its direct alignment with *Direction 2031*.

The above scenarios demonstrate the frustrations associated with significant reliance on external State Government Departments, without a system for understanding or acknowledging the needs and priorities of each sphere of government. Improved relationships through better communication avenues and clearer roles and responsibilities would assist in enhancing local built and commercial outcomes in the future.

It is the inconsistency in State Government commitments and the lack of communication or explanation surrounding changes in planning direction that currently impedes employment growth within the northwest region, of which the City would greatly encourage the Panel to consider as part of its review process.

4.3.6 Drivers of Employment Opportunities

The Department of Planning's major metropolitan growth strategy, *Directions 2031*, identifies the City of Joondalup as one of 10 Strategic Metropolitan Centres across the Perth Metropolitan Area. In previous versions of the document, Joondalup and Rockingham were identified as Primary Centres, which are characterised by:

- Being critical to achieving long-term sub-regional employment objectives;
- Housing major institutions; and
- Being the preferred location for investment in high-order public and employment generating infrastructure, outside the central metropolitan sub-region.

Whilst this position has since changed within *Directions 2031*, the City of Joondalup is still one of the closest Strategic Metropolitan Centres to

achieving Primary Centre status in terms of its ability to address the necessary criteria.

For instance, the City currently has the following:

- **Major institutions** (Joondalup Health Campus – undergoing a \$400M expansion making it one of the largest employers in the northern region, Edith Cowan University – plans for significant expansion, West Coast Institute of Training, WA Police Academy, plus a number of State and Federal Government agencies);
- **Major retail facilities** (Lakeside Joondalup and Westfield Whitfords – both with plans for significant expansions);
- **Major train station and bus interchange** (with plans for further development to encourage improved integration with the City Centre);
- **Major metropolitan sporting facility** (Joondalup Arena – currently expanding its use as a major special events and entertainment venue across the Perth Metropolitan Area);
- **Expanding light industrial areas** (“The Quadrangle” – Landcorp’s new industrial precinct south of the Joondalup City Centre, offering 29 hectares of ready to construct land for commercial use);
- **Significant City Centre developments** (recently including, the construction of the Motor Industry Training Association building within “The Quadrangle”, the \$35M Sentiens Mental Illness Hospital, the \$15M Shenton House Church and Commercial Office Building and 2 major residential apartment developments);
- **Tourism Precinct Status** (allowing City Centre retailers to trade until 9pm on weeknights and until 5pm on Sundays);
- **Range of entertainment facilities** (including cinemas and restaurants);
- **Flexible and development-centric planning documents** (including a *Draft Local Planning Strategy*, *Draft Joondalup City Centre Structure Plan* and *Local Housing Strategy* which set the long-term planning vision for the City and ensure the delivery of flexible, commercially viable and attractive development outcomes. A *Local Commercial Strategy* and amendments to the City’s *District Planning Scheme* are also anticipated for commencement in 2012 to support the City’s new planning approach);
- **An EOI for the location of Government Office Accommodation in Joondalup** – currently awaiting an outcome from the State Government – State Government has advised that the matter is on hold. The City of Joondalup has identified land on which to develop the Office Accommodation.

4.4 STRATEGIC AND CORPORATE PLANNING

The City of Joondalup, as an organisation, has significant capacity to deliver on complex strategic and corporate planning initiatives due to its size and internal capability.

When assessed against the Department of Local Government's Reform Checklist in 2009, the City was identified as having key strengths in relation to:

- long term financial management, with clear links to the City's operations and strategic planning to substantiate future viability;
- comprehensive planning for asset and infrastructure management;
- comprehensive organisational approach to staff attraction, retention, training and development;
- coordinated approach to attracting employment and investment within the district;
- multiple and significant examples of funding sourced from State and Federal Governments;
- strategic and corporate approach to community engagement and consultation;
- planning for demographic change and population growth;
- comprehensive environmental management planning;
- utilising opportunities to work regionally with neighbouring local governments.

As a result, in introducing the new Department of Local Government *Integrated Planning and Reporting Framework* in 2011, the City has been able to demonstrate its achievement of, or ability to exceed, all minimum requirements contained within the Framework.

4.4.1 Strategic Planning Framework

The City's Strategic Planning Framework illustrates the City's comprehensive and integrated approach to planning and ensures that all endorsed activities are aligned with transparent reporting procedures.⁹ Many of the long-term planning documents presented within this Framework have been in place at the City for over 4 years and are into their second or third revisions.

The Framework includes:

- ***Long term visions and objectives*** (*Joondalup 2020, Local Planning Strategy* and *Draft Strategic Plan 2012-2020* – which

⁹ Provided at Appendix X

consolidates the City's current *Strategic Plan 2008-2011* and *Joondalup 2020*);

- **Long term financial analysis** (*Strategic Financial Management Plan 2009-2029* – to detail long term financial implications and outline key financial sustainability measurements);
- **Strategic asset management** (20 year *Strategic Asset Management Framework* consisting of a policy, strategy, and plans for each major asset class that determine current service levels and future demands);
- **Workforce management** (*Workforce Plan* – to enable effective staff attraction, retention, training and development requirements);
- **Organisational capacity planning** (*Corporate Plan, Business Excellence Framework* – to ensure effective internal capability of staff, systems and processes and to drive continuous improvement and reviews);
- **Issue-specific planning** (such as the *Environment Plan, Community Development Strategy, Economic Development Plan, District Planning Scheme* etc. as well as subsequent operational action plans associated with each – e.g. *Greenhouse Action Plan, Tourism Development Plan, Positive Ageing Plan, etc.*);
- **Delivery programs** (cascading and integrated system consisting of the *Annual Plan, Directorate Plans, Business Unit Plans* and *Individual Performance Plans* all linked to the current *Strategic Plan*);
- **Risk management** (*Risk Management Framework, Business Continuity Plan, Record Keeping Plan, etc.* – to ensure risks are identified and assessed and planned responses are applied); and
- **Governance responsibilities** (*Governance Framework* – to outline the principles and responsibilities underpinning all processes undertaken and all decisions made by the City).

It is also important to note that the Council (in 15 July 2008, reviewed July 2010) gave consideration to a number of strategic, priority issues, with Position Statements being developed as a result. These Position Statements demonstrate the Council's agreed position in relation to strategic matters, and assist the City with regard to any lobbying of positions where considered appropriate.

Strategic Position Statements have been determined in relation to:

1. Community Facilities;
2. Leisure Centre operations;
3. Arena Joondalup;
4. Regional recreation facilities;
5. Use of funds received from the development of Tamala Park;
6. Increases in residential density in some localities;
7. Rejuvenation of local centres;
8. Development of high rise commercial office space within the CBD on Council owned land

9. Third Australian Football League Team in WA;
10. Regional Governance Framework for the North West Corridor;
11. City of Joondalup Leadership and representation.

The Position Statements are provided as an Attachment.

4.4.2 Reporting Systems

The City's Reporting Systems are directly linked to its *Strategic Plan* (demonstrating external achievement of objectives) and *Corporate Plan* (assessing internal capability to deliver strategic objectives).

The *Annual Report* is the City's most comprehensive and transparent document that includes measurable Global Reporting Indicators across social, environmental, economic and governance areas, as well as detailed financial indicators to demonstrate the City's capacity to effectively manage its finances.

A Corporate Plan Report is also compiled and provided to the Executive Leadership Team on an annual basis to provide information on the functional capability and operations of internal resources.

4.4.2 Financial Stewardship

The City places great importance on its stewardship of public funds and assets through strong governance systems and forward planning, including:

- The establishment of a ***Strategic Financial Management Committee*** to consider funding arrangements for major capital works projects, determine levels of service delivery and provide input into the development of the Strategic Plan to ensure it is achievable into the long term;
- The development of a ***Strategic Financial Management Plan 2009-2029*** as a long term planning tool and overall guide to the financial sustainability of the City; and
- A thorough ***budget process*** which includes operational efficiency programs, detailed budget presentations by each Business Unit Manager to justify expenditure and considerable engagement with Elected Members to understand in detail the budget's application.

4.4.3 Financial Management

The City acknowledges the Panel's comments with regard to local government reliance on rates as its major source of revenue; however, the City contends that as an overall trend, its rate increases are relatively moderate and could be subject to further reductions if the reform process results in greater flexibility for local governments to source income.

Within its current *Strategic Financial Management Plan*, the City has accommodated for relatively low rate increases of between 4-5% over the long term, whilst still demonstrating financially sustainable outcomes. In addition, the City's average residential rates in dollar figures are comparably modest when benchmarked against other Perth Metropolitan local governments (*MLGRP, Metropolitan Perth Local Governments – Average Residential Rates Per Assessment 2000/2001 – 2009/2010*).

In term of the City's general financial management capabilities, the City has been recognised by the Panel as being within all key prescribed financial ratio targets and having achieved this over a 5 year period, with continuous improvement demonstrated. (As outlined in the table below):

Ratio	Bench mark	2010	2009	2008	2007	2006
Current	> 1.0	1.235	1.090	1.160	1.520	1.850
Untied Cash to Unpaid Trade Creditors	> 1.0	3.140	2.440	3.690	5.740	6.190
Debt	< 0.1	0.034	0.030	0.030	0.030	0.030
Debt Service	< 0.1	0.009	0.010	0.010	0.010	0.000
Gross Debt to Revenue	< 0.6	0.109	0.040	0.040	0.050	0.040
Gross Debt to Economically Realisable Assets	< 0.3	0.028	0.010	0.020	0.030	0.010
Rate Coverage	> 0.4	0.621	0.630	0.650	0.630	0.570
Outstanding Rates	< 0.05	0.009	0.010	0.010	0.020	0.030

CASE STUDY: SUMMARY

The City of Joondalup:

- Is a viable, economically sound, engaged local government which has the economies of scale to be able to respond to the contemporary and increasingly complex demands of government and its diverse community. This scale includes the capacity (including FTEs, skill sets, and expertise) to deal with current policy and service delivery issues as well as addressing new and emerging challenges and issues.
- Is a well-managed and efficient local government authority with has strong links with the local community it serves. The City's track record shows that it has the ability to identify and address problems and to meet its statutory requirements, through the Elected Members, staff and the community working together.
- Has a good understanding of its community; engages with the community to ensure participation in decision-making; and communicates regularly with the community and its many varied interest groups.
- Contends that it provides a model that the Panel and State Government should consider as part of the review of metropolitan Perth local government.
- Has developed a robust planning and reporting framework that has been put into practice at all levels of the organisation. The City's culture is positive with Elected Members and staff working well together towards achieving the vision for Joondalup. The City has developed a number of forward plans in order to position itself to meet the challenges and ambitions for Joondalup – and is currently developing a 10 year Community Strategic Plan.
- Considers its Elected Member representation of 12 Councillors and a Mayor is necessary to sufficiently represent the City of Joondalup community.
- Ensures that current strategic directions and outcomes are used to inform major decisions and are well integrated with the City's governance and delivery programs.
- Financially, is in a good position. This is complemented by a comprehensive asset management plan linked to long-term financial planning.
- Considers there is little to be gained in creating larger local governments in the northern metropolitan area. In fact, amalgamating local governments in this area may result in additional costs that may not be offset by significant economies of scale
- Actively participates in a number of relevant regional and State initiatives.

16. The City of Joondalup is of the view that improvements need to be made to local government arrangements in the Perth metropolitan area however improvements need to take a broader view than the adequacy of current local government arrangements and take account of intergovernmental relations between the Federal, State and local government, and the respective roles and responsibilities between the three spheres of government. It is the City's view that no "one size fits all" local governments.

Intergovernmental Relations

The City is of the view that given the interaction between the State and local government in Western Australia, any review of governance at the local level should be considered in conjunction with clarifying the respective roles of each sphere of government including the delineation of roles, responsibilities and accountability arrangements. A focus on the roles and responsibilities of State Government as they relate to local government (and increased collaboration) will allow full consideration to be given to the most effective and efficient use of resources, and ultimately result in enhanced policy decisions and service delivery.

There are a number of areas where there have been genuine attempts to engage local government by both State and Federal levels in the development of reports, strategies and plans to establish consistency and buy-in regarding planning for the future including:

- State of Australian Cities 2010;
- The National Urban Policy – Our Cities, Our Future;
- Intergenerational Report 2010 – Australia to 2050: Future Challenges;
- Directions 2031;
- Public Transport for Perth 2031;
- Department for Local Government's Integrated Planning Framework;
- COAG Cities Planning Taskforce.

These documents provide strategic direction for local government, and the City of Joondalup supports enhanced coordination across Federal, State, and Local Government and is working to ensure that the future plans for the City take account of, and align with, Federal and State priorities and strategic direction.

There are a number of issues which the City maintains are better managed from a regional perspective and the Cities of Joondalup and Wanneroo are currently working cooperatively on regional issues such as a Regional Governance Framework, economic development, tourism, small business growth and major infrastructure priorities.

There are, however, also a range of bureaucratic instances related to governance, planning and road works where practices between State and local government can be improved, and a range of strategies that require a more integrated approach such as climate change/environment planning, transport planning, and economic development.

It is the City's view that "better local government arrangements" should lead to improved coordination of State/local government provided goods and services and consequently more efficient and effective delivery of goods and services by local government.

It is also the City's view that the State Government undertakes a review of the regional boundaries and sub-districts created for state services such as health, education and police to achieve greater alignment with each other and local government regions. This is particularly important given the increasing expectation and requirement for local government to align service delivery with State Government policy and direction – in short, to plan and act with State Government agencies.

QUESTION 1: SUMMARY

The City of Joondalup:

- Supports “better local government arrangements” in metropolitan Perth, both as they might pertain to the City but also to the local government sector as a whole, with the objective of better serving the citizens and stakeholders of Western Australia;
- Considers the prosperity of Metropolitan Perth and its communities is dependent on effective political structures and mechanisms used to manage and coordinate its urban systems/processes.

Question 2. *If you think there is a need for a better local government system, what should the priorities of the new system be? What should its objectives be?*

Comment and Analysis

A “better local government system” also implies a “better State Government system” because the development of sound intergovernmental relations and a proper balance of roles and responsibilities between the two spheres can only be of benefit to citizens.

However in the first instance it is essential to define roles and a suitable demarcation might be:

- State Government should be responsible for developing strategic, regional and whole-of-state vision and policy framework, with an operational role only for matters of State importance according to transparent and consistent criteria;
- Local Government should be responsible for developing strategic plans at a local level aligned with regional and State strategies and policies, and for all operational decisions at a local level to the extent of its capacity.

Consideration should be given to tiered approaches to discretionary roles and responsibilities that the State and local government may seek to negotiate, whether on a devolved, delegated or some other basis. This would create the opportunity for large, mature, capable local governments such as Joondalup to assume more (or higher level) roles and responsibilities than other much smaller local governments with-limited resources.

The Summary Report on the International Roundtable on Metropolitan Governance (A collaborative venture between the Forum of Federations, the Australian Centre of Excellence for Local Government¹, and the Major Cities Unit of the Federal Government’s Infrastructure Australia) held in Sydney from 14 – 15 December 2009 provides a summary of the advantages and disadvantages of a number of governance models without drawing any conclusions regarding a preferred model. The Report does, however, provide criteria for evaluating governance models that the City contends should be considered prior to any decision on local government structures and governance models namely:

- **Efficiency**
 - Ability to achieve economies of scale;
 - Ability to reduce negative spillovers (externalities) across local boundaries.
- **Equity**
 - Ability to share costs and benefits of services fairly across the metropolitan area.
- **Accessibility and accountability for decision-making**
- **Local responsiveness/competition**

The City supports the contention in the *Summary Report* that the optimal design of local government structure depends on which objectives and criteria are required to be satisfied.

Intergovernmental Relations

The City is of the view that given the interaction between the State and local government in Western Australia, a major priority for the review should be enhanced relations and cooperative arrangements between the three spheres of government, particularly State and Local government. Any review of governance at the local level should be considered in conjunction with clarifying the respective roles of each sphere of government including the delineation of roles, responsibilities and accountability arrangements. A focus on the roles and responsibilities of State Government as they relate to local government (and increased collaboration) will allow full consideration to be given to the most effective and efficient use of resources, and ultimately result in enhanced policy decisions and service delivery.

Key Strategies of the 2009 Reform Proposal

It is worth the Panel noting that the State Government, in announcing its package of local government reform in 2009, recognised the existence of a range of issues to be addressed in undertaking reform that would need to be led at the State level; however, little has progressed in relation to undertakings given to improve the future of local government and meet the challenges it currently faces. These key strategies included the following:

- Adoption by local government of a longer term strategic planning framework, including asset and financial management and workforce planning (progressing through the new Integrated Planning Framework);
- Development of measures to enhance the skills and competency of Elected Members and staff (no progress);
- Examination of options to maintain local community identity and greater community representation including consideration of community based committees (no progress);
- Identification of proposals to amend the local government legislation to facilitate local government sustainability (no progress);
- Examination of the ability for local governments to form corporate identities to undertake urban regeneration projects and other business activities (no progress);

- Identification and implementation of approaches to reduce town planning and building licence approvals time (progressing through Development Assessment Panels);
- Development of measures to encourage a diverse range of citizens to stand for Council (no progress).

The lack of progress on the majority of the above strategies reiterates the Cities position that improved intergovernmental relations is required if reform strategies are to be undertaken successfully.

QUESTION 2: SUMMARY

The City of Joondalup considers the priorities for a “better local government system” are:

- The development of sound, mature, intergovernmental relations, particularly between State and local government;
- A review of roles and responsibilities of each tier of government, recognising there currently exist statutory barriers to greater local government efficiency;
- A review of the financial viability and strategic capacity of local governments
- Ensuring that local government is able to effectively contribute to the achievement of national and state level policy agendas;
- An emphasis on efficient, effective, accountable and responsive good governance;

that will not only meet future challenges but better serve the citizens of metropolitan Perth and Western Australia.

Question 3. What are the best aspects of local government in its current form?

Comment and Analysis

Local government enjoys a close relationship with its citizens and is better placed to respond swiftly to regional and local needs. The Australian Local Government Association makes the following point in its submission to the Federal Government advocating for recognition of local government in the constitution:

“The fact that it (local government) is elected by the community and responsible for a broad range of services in a clearly defined geographic area means that local government is well placed to understand and meet local needs and respond to those needs in ways that are most appropriate to local conditions.”

ALGA Submission to the Expert Panel on Constitutional Recognition of Local Government – October 2011

The City of Joondalup enjoys many of the benefits of being a young local government (having resulted from the division of the former City of Wanneroo to create the City of

Joondalup in 1998) and also some of the problems from being a young growing local government. Among the benefits are:

- Relatively young infrastructure, compared with many of the older local governments, especially inner and near CBD ones,
- Better coordination between service providers (generally speaking),
- Good visibility and identification by residents and stakeholders,
- Ability to differentiate different service levels within a diverse community.

In addition the City has accessible and well resourced Elected Members who make decisions in the Council without any particular regard to political party affiliations and allegiances.

The City shares local government boundaries with the Cities of Wanneroo and Stirling which are similar sized local governments and encounter many of the same issues as Joondalup. As such, the Council has formally adopted a position (August 2009) of its intention to work collaboratively within a regional grouping comprising the local governments of the Cities of Wanneroo and Stirling.

All three Cities cooperate well through a variety of structures and processes including:

- WA Local Government Association North Metropolitan Zone;
- Mindarie Regional Council (recycling with other local governments);
- Tamala Park Regional Council (recycling and land development with other local governments);
- State Government Regional Planning.

A more complete list of the City's regional cooperation initiatives is contained within the City's 2009 Submission.

The City's cooperation with the neighbouring City of Wanneroo is also reflected in its commitment to the development of a joint State/local government Regional Governance Framework for the North West Corridor in order to achieve:

- An effective, transparent and co-ordinated implementation mechanism to strategically respond to the needs of the Corridor;
- A reporting mechanism to State and Federal Government;
- Engagement and commitment from key stakeholders;
- A high level of consensus of direction in infrastructure priorities;
- Mechanisms and planning strategies to generate timely key employment land supply; and
- Integrated infrastructure planning to activate economic development in a timely manner.

It is disappointing that, to date, the State Government has not committed to the proposal of the Cities of Joondalup and Wanneroo given the State Government's designation of the City of Joondalup as a Strategic Metropolitan Centre for the North West region.

The City had also anticipated that significant progress would be made in the development of a North West Sub Regional Economic and Employment Strategy (as per *Directions 2031*) that would feed into an overall Economic Development and Employment Strategy for the entire Perth and Peel region – however the Department for Planning have advised that this has now been delayed and will not be completed in the near future. The delay will impact on the City's ability to develop an Economic Development Plan that complements State Government direction as articulated in *Directions 2031*.

The City also shares a number of the broader attributes of the current system of local governance in the Perth metropolitan area generally characterised by:

- No party politics at the Elected Member level;
- Accessible, voluntary elected members;
- An ability to react quickly to needs, given the short distance between consumer and local government decision-maker;
- Single organisation responsible for all functions improves coordination (compared with State and national government levels);
- Clear geographical boundaries which assist to reduce disputes over jurisdiction while enabling cooperation when this delivers benefits.

QUESTION 3: SUMMARY

The City of Joondalup considers the best aspects of local government, in its current form, to include, but not be limited to, the following:

- Local government is a necessary and participative partner in the Australian system of democratically elected, representative and accountable government;
- Local government is the level of government 'closest to the people' and therefore better positioned to be responsive and accountable to local community needs, whilst planning for the future well-being of the local community;
- Local government is led by non-political community members elected to lead and represent their local communities;
- Being a focus for community identity and civic spirit and to facilitate and coordinate local efforts and resources in pursuit of community goals;
- Local government is the sphere of government most easily able to adapt to changing circumstances of local communities and its broader operational environment, committing to effective and efficient services that ensure the best possible outcomes for the communities they serve;
- Striving to increase the social, economic and environmental capital of a city is a local government's core business;
- Local government cooperates at a regional scale to address issues affecting adjoining communities.

Comment and Analysis

Metropolitan Perth

A vision for Perth should articulate an agreed and shared understanding of the aspirations of the community and its political leaders that will define where Perth wants to be in the future.

It is recognised that cities are a key driver of national productivity growth and that at a national level there has not been a policy framework to assist the Commonwealth, States and Territories and local governments create a vision for productive, liveable, and sustainable cities since the *Better Cities Program*.

The *State of Australian Cities 2010 Report* provides a framework for ensuring that the planning of capital cities is long term and strategic, fully integrated and coordinated across all three levels of government. It is envisaged that the Report will assist in the development of a National Urban Policy which will focus on creating cities that are more productive and globally competitive, more liveable and more environmentally, socially and economically viable. It is anticipated that the policy will provide a spatial perspective on the major issues such as housing, transport, infrastructure, water, climate change, health, education and social policy (*Address to Australian DAVOS Connection Cities Summit. The Hon Anthony Albanese March 2010*).

The *Australian Government Treasury Intergenerational Report 2010* refers to a capital city strategic planning system that has been developed by the Council of Australian Governments (COAG). Since 1992, COAG's role has been to initiate, develop and monitor the implementation of policy reforms of national significance which require cooperation by governments across the three spheres.

The establishment of the COAG Cities Planning Taskforce and to COAG agreeing to national objectives and criteria for future strategic planning of capital cities, will drive to ensure that cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth.

COAG's criteria should lead to the establishment of criteria in order for Perth to have an aligned and shared vision for all levels of government that would:

- Provide for future-oriented and publicly available long-term strategic plans;
- Be integrated across functions (for example, land use, infrastructure and transport) and coordinated between all levels of government;
- Clearly identify priorities for future investment and policy effort by governments;
- Provide for effective implementation arrangements and supporting mechanisms;
- Support and facilitate economic growth, population growth and demographic change.

As a progressive, leading local government, the City is focused not only on its vision for Joondalup and the north west region (ie *Regional Economic Development Plan* in cooperation with the Department of Planning and City of Wanneroo; and *Regional Governance Framework* with the City of Wanneroo), but subscribes to participating in a greater vision for the metropolitan area, which is supported by the COAG Cities Planning Taskforce's national objectives and criteria for future strategic planning of capital cities, and also State Government, particularly in relation to *Directions 2031*.

This City's vision is to be the Primary Centre for the North West region of metropolitan Perth and to work cooperatively with the State Government and other major stakeholders to fulfil

the growth needs of the region, and to therefore play a role in helping Metropolitan Perth to become a globally competitive economic centre attracting world class facilities and events – whilst at the same time protecting and promoting the liveability aspects of Perth.

The City is currently developing its *10 Year Community Strategic Plan* with the Elected Members and community which will establish the strategies and corresponding delivery plan to achieve the overarching vision.

QUESTION 4: SUMMARY

The City of Joondalup:

- Considers the vision for the future of metropolitan Perth is for all tiers of government to work cooperatively, efficiently and effectively, in order to implement region-wide decisions to:
 - Meet future challenges;
 - Provide liveable and sustainable communities;
 - Be an internationally competitive city;
- Supports the COAG Cities Planning Taskforce's national objectives and criteria for future strategic planning of capital cities;
- Considers it is well placed to be an active participant in the development and implementation of a vision established for metropolitan Perth.

Question 5. *What do you think are the biggest issues facing metropolitan Perth?*

Comment and Analysis

The Perth metropolitan area is likely to face the following issues:

- Population growth with increasing demand on infrastructure and transport system;
- Housing affordability and type;
- Ageing population resulting in decreased working pool to support retirees and young dependants and increased demand for associated health services, aged accommodation options, appropriate social and recreational opportunities etc;
- Vulnerability to increasing oil prices;
- Climate Change – including drying climate and the associated impact on water use and open space and park aesthetics;
- Infrastructure – funding existing and new;
- Protection of the environment given that Perth is located in a biological hot spot;
- Economic development – aligning job creation with residential growth and providing local jobs for local people (employment self-sufficiency);
- Urban Development – Greenfield versus infill development;
- Workforce issues – shortage of skill workers;
- Increased community expectations;

- Impact of a two-speed economy – high levels of economic growth in the mining industry – lower levels of economic growth in other parts of the economy.

The City reaffirms its view that that cooperation and clarity in roles and responsibilities of State and local government is essential if the challenges associated with the issues listed above are to be adequately addressed. As stated previously, it is acknowledged that there are some good examples of efforts and commitment between the Federal, State and Local Governments to align plans and strategies (especially *Directions 2031*) however there are still significant gaps that need to be addressed.

In April 2010 Council gave consideration to a Notice of Motion to the ALGA National Assembly under the theme of 'Population' given the release of the Australian Government's *Australia to 2050 Future Challenges*. The motion proposed that the National General Assembly call upon the Australian Government to establish a framework that will assist local governments adequately plan for the future given the predicted changes in population expected by 2050. It was considered that Federal government has a responsibility to assist state and local governments in ensuring that impacts on local communities are dealt with accordingly and ensure that societal needs are satisfactorily met. It was resolved by Council that it recommend to the *National General Assembly to call upon the Australian Government to establish a comprehensive framework that will assist local governments plan for sustainable development, inclusive of necessary social infrastructure and services, to meet community needs, as a result of changes in population predicted by the Australian Government's Australia to 2050 Future Challenges*.

QUESTION 5: SUMMARY

The City of Joondalup considers the most significant issues facing metropolitan Perth are, but not limited to:

- Population growth with increasing demand on infrastructure and transport system;
- Housing affordability and type;
- Ageing population resulting in decreased working pool to support retirees and young dependants and increased demand for associated health services, aged accommodation options, appropriate social and recreational opportunities etc;
- Vulnerability to increasing oil prices;
- Climate Change – including drying climate and the associated impact on water use and open space and park aesthetics;
- Infrastructure – funding existing and new;
- Protection of the environment given that Perth is located in a biological hot spot;
- Economic development – aligning job creation with residential growth and providing local jobs for local people (employment self-sufficiency);
- Urban Development – Greenfield versus infill development;
- Workforce issues – shortage of skill workers;
- Increased community expectations;
- Impact of a two-speed economy – high levels of economic growth in the mining industry – lower levels of economic growth in other parts of the economy.

Question 6. *Do you think local government in metropolitan Perth is ready to face the demands and challenges of the next 50 years? If not, what do you think needs to be changed?*

Comment and Analysis

Local government cannot address the challenges and meet the demands of the next 50 years without sound governance structures which promote clarity of roles and responsibilities, adequate funding for local government, and cooperative arrangements between Federal, State and Local Governments.

The national objectives and criteria established by the COAG Cities Planning Taskforce for future strategic planning of capital cities have been developed to ensure that cities have strong, transparent and long-term plans in place to manage population and economic growth; plans which will address climate change, improve housing affordability and tackle urban congestions, as well as:

- Provide for future-oriented and publicly available long-term strategic plans;
- Be integrated across functions (eg land-use, infrastructure and transport) and coordinated between all three levels of government;
- Clearly identify priorities for future investment and policy efforts by governments;
- Provide for effective implementation arrangements and supporting mechanisms;
- Support and facilitate economic growth, population growth and demographic change.

The City is supportive of the Taskforces efforts to ensure that the planning of capital cities is strategic, integrated and coordinated across Federal, State and Local Government.

The Australian Government Treasury Intergenerational Report 2010 provides analysis of the challenges that Australia will face over the next forty years in terms of fiscal sustainability, participation and productivity, cities and infrastructure, climate change and population pressures. The sustainability of Australia's cities will significantly rely on better governance in the planning and organisation of city infrastructure and more efficient use of existing infrastructure.

The challenges highlighted in Question 5 are substantial issues and can only be addressed through collaborative arrangements between all spheres of government and long term approaches to planning and service delivery.

For its part, the City of Joondalup is positioning itself to meet future challenges through the development of the following plans and strategies:

- Joondalup 2020 – a visionary document developed by Elected Members outlining how the City of Joondalup will look in 2020 (current);
- 10 Year Community Strategic Plan in alignment with the Department of Local Government's Integrated Planning Framework (in development in consultation with Elected Members and the community – will replace the Strategic Plan 2008 - 2011);

- 20 Year Strategic Financial Plan (current);
- Strategic Asset Management Plan (current);
- Economic Development Plan 2012 – 2015 (currently in development – will replace Economic Development Plan 2008 - 2011);
- Environment Plan (currently in development – will replace Environment Plan 2008 - 2011);
- Landscape Master Plan 2009 – 2019;
- Biodiversity Action Plan 2009 – 2019;
- Climate Change Strategy (currently in development);
- Yellagonga Integrated Catchment Management Plan (current);
- Positive Ageing Plan (current);
- Housing Strategy (with the WA Planning Commission);
- Local Planning Strategy (with the WA Planning Commission);
- Commercial Strategy (currently in development).

The City has also recently engaged a consultant to undertake research and prepare discussion papers in the following two areas for the City:

- Models of planning and provision of services for older people that are being utilised elsewhere and future options for the City to pursue.
- Accommodation needs for an ageing population in the City and how the City may assist in addressing those needs including through land zoning and provision of land.

The City has also established a mechanism for regional cooperative governance with the Cities of Wanneroo and Stirling in order to address and better serve the needs of the region particularly in the areas of:

- Infrastructure;
- Tourism;
- Economic Development;
- Advocacy and communication with Federal and State Government.

The City acknowledges the need for local governments within the Perth Metropolitan area and the State Government to be more strategic across the region, and for both spheres this means becoming much more flexible in approaches.

Many of the smaller local governments in the Perth Metropolitan area may find it difficult to face some of the large scale challenges and issues likely to emerge in the next 50 years, primarily because they lack access to sufficient strategic, financial and human resource capacity as defined by the *Australian Centre for Excellence in Local Government (ACELG)*.

The City acknowledges that regional cooperation may provide an opportunity for smaller local governments (and others) to be able to better respond than they would on their own. *Regional cooperation and support between Perth Metropolitan local governments may offer an opportunity to address the issues and challenges but to do so the current statutory frameworks for regional councils need to be reviewed and amended.*

The City of Joondalup is confident that it has the scale and capacity, efficiencies and effectiveness, governance systems etc to be able to adapt to challenges and issues which will emerge in the next 50 years, but that to do so better intergovernmental relations and coordination/cooperation with the State Government will be essential. The City has sound planning systems in place to be able to meet future community needs.

To maximise the potential to respond, the City needs greater flexibility in legislation and to be “freed” of some of the restrictions which apply currently on the basis of “one size fits all” in many State Government laws, policies and procedures in dealing with local government.

QUESTION 6: SUMMARY

The City of Joondalup considers that in order for local government in metropolitan Perth to face the demands and challenges of the next 50 years, it:

- Supports the COAG Cities Planning Taskforce's national objectives and criteria for future strategic planning of capital cities, aimed at ensuring that cities have strong, transparent and long-term plans in place to manage population and economic growth; plans which will address climate change, improve housing affordability and tackle urban congestions. They will also:
 - Provide for future-oriented and publicly available long-term strategic plans;
 - Be integrated across functions (eg land-use, infrastructure and transport) and coordinated between all three levels of government;
 - Clearly identify priorities for future investment and policy efforts by governments;
 - Provide for effective implementation arrangements and supporting mechanisms;
 - Support and facilitate economic growth, population growth and demographic change.
- Supports the Western Australian State Government's engagement with local government in the collaborative development of its Capital Cities Strategic Planning System to demonstrate its shared commitment to achieving the goals of COAG.
- Has effective governance and long-term planning systems established, and the capacity, to adapt to the challenges and issues which will likely face its community in the long-term years, however, given the nature of the anticipated challenges being in common either state-wide or nation-wide, a review of efforts to improve coordination/cooperation between all tiers of governments is considered integral to effectively meeting these challenges. Effective coordination of efforts might include a whole-of-city (metropolitan wide) and regional focus to meeting future challenges involving all tiers of governments (ie biodiversity and coastal planning programs; climate change strategies; regional transport strategies; regional economic development strategies; tourism planning; housing strategies and the like).

challenges such as climate change and growing populations in order to improve the productivity, liveability and sustainability of metropolitan Perth.

Recently there has been a resurgence of interest in urban policy at a national level with a push for better governance in the strategic planning and organisation of city infrastructure and more efficient use of existing infrastructure. The Federal Government is working towards ensuring that the planning of capital cities is long term and strategic, fully integrated and coordinated across all three spheres of government.

It is important that regional or local conditions are considered in the response to the 'big' issues such as population growth and climate change and in order to do that it will be necessary for:

- Public sector agencies to work together to coordinate and deliver responsive services regionally and locally;
- Government working with the private sector for improved prosperity and development;
- State and Local Government agreeing the priorities for an area and working together to deliver services and improve outcomes;
- Increased opportunities for local people to be involved in decisions about services and influence how they are delivered;
- The development of effective partnerships with a focus on priority outcomes.

The City of Joondalup has recently commenced the development of its 10 Year Community Strategic Plan, Economic Development Plan 2012 – 2015, Environmental Plan 2012 – 2015, and Climate Change Strategy. All of these plans and strategies are being developed in alignment with key Federal and State Government Plans and Policies.

Internationally, the City of Joondalup is the only Local Government in Australia participating in the International ICLEI Biodivercities Program which is a global project that aims to develop a local government network for biodiversity action, broadly representative of ICLEI's regions and continents, to promote a greater understanding of local government biodiversity issues leading to the implementation of appropriate measures within the participating local governments.

The City also maintains an effective Sister City Relationship with the Jinan Municipal People's Government and has developed a long term Relationship Plan to establish objectives and the long term direction for the Relationship in terms of socio-cultural exchanges, environmental exchanges, and economic exchange. The Sister City Relationship has provided significant benefits particularly for West Coast Institute of Training and Edith Cowan University and a number of initiatives have been progressed to develop cooperation in vocational education and training programs of benefit to students in Jinan and Joondalup.

The City's recent win at the 2011 Liveable Communities Awards as the World's Most Liveable City for the population category 150,000 – 400,000 is testimony to its competitiveness on the International stage.

The Liveable Communities Award is a worldwide competition focusing on International Best Practice regarding the management of the local environment with the further objective of

improving the quality of life of individual citizens through the creation of 'liveable communities'.

QUESTION 7: SUMMARY

The City of Joondalup:

- is developing forward plans to deal with international and national issues such as climate change and population growth through:
 - Participation in regional governance initiatives to address population growth in the region, environmental matters etc;
 - Participation in International Forums to protect biodiversity.
- contends that International and National issues such as Climate Change and Population Growth required coordination, planning and delivery efforts from all spheres of government, with a clear delineation of roles and responsibilities for Federal, State and Local Government.
- believes that It is important that regional or local conditions are considered in the response to issues such as population growth and climate change and in order to do that it will be necessary for:
 - Public sector agencies to work together to coordinate and deliver responsive services regionally and locally;
 - Government working with the private sector for improved prosperity and development;
 - State and Local Government agreeing the priorities for an area and working together to deliver services and improve outcomes;
 - Increased opportunities for local people to be involved in decisions about services and influence how they are delivered;
 - The development of effective partnerships with a focus on priority outcomes.

these issues, or should they be the responsibility of the State or Federal governments?

Comment and Analysis

Consistent with the comments above at 5, 6 and 7 above the City of Joondalup is confident that its scale, efficiency and effectiveness, governance capabilities and the like, stand it in good stead to manage its responsibilities (either current or as renegotiated and defined in the future). Further comment is made on related issues at Questions 20 and 21.

In most cases large scale issues and challenges in the next 50 years are unlikely to be the domain of only one sphere of government which makes sound intergovernmental relations and cooperation an essential precondition.

These issues will benefit from regional, state-wide, and national (and some cases international) efforts to align and coordinate service planning and delivery. National issues are better led by Federal and State Government in consultation with Local Government.

Federal and State governments should be responsible for setting strategic directions at national, State and regional level based on a range of reasonable scenarios, and developing sound, evidence-based policy and regulatory frameworks to guide decisions and manage impacts.

Local government should be responsible for planning within those frameworks and managing local effects and responses. Federal and State governments should have responsibility for managing the impacts of their own policy responses to these issues where these affect a particular local government, but should do so in full collaboration with the affected local government.

QUESTION 8: SUMMARY

The City of Joondalup considers State and Federal Government should be responsible for setting the strategic direction on matters of State and National interest and that the development of sound (and coordinated) policy and regulatory frameworks should be undertaken in consultation with local government in a partnership approach.

Question 9. Who should pay for the social and physical infrastructure and services required to cope with these issues?

Comment and Analysis

If, as proposed in this Submission the State and Local Government is able to negotiate a high level intergovernmental agreement and redefine their respective roles and responsibilities (for example, through the COAG Cities Planning Taskforce and review of statutory barriers to local government financial viability) it will provide a framework for decisions about who should fund social and physical infrastructure.

It is acknowledged that if some local governments (but not others) participate in the delivery of some services that the State Government may view this as a weakness in approach as fragmentation could lead to different service delivery levels, costing and revenue models. An assessment of local government service delivery and cost of service to identify the optimal local government size and structure may assist in this regard.

At the same time there are a range of related matters and issues that need to be considered:

- Unfunded mandate issues;
- Equity issues which address capacity to pay or contribute;
- Local government often undertakes roles and responsibilities by default in the absence of clear roles and responsibilities for State Government, which is considered possible under the limited general competence provisions of the Local Government Act 1995;

- Where there are private benefits arising out of the execution of local government roles and responsibilities the principle of user pays (with appropriate safety nets for the socio-economically disadvantaged ~~the poor~~) should apply);
- Where there are public benefits restricted to the residents of a particular local government then residents and ratepayers should bear the majority (if not all) of the cost;
- Where there are public benefits 'spilling' across local government boundaries the options are that the State Government should bear the costs, or if a satisfactory regional cooperation framework exists between the relevant local governments, then the regional council (or other body) or the local governments should bear the costs; and
- Where costs arising solely from particular policy decisions by the State or Federal governments – the owner of the policy causing the impact should bear the costs but effectively recouping from the economy and community broadly through taxation.

It is also of relevance to note that in November 2011 the Federal Minister for Local Government announced a review of infrastructure financing to identify new ways of unlocking investment dollars to meet local infrastructure needs. The terms of reference are to:

- Assess how effectively and efficiently local infrastructure needs are prioritised and subsequently funded by local government;
- Identify the sources of capital for future local infrastructure needs; and
- Identify the opportunities, best practice models and principles for the regional prioritisation and financing of local government infrastructure.

The Local Government Ministers' Forum also agreed (November 2011) to a range of other actions and reforms, including:

- Harnessing the opportunities for local government in a low carbon future, including from the Governments Clean Energy Future package;
- Endorsing a recent review of the Inter-Governmental Agreement and continuing the agreement which sets out a framework to prohibit cost-shifting between levels of government;
- Continuing reforms to underpin the financial sustainability of local government including a national framework to more rigorously assess local government performance and sustainability, and
- Discussing with the Hon. James Spigelman AC QC his panels work on the Constitutional Recognition of Local Government, with the panel due to present its findings in a report to Government in December.

The City of Joondalup is supportive of these actions in that they demonstrate the Federal and State Government's acknowledgement that a review of how social and physical infrastructure requirements are critical to meeting future community needs and strengthening the capacity of local government.

With regard the proposed discussions on constitutional recognition the City of Joondalup has on two occasions (July 2008 and March 2011) considered reports in relation to establishing a

position on the constitutional recognition of local government within the *Australian Constitution*, resolving inter alia that it

- Supports symbolic and financial recognition for local government in the Australian Constitution;
- Supports financial recognition of local government in the Australian Constitution so that the Federal Government has the power to fund local government directly.

It is suggested that an assessment of the financial viability of local governments (Supplementary Question 4) should be read in conjunction with the response to this Question.

QUESTION 9: SUMMARY

The City of Joondalup:

- Supports the need to resolve upon, and define which sphere of government will bear the costs of future social and physical infrastructure, highlighting the necessity of a high level intergovernmental agreement between State and Local Government which clarifies sole and shared roles and responsibilities, sources of funding and related matters.
- Supports the Federal Minister for Local Government and Local Government Minister's Forum proposed review of infrastructure financing to identify new ways of unlocking investment dollars to meet local infrastructure needs.
- Supports financial recognition of local government in the Australian Constitution so that the Federal Government has the power to fund local government directly.

Question 10. Is metropolitan Perth in a position to be an effective international competitor? If not, what would you change?

Comment and Analysis

International evidence would suggest that large, outward-facing, global cities are playing an increasingly important role in driving economic development (Parkinson, M., M. Hutchins, J. Simmie, G. Clark and H. Verdonk, *Competitive European cities: Where do the Core Cities Stand?* 2004, London, Office of the Deputy Prime Minister; *OECD territorial reviews: Competitive cities in the global economy*, 2006, Paris, OECD).

The OECD (*OECD territorial reviews: Competitive cities in the global economy*, 2006, Paris, OECD) argues that there is no 'one size fits all' policy for cities. The report, however, makes recommendations that can be tailored to meet specific needs in order to be an internationally competitive city, including:

- A flexible strategic vision is necessary to foster competitiveness, ensure a diversified range of interdependent ventures, and information and transportation links between Universities, researchers, and manufacturers;
- Liveable cities with high-quality infrastructure, green spaces, and inner city residential areas and public projects can contribute to economic success, attracting foreign investors as well as highly qualified professionals and tourists;
- Effective governance of cities depends on leadership from the national government to encourage reform, a formal government at the metro-regional level, and lower level local networks that include non-governmental actors, associations and businesses which can deal with social tensions and understand market realities;
- To balance the financial needs of cities with those of the rest of the country, cities can diversify tax revenues and use public-private partnerships to raise money for public projects. Equalisation payments between metropolitan regions can also be effective but national equalisation schemes to redistribute resources from richer to poorer regions sometimes disregard the higher spending needs of cities and act as a disincentive to poorer regions to increase tax revenues.

It is important to remember that Perth is a regional centre in the Indian Ocean Rim and Pacific Ocean Rim and as such requires the educational, commercial, public and cultural institutions expected to be found in a capital city. It has a booming economy and is in the same time zone as many of the major markets in the Asian region and is therefore well placed to be a regional city that is internationally competitive.

It could be argued that Perth is already internationally competitive, based on the number and scale of the headquarters of international and national business based in the city. Given that most are based in the Perth CBD it could also be argued that a more diversified spread of these offices through the Perth Metropolitan area would have many benefits.

It is somewhat unfortunate that the tenor of the comment within the Issues Paper appears to contend that Perth is not competitive because it does not have 'a metropolitan governance model and local government structure equal to the best in the world' and can 'avoid a future marked by metropolitan mediocrity'. It is suggested that this is a rather simplistic approach to a much larger issue as to who, politically, should be responsible for developing and leading Perth to be competitive and how can business and other levels of government participate and be active partners in seeing this vision become a reality.

As detailed elsewhere in this submission it is considered that an overarching State Government vision and strategic economic plan that identifies the 'niche(s)' Perth wishes to occupy and how, through attraction of scarce globally skilled labour, ability to harness creativity and innovation, and how it can enhance its attractiveness to live, visit and do business, must be developed as a priority.

Somewhat aligned to the OECD recommendations for a successful internally competitive city, is the *Australian Government Treasury Intergenerational Report 2010* and establishment of the COAG Cities Planning Taskforce. COAG's agreement to national objectives and criteria for future strategic planning of capital cities, will drive to ensure that cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth.

COAG's criteria should lead to establishment of criteria in order for Perth to have an aligned and shared vision for all levels of government that would:

- Provide for future-oriented and publicly available long-term strategic plans;
- Be integrated across functions (for example, land use, infrastructure and transport) and coordinated between all levels of government;
- Clearly identify priorities for future investment and policy effort by governments;
- Provide for effective implementation arrangements and supporting mechanisms;
- Support and facilitate economic growth, population growth and demographic change.

The City supports the Western Australian State Government's engagement with local government in the collaborative development of its Capital Cities Strategic Planning System to demonstrate its shared commitment to achieving the goals of COAG and a better governance framework for metropolitan Perth.

The City would contend that if there were fewer local governments, but with strengthened capacity, it could enhance partnerships at both intergovernmental and business levels – and assist in furthering Perth's standing as an internationally competitive city.

The City of Joondalup considers that from an individual local government perspective, it has contributed to international competitiveness in the North West metropolitan region through its Sister City relationship with Jinan, China, which has focused on economic and educational initiatives within its learning precinct. Some of these initiatives include, but are not limited to:

- Development of a Public Service Training Programme in March 2008 (in conjunction with Edith Cowan University and West Coast Institute of Training).
- Discussions between Jinan University and Edith Cowan University to establish courses and research projects. The University continues to attract high numbers of overseas students including significant numbers from China.
- West Coast Institute of Training agreement with Jinan Vocational College to deliver WCIT information technology and financial services courses in Jinan. This Agreement builds upon the original Agreement on Co-operative Education signed in 2007 for hospitality and tourism.

The Cities of Joondalup and Jinan continue to examine strategies of an economic nature that will be mutually beneficial to the two countries, and business within the region.

QUESTION 10: SUMMARY

The City of Joondalup:

- Considers Perth is already an internationally competitive city playing a significant role as a regional centre in the Indian Ocean Rim and Pacific Ocean Rim.
- Contends a 'better metropolitan governance framework' that supports Perth being more internationally competitive is dependent on the Western Australian State Government's engagement with local government and business in the collaborative development of its Capital Cities Strategic Planning System.
- Acknowledges that the fragmented nature of Perth metropolitan local government may diminish the capacity of the 'whole' to be internationally competitive in some areas.

these models would work in Perth? Which aspects would not work?

Comment and Analysis

Local government in Western Australia has evolved with circumstances and changed with legislation but is undoubtedly still perceived as being driven by local priorities and reflecting local communities. As such, there are considerable risks in importing other models of local government, which have evolved in States or countries within different political and societal frameworks.

It is considered that rather than looking for governance models, or elements thereof, that might be perceivably appropriate for better local government arrangements in Metropolitan Perth, possible resolutions should be based on identifying the significant problems currently existing at all levels of government and clarifying what the reform is trying to achieve in as much detail as possible. Based on this premise, it is questioned whether the State Government has clarity in its objectives of reform, or the principles and values to be preserved. It is considered rather simplistic to categorise the problem as 'too many local governments', despite recognising that the fragmentation of local governments in the metropolitan area requires addressing. It is but one element of a series of more complex issues that should be considered at a holistic level, rather than assigning all responsibility on local governance issues to the number of local governments currently in place.

Positive Aspects

Notwithstanding the City's comments above, in addressing the question specifically, aspects of these models that may be considered worthy of further examination in relation to their application for the Perth Metropolitan area include, but are not limited to:

Auckland City Council:

- Ability to make consistent, coordinated and aligned region-wide decisions on the majority of service delivery programs – transport planning, regional and local roads

and public transport, regional facilities, property investment, economic development, events and tourism, and infrastructure;

- Well-developed regimes for the governance of Council controlled arms-length entities;
- Annual cycle of reporting and accountability measures; and
- Ability to align regional, national and international interests to focus on becoming an internationally significant metropolitan centre.

Metro Vancouver:

- One non-hierarchical system of local government providing regional coordination of service delivery with a strong focus on sustainability.
- Acknowledgement that the region must add value or leave the responsibility at the local level; and that the interests of individual partners prevails except the collective interests of partners.
- Public involvement through consultation on specific issues, citizen-based advisory committees, community partnerships and the like ensuring the community's role in being able to influence decision-making – there is sensitivity to local issues.

(ACELG Summary Report: Second International Roundtable on Metropolitan Governance (August 2011)).

Negative Aspects

Aspects of these models that are considered unlikely to work effectively in relation to their application for the Perth Metropolitan area include, but are not limited to:

Auckland City Council:

- New Zealand has two spheres of government (central and local) which differs from Australia's three spheres;
- Significantly high representation ratios (population per Elected Member): for the Council it is approximately 65,000:1 and for local boards 10,000:1;
- Loss of democratic control over local community needs at the Local Board level as all decision- making (including resource allocation) is vested in the Parent Board, except to the extent that it delegates decisions to Local Boards;
- Elected Members of the Parent Board being required to have the skills and understanding of governance requirements and obligations to contribute to regional decision-making, thereby limiting potential candidates;
- A risk that parochialism, which has characterised Auckland's politics at the regional level, will be translated to the Council table;

- A number of services provided by Auckland City Council are undertaken by the Western Australian State Government and not by local government;
- Statutory responsibilities of the Mayor, in relation to Local Boards, may be diverted from the regional, national and international matters being their primary role, to resolving matters between the many Local Boards.

Metro Vancouver:

- Significantly high representation ratios (population per Elected Member): for the Council is approximately 100,000:1;
- The make-up of the Board is determined by population, and a local government receives one vote for every 20,000 people to a total of five votes. This means local governments of varying sizes will have varying representation and votes;
- There are no directly elected Councillors on Metro Vancouver, apart from the Electoral District, so its political legitimacy has been questioned, and the ability to speak on behalf of the region difficult;
- A number of services provided by Metro Vancouver are undertaken by the Western Australian State Government and not by local government;
- Fragmentation of expenditure responsibilities for key functions, and reluctance to transfer service responsibilities to the metro level;
- Perception that there is 'taxation without representation' and it is difficult to understand who is accountable; and
- Reluctance of local governments to delegate or share decision-making on new issues at the regional level.¹⁰

The WALGA paper *Metropolitan Governance Models – Information Paper* (September 2011, page 19) provides that for a metropolitan regional government of some kind being adopted for the Perth metropolitan region there would be an expectation that services would be devolved from the State Government to the newly created entity. Any such devolution of responsibilities would come with its own set of challenges, particularly in relation to horizontal equity across the metropolitan region or equity in service delivery between the metropolitan region and those local governments outside the defined metropolitan area.

¹⁰ ACELG *Summary Report: Second International Roundtable on Metropolitan Governance* (August 2011).

QUESTION 11: SUMMARY

The City of Joondalup considers:

- The Auckland and Vancouver models to have both advantages and disadvantages in their application to improved local government arrangements for Metropolitan Perth, however notes the very different roles and responsibilities of these local governments, and the Constitutional and statutory frameworks in their governmental relationships;
- The first step in identifying possible solutions to improved local government arrangements for Metropolitan Perth to be a holistic assessment of the issues requiring resolving, and a commitment from all levels of government to a 'better way' of service delivery.

Question 12. Do you know of any governance systems that work well elsewhere, either in Australia or overseas, that might work well in Perth?

Comment and Analysis

As observed earlier in this Submission some alternative governance systems may appear to work well but often that is only in the context of the political structures and systems of the country where they are practised. That is not to say some of the features will not “translate” well but caution needs to be exercised before such structures and systems are embraced.

It is therefore suggested that consideration should be given firstly to those structures where there are similar levels of government existing, unless there is a wholesale review of all levels of government, which is assumed not to be the case with the current approach to Western Australian local government reform.

The ACELG reports *Consolidation in Local Government: A Fresh Look* (May 2011) and *Summary Report: Second International Roundtable on Metropolitan Governance* (August 2011) provide an overview of governance structures examined both in Australia and overseas. In addition to those referred to by the Panel, two local government governance structures worthy of its further investigation include the Queensland Metropolitan Regional model and South African model.

The following elements of each of these models that might be advantageous to the review of governance structures in Western Australia are as follows:

South East Queensland Region

The 2009 Queensland Act demonstrates cooperation both between local governments and other levels of government. The Queensland planning system is organised into a hierarchy of levels to deal with cities:

- At the State level, a planning framework and governance process has been established and the State Government uses the planning system to address specific issues by articulating its position within planning instruments.
- At the regional level, Regional Plans outline the strategic direction and development undertaken within the area covered by the Plan must align with this strategic direction, thus guiding development and the overall shaping of cities. For example, the South East Queensland Regional Plan referred to in the ACELG reports (comprising 11 local governments) provide for an aligned approach to manage growth and protect the region's lifestyle and environment. The plan responds to issues such as continued high population growth, traffic congestion, climate change and employment generation.
- At the local government level, relevant local governments prepare planning schemes that articulate a strategic direction, aligned to the relevant Regional Plan and addressing the State Planning instruments.

The approach not only demonstrates that local governments may retain their communities of interest and deliver services that meet the varying expectations of its constituents, but there is a structured partnership approach between levels of government, and importantly arrangements for inter-agency coordination (particularly integrating transport and land use planning).

Whilst the State holds absolute legislative authority and there is an understanding the State will lead the regional agenda, local government becomes an active participant in a whole of government approach to the vision of a region, and it can be argued, is therefore strengthened as a potentially more powerful level of government. The approach further provides that a local government may exercise its powers by cooperating with one or more other local, State or Commonwealth governments to conduct a joint government activity. A joint government activity includes providing a service, or operating a facility, that involves the other governments, and the cooperation with another government may take any form, including for example:

- Entering into an agreement; or
- Creating a joint local government entity, or joint government entity, to oversee the joint government activity.

This approach provides an assumption that local governments are able to make effective contributions and have the capacity and trust of other spheres of government to deliver significant programs and services, rather than participating on the fringe with little opportunity for influence.

South Africa

The Constitution of the Republic of South Africa (RSA) provides a contemporary and progressive model for a three sphere system of government, similar to Australia, where the development of sound intergovernmental relations are prescribed within a detailed Constitution. This includes the recognition of local government and the outlining of its primary roles and responsibilities, as well as some of the relevant governance processes and structures at the local level. This enables local governments to be protected from undue

interference by National and Provincial Governments on matters they are directly responsible for.

The RSA Constitution demarcates the following spheres of government, which are required by legislation, to cooperate and communicate effectively:

- **National:** Residual powers following the allocation of specific powers to provincial and local governments, but includes the regulation of local government.
- **Provincial:** responsibilities in education, health, social welfare, agriculture, transport, environment, etc. shared by the national government which can establish uniform standards and frameworks for provinces to follow, and limited exclusive powers with regard to provincial planning.
- **Local:** which are tiered into three categories: metropolitan, local and district. They have responsibilities in sewerage management, electricity distribution, roads, waste, park management, municipal planning, and the like.

This model recognises the different roles played by each sphere of government and limits the capacity for Provincial or National Governments to cost-shift or impose new responsibilities onto local governments, as the Constitution restricts the introduction of legislation that is inconsistent with the government roles it clearly defines.

It also provides for different categories of local governments that can provide for local regional and metropolitan-based arrangements, depending on their location and capacity to effectively deliver services.

The demarcation of categories and boundaries by an independent Board that reports directly to Parliament and is not limited by representation from within local government alone is also a benefit within this system.

QUESTION 12: SUMMARY

The City of Joondalup considers any governance model examined by the Metropolitan Local Government Review Panel for application to Metropolitan Perth must:

- Take into account the current Australian Government structure and that any adopted model must be able to be applied, in some form, to local government areas outside Metropolitan Perth;
- Ensure there is effective political leadership to effectively manage the challenges and issues facing the Perth Metropolitan area;
- Aspire to a whole of government approach whereby each level of government:
 - Is a partner in establishing and implementing an aligned strategic approach;
 - Has clearly defined roles and responsibilities.

Question 13. Should more be done by local governments to engage with the community?

Comment and Analysis

Local Government by its very nature and because of statutory requirements engages closely with its communities, the claim that “local government is the level of government closest to the people” is justified on that basis alone. It is not clear what else local government could do to better engage with the community.

The Local Government Act 1995 sets down very clearly the framework for a system of local government in Western Australia. The purpose of the Local Government Act 1995 is set down in Part 1 – Introductory Matters.

Section 1.3(2) states:

This Act is intended to result in –

- a) Better decision making by local governments
- b) Great community participation in the decisions and affairs of local governments
- c) Greater accountability of local governments to their communities; and
- d) More efficient and effective local government.

The City of Joondalup’s policy position and operational practices in regard to a), b), and c) promote and enact best practice community engagement approaches.

The City of Joondalup has comprehensive engagement mechanisms and processes and these are continually being reviewed and updated to ensure they remain contemporary and relevant.

The City's Community Consultation and Engagement Policy provides a clear statement of the Council's intention to make itself aware of community opinion in order to inform decision-making. The Policy seeks to ensure that all groups in the community have the opportunity to engage with the Council on matters that affect them, and will contribute to an improved quality of the decisions reached, and greater acceptance of the final Council decision by members of the community. Decisions which are owned by the community are far more likely to be sustainable.

Behind the Policy is a Protocol and set of associated processes to ensure there is a consolidated approach to community consultation across the organisation, including specific consultation processes for individual programs.

The City has very clear processes with regard how and when consultation is undertaken and is committed to undertaking consultation efforts with its community to assist in decision-making. This may be indicated by the following recent consultation/engagement efforts:

- Beach Management Plan – approximately 5,000 submissions.
- Ocean Reef Marina – approximately 12,000 submissions.
- Local Housing Strategy – approximately 6,000 submissions.

Community Engagement Mechanisms and Statistics

The City has a range of consultation mechanisms in place, including but not limited to:

- Community Forums;
- Working Groups;
- Active Citizenship Program (in development) – working with new Australian Citizens to inform them on opportunities to engage with the City.
- Ability to make deputations to Briefing Sessions;
- Ability to ask questions and make statements at Briefing Sessions and Council meetings;
- Ability to submit petitions to Council requesting that matters be investigated;
- Ability to comment on City services or on consultation through the City's website;
- Special Elector meetings.

The City is not aware of any evidence highlighting other options to better engage with the community that the City has not considered or contemplated, and is confident that its community engagement processes are best practice, and considers community engagement to be core business for local government. The City consults widely with its entire community including key business, education, health, and government stakeholders as well as residents and ratepayers.

QUESTION 13: SUMMARY

The City of Joondalup:

- Views community engagement as the core business of local government;
- Has a Community Engagement and Consultation Policy and associated approaches that are best practice and ensure a consistent process across the organisation for community consultation that is open, transparent and accountable and includes the following elements:
 - The purpose of undertaking the consultation is clear;
 - All affected parties are consulted;
 - The consultation method is appropriate to the issue in question;
 - The consultation is timed to ensure that the results inform the policy, planning and decision making processes;
 - The consultation is transparent and open and feedback is provided on how the consultation has affected the final decision/s;
 - All consultations are evaluated to assess whether the goals of the consultation were achieved;
 - Adequate resourcing is provided for all consultations.

Question 14. Should voting be compulsory for local government elections?

Comment and Analysis

Although voting at local government elections in Western Australia is optional, compulsory voting has existed in Australia at the State level since Queensland in 1915 and the Federal Government in 1924 and currently about 25 countries and their jurisdictions have compulsory voting yet only about 10 enforce it.

The Australian Electoral Commission notes the following arguments are advanced for/against compulsory voting, although some of the points may be more relevant to State and Federal elections:

Arguments used in favour of compulsory voting

- Voting is a civic duty comparable to other duties citizens perform e.g. taxation, compulsory education, jury duty
- Teaches the benefits of political participation
- Parliament reflects more accurately the "will of the electorate"

- Governments must consider the total electorate in policy formulation and management
- Candidates can concentrate their campaigning energies on issues rather than encouraging voters to attend the poll
- The voter isn't actually compelled to vote for anyone because voting is by secret ballot.

Arguments used against compulsory voting:

- It is undemocratic to force people to vote – an infringement of liberty
- The ill informed and those with little interest in politics are forced to the polls
- It may increase the number of "donkey votes"
- It may increase the number of informal votes
- It increases the number of safe, single-member electorates – political parties then concentrate on the more marginal electorates
- Resources *must be allocated to determine whether those who failed to vote have "valid and sufficient" reasons.*¹¹

The City of Joondalup accepts that participation in local government elections as an elector is an important and valuable opportunity.

Under the current voluntary voting system, voter turnout for the last two City of Joondalup elections has been:

- 2009 27% - included a Mayoral election (City of Stirling voter turnout, 29.9%; City of Wanneroo voter turnout, 28%);
- 2011 23% (City of Stirling voter turnout, 26%; City of Wanneroo voter turnout, 23%).

The City has undertaken a range of activities aimed at encouraging members of the community to participate in the electoral process, including:

- Writing to non-resident owners of businesses within the City encouraging them to enrol to vote.
- Use of local media.
- Targeted advertising in local media.
- Articles in City publications, public notice boards and website.
- Conducting Candidate Information Sessions.

However, low voter turnout figures remain.

In 2011 the Western Australian Electoral Commission/Department of Local Government undertook coordinated advertising to encourage members of the community to vote.

It is not considered that there is much more the City can do to encourage members of the community to vote in voluntary elections.

¹¹ www.aec.gov.au/Voting/Compulsory_Voting.htm

In 2008, the City considered its position on the local government voting system and compulsory voting as a result of a discussion paper released by WALGA.

The Council agreed upon a position on this matter noting that a range of alternatives may be available to the current processes for local government elections and which may increase elector participation, however, on balance it resolved to support compulsory voting.

The City also acknowledges that citizens have a broad suite of opportunities for participation in local government matters and access to information including via public question time at council meetings, comment on the draft annual budget, calling for special elector meetings, lodging petitions and access to local government Elected Members to raise issues and concerns.

The City notes also that local governments are also subject to scrutiny from an active local media/press and that citizens can lodge complaints with a range of public sector organisations including Ombudsman, Freedom of Information Commissioner, State Administrative Tribunal and Local Government Standards Panel.

QUESTION 14: SUMMARY

That the City of Joondalup, whilst acknowledging that there are advantages and disadvantages with different electoral systems, on balance supports compulsory voting.

Question 15. Does metropolitan Perth have too many local governments? What would be the advantages and disadvantages in reducing the number of local governments?

Comment and Analysis

The ACELG report *Consolidation in Local Government: A Fresh Look* (May 2011) provides that consolidation, whether amalgamation, shared services or other forms of closer collaboration between local governments, is an essential (but not exclusive) strategy to address the challenges facing local government. Whilst there may be significant benefits to be gained, equally there are disadvantages including disruption, transition costs, weakening of local democracy, loss of local identity and employment.

“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”

ACELG *Consolidation in Local Government: A Fresh Look* May 2011 p8

Cost Saving Benefits

It is important to note that a distinction must be made with regard to internal cost savings and reduced rates and charges to those served by local governments. The ACELG provide through its research that some cost reductions are evident in specific areas of service delivery (administrative overheads for example), however, evidence strongly indicates that such savings are required to meet costs in other areas, such as asset management, and that any efficiency gains from consolidation should not be expected to deliver significant reductions in rates and charges (ACELG *Consolidation in Local Government: A Fresh Look* May 2011 p10). Further, the ACELG's research indicated there was little evidence that amalgamation will provide economies of scale greater than those that may be achievable through other forms of consolidation.

What is of demonstrated benefit through amalgamation models considered to date, (although amalgamations are not the only process in which this can be achieved), is basing mergers on the notion that local government engagement with State and Commonwealth Governments in regional planning and governance arrangements is improved and local governments are provided with opportunity to exert real influence.

As such, focussing on the number of local governments in the Perth Metropolitan Area is perhaps too simplistic. Instead, it is argued that local governments need to be the preferred size' or 'upper limit' to serve their communities efficiently and effectively, and clarification of what might be considered the preferred size would assist the community and local governments responding to this submission. This in itself would raise important questions about management structures and capacity, as well as the nature and quality of local democracy. Within the context of current local government arrangements in the Perth Metropolitan Area, the City acknowledges that a reduction in the number local governments would most likely result in an increase in the strategic capacity of the industry, however, the extent of the reduction would rely on effectively answering the questions posed above.

State Government Perceptions

Many of the perceived 'advantages' of reducing the number of local governments have their origins in State Government's perceptions about the sector and its relationships with it. That is not to say that the State Government does not have a legitimate opinion to express and the City acknowledges that the State Government Departments may find it frustrating and time consuming when liaising with a number of local governments on major projects, given the varying planning schemes, policies and local laws that apply to each. Thus, in such a case the State Government would readily identify some benefits that will surely not be the same for the relevant local governments.

As demonstrated through analysis of other local government governance models where amalgamation has occurred, it must be on the basis that local government engagement with State and Commonwealth Governments in regional planning and governance arrangements is improved where it can exert real influence.

Application to the City of Joondalup

For its part the City sees no particular advantages in it either merging with neighbouring local governments or in its division. The City contends that it is of a 'preferred size' and has demonstrated its commitment to a regional approach through its 2009 Local Government Reform Submission and other activities related to alignment with State and National policies. As such, the Council resolved in August 2009 that it advise the Minister for Local Government that it does not propose to amalgamate with any other local governments (refer to the City's 2009 Local Government Reform Submission attached).

QUESTION 15: SUMMARY

The City of Joondalup considers:

- On balance there are too many local governments in the Perth metropolitan area, however, any proposal to consolidate or amalgamate local governments has its advantages and disadvantages;
- The appropriate number of local governments would be best determined in the context of an agreed understanding of what a preferred size of a local government should be in order to achieve sufficient capacity and maintain quality local democracy; and
- It is of a preferred size, as demonstrated through its Category 1 status by the Department of Local Government in 2009, and provides a model that the Panel and State Government should consider as part of the review of metropolitan Perth local government.

Question 16. If the boundaries and/or roles of Perth's local governments are changed, what should be the criteria for doing so? Are the LGAB's factors (cited above) the right criteria?

Comment and Analysis

The current factors considered by the Local Government Advisory Board under Schedule 2.1 of the Local Government Act 1995 when considering district boundary changes are:

- Community of interest;
- Physical and topographic features;
- Demographic trends;
- Economic factors;
- The history of the area;
- Transport and communication;
- Matters affecting the viability of local governments; and

- The effective delivery of local government services.

These criteria are generally considered sufficiently flexible to address the full range of diversity and local circumstances of local governments (both Perth Metropolitan and non Metropolitan).

It is suggested that the Panel might give consideration to the following additional criteria for district boundary changes:

- Elected Member representation (determining a maximum ratio of elected representatives to electors) to ensure a sustainable level of community engagement with constituents;
- State and Federal electoral district boundaries to ensure better alignment of community representation.
- State Government Department Regional boundaries to ensure better alignment in regional activities/strategies.

QUESTION 16: SUMMARY

The City of Joondalup supports the current criteria considered by the Local Government Advisory Board under Schedule 2.1 of the Local Government Act 1995, for district boundary changes, and suggests the Panel give consideration to the following additional criteria for district boundary changes:

- Elected Member representation;
- State and Federal electoral district boundaries;
- State Government Department Regional boundaries.

Question 17. Should local government boundaries be set by an independent body and reviewed at regular intervals?

Comment and Analysis

The City supports local government external boundaries being set by an independent body and reviewed at regular intervals to ensure “arms length” objective assessments. This would ensure a similar process to that adopted by the State Government for its electorates and divisions.

It is suggested, however, that:

- Any independent body should include local government representation.
- There must continue to be an opportunity for the local government and electors of a district under review to provide comment on any proposals.

For internal boundaries, ie Wards, local governments should retain the right to initiate the process (including the creation, or abolition) of Wards review, but external evaluation, and

ultimate approval should also take place at “arms length”. The Local Government Advisory Board is well placed and regarded to undertake this task.

QUESTION 17: SUMMARY

The City of Joondalup:

- Supports the establishment and review of external local government boundaries by an independent body;
- Supports the review of external local government boundaries being undertaken on a regular basis;
- Advocates that the creation or abolition of local government Wards should be a decision of the local government, in consultation with its electors and stakeholders, consistent with the current provisions of the Local Government Act 1995;
- Supports all proposals for establishment and/or review of local government external and internal boundaries being by open and transparent means ensuring the local government and electors are granted the opportunity to be actively involved.

Question 18. If Perth’s local government boundaries do not change, how do you think services to communities could be improved?

Comment and Analysis

In the event that boundary change does not occur in the Perth Metropolitan area there will be ongoing capacity and capability issues for smaller local governments and their citizens and stakeholders to contemplate.

These may be addressed and partially or wholly overcome by:

- A review of the governance framework defining the roles and responsibilities of state and local government, taking into account barriers to effective service delivery, and opportunities for a collaborative regional approach to service delivery where efficiencies can be identified;
- Renegotiated sources of funding for delivery of local government services and infrastructure;
- Improved mechanisms for regular discussion of common issues and opportunities for collaboration (where this does not already occur);
- State Government, particularly the Department of Local Government, establishing benchmarking information and facilitating best practice amongst local

governments rather than the current focus of compliance, to assist local governments in improving service delivery through continuous improvement.

It is considered that adoption of such strategies would benefit all local governments in the Perth Metropolitan area.

With regard the City of Joondalup and North West region, where the three largest local governments (by population) are located, it has taken the position (August 2009) that it believes there is little to be gained in creating larger local governments in the northern metropolitan area. In fact, amalgamating local governments in this area may result in additional costs that may not be offset by significant economies of scale.

The City contends that it is of a size and maturity that ensures a capacity and capability to respond to citizens' needs and other challenges and issues. As such, and assuming the Panel and State Government do not determine that the City is too large, and it is considered the 'preferred size', any changes in other local government boundary changes in the Perth Metropolitan area will have little effect on it.

For its part, the City continually strives through a range of processes and mechanisms to assess its performance and to modify or initiate new services as appropriate and within its resources.

The City of Joondalup asserts that it will continue to deliver quality, timely, efficient and effective services to its citizens and stakeholders in the event that boundary changes do not occur in the Perth Metropolitan area. The City has a number of programs in place to ensure that operational efficiency and continuous improvement is a constant focus, including, but not limited to the following:

- **Annual Planning Process** - the City's operational budget is developed following a rigorous annual planning process to develop and cost service levels and projects and programs based on customer need.
- **Business Excellence Framework** - The City has adopted the Business Excellence Framework to drive improvements and innovation in service delivery. The Business Excellence Framework aims to create an organisational environment that leads to sustainable business success and is based on principles of organisational improvement.
- **Project Management** - the City has a Project Management Framework that requires all projects to be managed in a systematic and structured manner with robust reporting requirements to ensure that the project is delivering outputs as planned and within budget. The major objectives of the Framework are to streamline and standardise the City's approach to project management so that where required.
- **Service Review Program** - the City has a rolling service review program of its services with the aim of ensuring that services:

- Continuously improve;
- Are relevant to the needs of the community;
- Have the capacity to deliver;
- Respond to changing community needs and expectations; and
- Deliver value for money.

Conducting service reviews is one element of the City's Continuous Improvement Program, which is about ensuring the organisation has the appropriate structure and processes in place to enable it to function as an efficient system, and therefore achieve organisational outcomes.

- **Business Process Improvement** - the Business Process Improvement Program is conducted on an ongoing basis and has resulted in the identification and mapping of all core organisational processes to achieve efficiencies.
- **Annual Planning and Budgeting Process** - All Business Units are required to develop an Annual Business Unit Action Plan which provides details of approved service levels, projects and programs, and associated Budgets. Particular attention is applied to cost drivers, overall costs and, where relevant, unit costs.
- **Taskforces/Project Teams** - the City has established a number of Taskforces (aimed at managing/coordinating the planning and delivery of a specific organisational improvement program) and Project Teams (aimed at resolving a specific problem or carrying out a specific project). An objective of this approach is to create a continuous improvement culture by ensuring that employees are engaged in the identification and implementation of organisational improvements on an ongoing basis.
- **Global Reporting Initiative** - the City uses the Global Reporting Initiative (GRI) as its comprehensive, best practice sustainability reporting framework that establishes guidelines, principles and indicators for organisations to measure and report against their economic, environmental and social performance.

With regard the City of Joondalup's ability to deliver services that meet community demands, this is evidenced by results from its annual Customer Satisfaction Survey and benchmarking that demonstrate there is a high level of satisfaction in the City's ability to effectively and efficiently deliver services considered to be at best practice levels (Attachment on Customer Service Satisfaction).

The City rates first in almost all categories in comparison to other local governments (Wanneroo, Melville, Fremantle, South Perth, Cockburn, Subiaco).

The City's capacity to continue to respond to its community through a responsible service delivery framework and continuous improvement initiatives is recognised through the City's various awards at an international and national level. Whilst the City contends it is a model

local government for the Panel, the City believes there are opportunities for better local government arrangements which would improve service delivery from a holistic level, such as a regional basis for service delivery and functions that might enable more unambiguous relationships between funding of a service and delivering it so that service requirements that originate locally and those that originate from the State or Commonwealth Governments are clearer. It is considered that if there is greater accountability it will create clearer incentives for State and Commonwealth Governments to fund what is considered to be their reasonable share for service delivery.

QUESTION 18: SUMMARY

The City of Joondalup believes there is little to be gained in creating larger local governments in the northern metropolitan area. In fact, amalgamating local governments in this area may result in additional costs that may not be offset by significant economies of scale.

Question 19. What do you consider are the main roles and responsibilities of local government?

Comment and Analysis

Local government has an extensive and somewhat ever expanding range of responsibilities, including:

- Maintaining over 80 percent of the nation's road network;
- Providing, operating and maintaining a significant amount of community infrastructure, including for recreational, cultural and education pursuits;
- Planning communities and ensuring they are clean, safe and healthy.
- Caring for the environment through waste management and natural resource management;
- Administering community education and local environment programs;
- Providing a range of regulatory services on behalf of other levels of government, for example, environmental health and food inspection services);
- Promoting regional development, tourism and economic and social advancement;
- Supporting emergency services activities; and
- Providing an increasing array of human services, from counselling, to services to the young and the elderly, to the promotion of public health and public safety;
- Planning and development approval;

These roles and responsibilities reflect a trend in which there has been a significant expansion of the role of local government. The ALGA attributed this growth in responsibilities to two primary causes. The first of these causes relates to increased community expectations due to demographic changes, changing settlement patterns and differing economic conditions. The second relates to a realignment of responsibilities of the three levels of government, with 'other levels of government' transferring functions to local government (ALGA Submission 24, p8). This shift in local government roles and responsibilities usually occurs when other levels of government raise the requirements related to services being delivered by local government, or the operating environment in which local government services are delivered.

Local government often feels compelled to take responsibility for delivery of these 'additional' services due to community expectations and legitimate demands that some level of government will deliver the services or infrastructure requirements, and that as the level of government 'closest to the people' has an obligation to serve its community and ensure its citizens are part of liveable, safe and sustainable communities. This is a significant contributing factor to local government rate increases being above CPI. It is important for the community to understand that the validity of applying the CPI as a measure or benchmark, for rating purposes, is limited. The range of goods and services included in the CPI reflects the purchases of an average metropolitan household, which differs considerably from the goods and services purchased by local governments. The WA Local Government Association developed a WA Local Government Cost Index which defines the major expenditure groups comprising this index (refer to the WALGA Systemic Sustainability Report 2006 for further information).

The expansion of these responsibilities, however, has not been combined with a correlative growth in local government funding, requiring local governments to 'pick up the cost', which was estimated by the Hawker Inquiry at being up to \$1 billion (WALGA SSS Report p8). Local government's capacity to meet funding shortfalls whilst ensuring there are sufficient resources to meet responsibilities, is constrained. Ultimately, as there is no effective coordination between the levels of government to fund these community demands, resourcing impacts on the community through the need to raise revenue through rating.

The 'division' of roles and responsibilities between all levels of government requires review on the basis of determining which public goods and services can best be delivered efficiently and effectively to the citizens by which level of government, and how will the delivery of these responsibilities be funded appropriately.

It follows that in a State as vast and varied as Western Australia that in some parts of the State some public goods and services could be delivered by local government and in other parts by the State or Commonwealth Government.

Local Governments of a scale and capacity/capability of the City of Joondalup are well placed to design and deliver the range of services that its community expects, however, is cognisant that it cannot continue to rely on rates revenue to provide increasing service requirements and that other levels of government must accept responsibility to work collaboratively with the City to adequately resource these community needs.

With regard the City of Joondalup's ability to deliver services that meet community demands, this is evidenced by results from its annual Customer Satisfaction Survey and benchmarking that demonstrate there is a high level of satisfaction in the City's ability to effectively and efficiently deliver services considered to be at best practice levels (Attachment on Customer Service Satisfaction). Further, as demonstrated elsewhere in this submission the City takes a regional approach to the delivery of services and infrastructure where improvements to the effectiveness and efficiency of service delivery can be met. This approach is one currently undertaken by the State and Commonwealth Government through the implementation of Directions 2031, and Regional Development Australia, for example

The City has addressed the issue of financing the delivery of services in Supplementary Question 4 of this submission.

QUESTION 19: SUMMARY

The City of Joondalup:

- Supports a review of roles and responsibilities of each tier of government, to determine which level of government is best placed to deliver local community services;
- Supports a review of the funding responsibilities of each tier of government to ensure the efficient delivery of local community services;
- Supports a review of the processes and platforms for the delivery of services by all levels of government to explore the adoption of regional arrangements;
- Contends it delivers its services to a best practice standard and is well placed and willing to negotiate with other levels of government, within an appropriate intergovernmental agreement, to deliver a wider range of public goods and services that serve the needs of its residents.

Question 20. In an urban area like Perth, which functions should belong to the State or Commonwealth governments?

Comment and Analysis

Consistent with the comments made earlier in this Submission the City contends that the development of a proper State/Local Government intergovernmental relations agreement would put into place a framework for reviewing the roles and responsibilities of both State and Local Government. This in turn would facilitate mature discussions about this Question.

In such an environment:

- Renegotiated division of roles and responsibilities between State and Local Government could occur.

- Any discussion on roles and responsibilities between State and Local Government needs to take account of the funding for local government given the relative poor funding of local government.
- Federal and State governments could be responsible for setting strategic directions at Federal, State and regional level based on a range of reasonable scenarios, and developing sound, evidence-based policy and regulatory frameworks to guide decisions and manage impacts. Local Government could be responsible for planning within those frameworks and managing local effects and responses.
- At an operational level, the State could be responsible for regulating network infrastructure that crosses boundaries, such as highways, energy, water and wastewater infrastructure, although actual provision could be done by anyone; and for overseeing land uses with a major State impact (e.g. natural monopoly infrastructure such as seaports and airports, heavy railways, main roads, major (i.e. there is only likely to be one of them of this type) industrial or tourism developments, public water catchments, etc).

QUESTION 20: SUMMARY

The City of Joondalup supports the summary position detailed in Question 19 in consideration of the question related to which functions should belong to the State or Commonwealth governments.

Question 21. Are there any State-provided services that local government might be better placed to provide?

Comment and Analysis

As State and Commonwealth governments 'shift' service responsibilities downwards there has been pressure on local government to fill the void in many areas, such as health, education and public safety, all of which are clearly the responsibilities of others but are not being properly addressed, or addressed to the community's satisfaction (WALGA, SSS Report p50; ALGA Submission to Senate Committee into Australia's Federation: An Agenda for Reform 2011). There is also the State levying of charges on local government for services such as parking and waste management where funds raised are not spent on the activities themselves and used to fund other State Government activities.

The extensive range of services, currently the responsibility of each local government, reflects a trend over the years in which there has been a considerable expansion of the role of local government.

Whilst the issue of 'cost shifting' is well documented as is the need to address the gap between responsibility and resources necessary, it is often overlooked that local government

assumes these additional roles with the benefit of community needs in mind, something other levels of government are less mindful of.

Local government's standard of service delivery to its community is on the whole undertaken very well (refer to the benchmarking of Customer Satisfaction Survey results) and the larger local governments would contend that they are well placed to assume additional responsibilities (some solely and others on a shared regional basis either with other local governments or with the State Government) within a negotiated framework to improve the delivery of important services while also maintaining a strong connection with the local community. At the same time it should be recognised ~~recognises~~ that not all local governments in the metropolitan area are similarly well placed to do so.

The shared services arrangements undertaken by local governments in other States as a result of amalgamations may be worth further examination by the Panel.

From the City of Joondalup's perspective it considers there may be the opportunity to assume additional responsibilities in the following areas, though not limited to:

- Regional public transport (City currently funds one-third of the local CAT Bus network).
- Regional economic development initiatives (with State Government and regional partners).
- The devolution/delegation of responsibilities from State Government to 'competent' local governments, similar to the 'tiered' approach to local government discussed earlier and also by WALGA, rather than the 'one size fits all' approach.
- Review of minor approvals processes where there are few issues and little benefit with the process currently undertaken (for example, town planning and roads matters).

QUESTION 21: SUMMARY

The City of Joondalup supports the summary position detailed in Question 19 in consideration of the question related to whether there are there any State-provided services that local government might be better placed to provide.

Question 22. What do you consider to be the principles of good governance at a local level?

Comment and Analysis

In accordance with its *Governance Framework*, developed in 2005 and revised in 2009, the City considers governance to be an important concept that impacts on all sectors of the community. The practice of good governance is increasingly seen as critical for ensuring that:

- The organisation meets legal and ethical compliance.
- Decisions are made in the interests of stakeholders.
- The organisation behaves as a good corporate citizen should.

This is informed by the *OECD Principles of Corporate Governance 2004*, which requires advanced organisations to:

- Have an effective *Governance Framework*;
- Respect the rights of shareholders and their key ownership functions;
- Provide equitable treatment to shareholders;
- Explain the role of shareholders in corporate governance;
- Ensure disclosure and transparency; and
- Articulate the responsibilities of the Board.

Further to this, the Victorian *Good Governance Guide 2004* provides a useful outline of the relevant principles pertaining to good governance at the local level, including:

- Participation
- Consensus
- Accountability
- Transparency
- Responsiveness
- Effectiveness and Efficiency
- Equity and Inclusiveness
- Being Law Abiding

Consistent with the principles above and as discussed within the ACELG paper *Local Government and Community Governance: A Literature Review, March 2011*; within a modern context, it is important to note that compliance with processes and regulations and the promotion of transparency are only limited aspects of good local governance. Community participation and inclusiveness are now fundamental elements pertaining to legitimate and effective decision-making by local governments, requiring appropriate integration into corporate processes and procedures.

The City recognises this need through the implementation of a combination of frameworks, policies and training and development opportunities that ensure Officers and Elected Members are aware of their legislative obligations, as well as their responsibility to engage the community to achieve effective representation and good decision-making.

Corporate Governance

The City's *Governance Framework* is a comprehensive document, researched on the basis of national and international best practice models, that provides many benefits in the achievement of good corporate governance, including:

- Providing clear guidelines for the roles of the Council and the CEO, ensuring that all responsibilities are properly allocated and performance expectations are well understood.
- Enshrining best practice in relation to board processes.
- Assisting the Council and the CEO in delivering good governance.
- Ensuring legal and ethical compliance.
- Influencing processes throughout the organisation by setting guidelines for strategic planning at all levels.
- Acting as a point of reference for disputes.
- Assisting as an induction tool for new Elected Members.¹²

Since its adoption the principles and practices of the City's *Governance Framework* have assisted in guiding the specific processes of decision-making by which the City is directed, controlled and held to account.

Democratic Governance

With regard to engagement of the community, the City enables considerable access to decision-making processes by the public and utilises a comprehensive *Community Consultation and Engagement Policy* to guide its approach in facilitating effective participation by residents and stakeholders.

This includes identifying the principles under which consultation and engagement activities should be performed, including, but not limited to:

- Consulting with clarity and without ambiguity;
- Ensuring minimum periods for consultation are provided;
- Transparently publishing the analysis of community feedback;
- Maintaining that consultation and engagement activities should not occur during periods when participation rates may be adversely affected; and
- Accurate, adequate and unbiased information is provided to participants.

It is considered that the City's *Governance Framework* and approach to community engagement is best practice and a model for other local governments.

¹² City of Joondalup *Governance Framework*, revised 2009.

QUESTION 22: SUMMARY

The City of Joondalup, in having a comprehensive approach to governance that effectively guides its decision-making processes, considers good governance at the local level to be a function that addresses both corporate and democratic governance needs.

The principles by which these needs should be underpinned include:

- Participation
- Consensus
- Accountability
- Transparency
- Responsiveness
- Effectiveness and Efficiency
- Equity and Inclusiveness
- Being Law Abiding

Question 23. Do you think there should be greater State government oversight of issues, such as key performance indicators and senior local government employee appointments and salaries?

Comment and Analysis

The City contends that issues with compliance, appropriate conduct and effective reporting systems across local governments are not due to a lack of State Government oversight, but rather, inconsistency with regard to the strategic and operational capacity of each individual local government.

This was acknowledged by the *Local Government Reform Steering Committee* in its decision to establish a *Training and Capacity Building Working Group* and *Corporate and Strategic Planning Working Group* as part of its review process. The latter Working Group recommending within the final Steering Committee Report that:

“A capacity building service be developed to provide assistance to Chief Executive Officers and Councils in achieving the requirements contained within these recommendations. These recommendations are contingent upon the need for an organisation to provide advice, training and governance support to implement and manage the proposed planning arrangements.”

This recommendation demonstrates that local governments require clarity in what is expected from the Department of Local Government and that the Department’s role should be to *“provide assistance”* rather than perpetuate *“an over-reliance on compliance reporting.”*¹³

¹³ *Local Government Steering Committee Report, May 2010*

Despite this position, the Department has recently submitted its *Local Government Amendment Bill 2011* to Parliament, which, amongst other things, seeks to:

- Modify the current power of the Salaries and Allowances Tribunal to make binding determinations on the salaries and remuneration of CEOs, which must be complied by local governments; and
- Allow regulations to be developed that limit the types of investments that local governments may invest their money in.

Such a decision is considered inconsistent with the spirit of the reform process, which aims “to strengthen the ability of local governments to deliver services to their communities...and review existing compliance and reporting arrangements, including the removal of unnecessary burdens and duplications.”¹⁴ It would appear that historical State Government perceptions of local government have prevailed throughout this reform process as continued attempts to manage local government activities through regulation, regardless of individual capacity, is pursued instead of strengthening overall abilities.

The Tribunal itself, in correspondence to the City dated 25 June, stated that “local governments have their own characteristics and individual Chief Executive Officers bring their own experience and expertise to their positions. In the light of such factors it is intended that local governments should exercise discretion and flexibility in remunerating Chief Executive Officers while taking into account the Tribunal’s recommendations.”

Despite this position, the Department has continued to pursue its legislative amendments.

Senior Employees

With regard to specific issues, such as senior local government employee appointments, salary determinations and KPI developments, the City would again contend that State Government oversight in this regard is unnecessary. Assistance, guidance and support should be the new focus and role of the Department of Local Government, as well as other applicable Agencies and Commissions. This supports the principle under the *Local Government Act 1995* that the Council appoints and remunerates its CEO, as part of an appropriate corporate employer-employee relationship, who in turn determines and manages the appointment and remuneration of staff (including senior employees). Allowing an external party, within a separate sphere of government, to impose determinations on these activities is considered inappropriate.

In addition, the City of Joondalup currently applies a rigorous process in the development, measurement and assessment of its CEO KPIs, including the establishment of a *CEO Performance Review Committee* to fulfil the roles associated with managing and reviewing the CEO’s achievements in accordance with his/her contract. Imposing new conditions to this

¹⁴ Department of Local Government, *Local Government Reform in Western Australia Information Sheet, July 2010* and *Legislation Reform Working Group Objectives*.

already significant process would be considered an unnecessary duplication that may not meet the needs of the City.

QUESTION 23: SUMMARY

The City of Joondalup:

- In accordance with its Council decision on 14 December 2010 (*CJ229-12/10 refers*), “*does not support the Minister of Local Government’s proposal to allow the Salaries and Allowances Tribunal to set the fees for...Chief Executive Officers*”;
- Contends that greater State Government oversight of local government issues is not necessary and is inconsistent with the spirit of reform;
- Contends that the future roles of State Government should be to focus on building capacity within local governments through support and advise and reduce its focus on regulatory compliance; and
- Does not support State Government regulation of senior local government employee appointments, salary determinations or KPI developments.

Question 24. If you could make a recommendation to the Minister for Local Government about the best way to organise local government in metropolitan Perth, what would you say?

Comment and Analysis

It is considered that successive Ministers for Local Government have been provided with sound advice in relation to improved local government arrangements, not only within metropolitan Perth, but throughout Western Australia, however, little progress, or action, has been taken.

The creation of the Panel marks perhaps the State Government’s most encouraging effort to effect structural reform in recent decades. Previous efforts have taken various forms and invariably relied upon the local government sector accepting that from a State Government perspective there are fundamental problems and issues with the scale, scope, structure and relevance of Western Australian local government.

Recent reviews such as that in 2009 and the 2006 WALGA Systemic Sustainability Report are considered to have been thorough processes with all local governments actively engaged, including the City of Joondalup, and it is disappointing, as detailed in this Submission that few of the key strategies of the State Government have been progressed and many of the recommendations by WALGA on behalf of local government yet to be given serious consideration.

Contained within the Metropolitan Local Government Review Panel’s *Metropolitan Local Government Review Panel Issues Paper* are a set of objectives that are considered necessary to progress reform. The City supports the Minister for Local Government

committing to engaging with local government and leading and fulfilling the objectives that have been set. The City of Joondalup welcomes participating with the Minister for Local Government in progressing these objectives for the benefit of a better governance structure within Metropolitan Perth and its citizens.

QUESTION 24: SUMMARY

The City of Joondalup supports the Minister for Local Government giving a commitment to engaging with local government and leading and fulfilling the objectives that have been established for this local government reform effort, being to:

- Build local governments with capacity and strategic capability to cope with the challenges of growth;
- Develop a strategic vision for metropolitan Perth, a long term perspective;
- Balance short term costs or savings against the long term needs of the community;
- Share the costs across the region in a fair and efficient way;
- Design a structure around community engagement and representation of citizen's interests that builds community capacity;
- Create the right interface of government with the organisations of civil society;
- Design a system able to evolve and respond to changing circumstances;
- Establish the right balance between civic leadership and civic management;
- Develop a strategic vision for metropolitan Perth that is capable of being implemented.

9. Supplementary questions for local governments

Question 1. What do you think are the biggest issues facing local government in metropolitan Perth?

This Question has been addressed in part at Question 5 in the General Panel questions, and the following additional information should be read in conjunction with those issues.

It is considered that some of the more significant issues facing local government in the metropolitan area are, but not limited to:

- The large contrasts between Perth Metropolitan local governments in their financial and human resource capabilities provides a major impediment to further devolution or delegation and makes it more likely that a “lowest common denominator” approach will be applied.
- Strategic Capacity – the ability of a local government to identify and respond to the influences and pressures affecting a community’s future, set key directions and priorities and develop strategies to achieve the outcomes the community wants. The City contends that, on balance, there are too many local governments in the Perth metropolitan area, therefore matters that must be considered in determining the ‘ideal’ sized local government should include the ability to effectively manage asset and infrastructure; ability to attract and maintain quality staff; superior risk management and compliance; improved growth management (*ACELG Consolidation Report Vol 2*).
- Suburban sprawl and poor public transport links to some areas. The City recently commented on the draft Metropolitan Public Transport Plan which does not take account of requirements for east west linkages and appears to be CBD centric.
- Directions 2031, for example:
 - State Government meeting expectations - ie Joondalup has been determined as a strategic metropolitan centre and aims to become a primary centre. It has proposed to the State Government that it partner with the Cities of Joondalup and Wanneroo to develop a Regional Governance Framework, however the State Government in recent times has indicated partnership commitments to the Fremantle Union, Murdoch Mix and Stirling Alliance, to the exclusion of Joondalup.
 - Implementation of State Planning Policy 4.2 (SPP4.2) – Activity Centres – lack of guidance by the State on implementation of this Policy and lack of support by the State in dealing with activity centre structure plans that are being lodged with local governments. These are proposing developments that will result in significant local impacts and future capital and operational costs that will need to be borne by local government. In a bid to push developers and local governments to meet the targets set by Directions 2031, the sub-regional strategies and *State Planning Policy 4.2 – Activity Centres for Perth and Peel*, the State seems unaware of the impacts these will have on the ground and in established communities.

- State Government Policy changes - often these are imposed too quickly on local government without the State or local government fully understanding the implications of the changed policy. Although sometimes there is alignment in policy thinking (Network City and Directions 2031) there are significant differences between old and new policy and hurried implementation is often required without full understanding of the implications of this (SPP4.2).
- Ageing population – effect on services and on local government workforce capacity and ability to be competitive; and requirement to plan for an ageing population – and the associated requirements for services/facilities.
- Attracting and retaining competent staff – competing with State Government and resource companies for professionals in all disciplines.
- State Government currently being required to deal with 30 disparate local governments all of which are guided by different planning schemes, laws and policies, and the like.
- Environmental management/climate change – natural resource management issues are rarely confined to one local government area.
- Creature of the State – lack of consultation and devolution of responsibilities without the necessary funding – intergovernmental relations.
- One size fits all approach to local government by State Government.
- Economic sustainability – the State and the community are pushing for Local Government Authorities to do more and more, at a higher level, with less financial and human resources.
- Transformational projects that will increase the self-sufficiency of centres outside the Perth CBD and that will assist in the economic and social sustainability of a community, often require capital outlays that cannot be borne by Local Government Authorities. Financial assistance is needed from the State and Federal Governments.
- The new Building Act – budgetary and operational implications are still largely unknown. LGAs are competing with private certifiers for Building Surveyors and the Draft Regulations are still incomplete.
- Long term financial sustainability. The current Local Government financial model is dependent on property based rating for the bulk of its revenue which has inherent problems are likely to worsen in the long term. The base is too narrow; it has limited natural growth capacity, lacks transparency with values open to challenge and appeal, has a tenuous link to economic wellbeing and does not reflect capacity to pay. Local government needs access to broader based revenue sources that have a growth element.
- Managing community wellbeing, social cohesion and social tension as population growth drives higher densities, greater pressure on traffic and demand for more public transport, greater pressure and demand on shared public spaces and less private space, greater pressure on urban resources such as water and energy.

- Legislative change impacting on local government (for example, OSH Harmonisation Laws) which invariably increase requirements for compliance including reporting, approvals, and monitoring. There is almost always an additional cost, with no revenue to fund these additional costs (or certainly not the full cost) and in many cases there is no tangible increase in benefit or outcome as a result of the legislative change.

Question 2. *What changes or improvements in arrangements are needed between the State and local government sector for governing Perth?*

The City has identified a range of options including:

- More collaboration needed on policy formulation between State and Local Government.
- Remove the layers in decision-making – particularly planning – to improve efficiency and speed up processing timeframes.
- There needs to be very clearly defined responsibilities and jurisdictions. There are too many areas in which local government has limited responsibility where notionally it can make a decision but within State defined constraints and/or with State Agencies or Ministers required to ratify and/or able to override etc and that doesn't include the appeal process. Examples include planning approvals, rate exemptions, and differential rating.
- Accompanying the above is State control of fees and charges for services the Local Government is required to deliver. If Local Government is required to deliver a service then it needs to be able to set appropriate fees and charges relative to that service. Dog registrations, planning fees and charges, pool inspections, building fees, health fees are examples of either completely or partially State legislatively controlled fees and charges.
- Regional governance model for growth regions to ensure collaboration and concentrated and focused effort in planning, economic development and investment attraction.
- Greater alignment between planning and environmental approval processes, particularly for larger projects like the Ocean Reef Marina. Issues like Bush Forever prove to be very problematic as State planning and environmental agencies both wait to see how the other feels on a proposal affecting Bush Forever, which can have the effect of significantly delaying or overly complicating development approval processes. Even specialised consultants in both fields are confused about who should take the first step.
- Solid waste management – Council, at its meeting held on 11 October 2011 (*Item CJ198-10/11 refers*) gave consideration to the level of financial support the State Government provides for waste services in Western Australia, where it was resolved:

That Council:

- 1 *REQUESTS the Mayor to write to the Premier and the Minister for Environment encouraging the State Government to assist local governments with Municipal Solid Waste management issues and provide support in consideration of:*

- 1.1 *The severe funding pressures local governments incur in delivering Municipal Solid Waste services, and particularly for Resource Recovery Facility projects, and the concern that the current situation is not sustainable;*
- 1.2 *Direct financial assistance for local governments with Resource Recovery Facilities by the State Government as a matter of urgency, to address the severe financial difficulties being created by the operation and acquisition of these facilities; and*
- 1.3 *The reintroduction of the Resource Recovery Rebate Scheme, with an increase in the proportion of landfill levy revenue dedicated to waste management from 25% to 100%.*

This resolution acknowledged that whilst local government have been encouraged to dispose of their waste through resource recovery facilities, the State Government treats all its waste as commercial which disposed of in metropolitan landfills. This is an inequitable position and the State Government should be redirecting its waste from landfill to resource recovery facilities.

Since the introduction of the landfill levy and prior to June 2006, at least 50% of the collected levy was returned to local government to encourage resource recovery and recycling through the Resource Recovery Rebate Scheme (RRRS). There is a reasonable argument or hypothecation that all levy revenues should be applied to waste management, either in support of waste projects or in a subsidy scheme as existed with the RRRS.

In terms of further encouraging resource recovery and recycling, a scheme such as the RRRS, where the reward is proportionately linked to the quantity of waste recovered or recycled, is appropriate. There appears to be no rationale why landfill levy funds ought to be expended on general Department of Conservation non-waste activities, as is the case for at least 75% of current levies collected.

Alternatively, the levy could be abolished. However, this then no longer provides financial incentives for resource recovery as an alternative waste management to landfill.

Question 3. What services should local government provide in the metropolitan area?

The City of Joondalup believes that local government is uniquely placed to take a leadership role in facilitating sustainable development. Local government is the sphere of government closest to the people. It has always been required to be highly responsive and to deal with economic, social and environmental issues at the coalface by providing the services necessary to support the community.

In addition to the provision of services, local government has several key responsibilities that can greatly influence a community's ability to achieve sustainability. These include:

- Having a major role in the construction, operation and maintenance of economic, social and environmental infrastructure;
- Supervising the planning process and having direct influence over design approvals and the administration of the Planning Scheme;
- Having responsibility for the development and implementation of local policies and local laws;
- Implementing national and state environmental policies.

Furthermore, local government has a key role in forward planning. Promoting sustainability means changing the future. Local government is in the position to facilitate and build the capacity for change through the strategic municipal planning process.

Whatever services local government is best placed to provide – it is critical that the funding of local government is considered in parallel with its roles and responsibilities to address poor funding of the local government sector.

Question 4. How should local government be financed to provide those services?

Local government has long argued that it needs to find new and innovative solutions to the many challenges faced both to ensure its own sustainability and to meet the expanding needs and continued well-being of its constituents.

The Commonwealth Government has also recognised the need for local government reform, with the 2008 Productivity Commission report (Assessing Local Government Revenue Raising Capacity, Australian Government Productivity Commission, 2008 <http://www.pc.gov.au/projects/study/localgovernment/docs/finalreport>) identifying significant shortcomings in the future financial viability of Australian local government. The Australian Local Government Association commissioned PricewaterhouseCoopers to also undertake a national study on the financial sustainability of local government (<http://www.alga.asn.au/policy/finance/pwcreport> accessed 4 December 2011), a major recommendation of which was the establishment by the Australian Government of a Local Community Infrastructure Renewals Fund (LCIRF) and that the State/Territory governments should provide greater support to help local councils with sustainability challenges to better meet the needs of their communities..

At the State Government level, the approach to local government reform has been to focus on boundaries and voluntary cooperative efforts, and is yet to address the broader issue of intergovernmental relations; how statutory barriers to greater local government efficiency might be addressed; or how local governments can act in a more commercially efficient manner to achieve its objectives. As noted earlier in this Submission, the State Government gave an undertaking to review a range of key strategies in its 2009 reform announcement that were intended to address financial viability; however, none of these strategies have been progressed.

The effective coordination of funding between all levels of government was highlighted at the recent *Select Committee on the Reform of the Australian Federation: an agenda for reform*

(June 2011), where the Gold Coast City Council expressed, what is considered to be the widespread belief in local government, that “Australia’s State and Territory Governments fail to collaborate effectively to ensure local government receives adequate funding” (Select Committee, p87). In explanation the Council provided that there was ineffectual coordination between the Commonwealth and the States in relation to the drivers of population growth and the policies and expenditure flows to systematically identify and meet the needs of the community. Further, the Council stressed that “the gap between the community’s legitimate demands for infrastructure and services and the supply to meet those demand at the local level is even greater for rapidly growing areas” (Select Committee, p88).

It is noted that the Federal Minister for Local Government announced in November 2011 that there would be a review of infrastructure financing to identify new ways of unlocking investment dollars to meet local infrastructure needs. The terms of reference are to:

- Assess how effectively and efficiently local infrastructure needs are prioritised and subsequently funded by local government;
- Identify the sources of capital for future local infrastructure needs; and
- Identify the opportunities, best practice models and principles for the regional prioritisation and financing of local government infrastructure.

The Local Government Ministers' Forum also agreed (November 2011) to a range of other actions and reforms, including:

- Harnessing the opportunities for local government in a low carbon future, including from the Governments Clean Energy Future package;
- Endorsing a recent review of the Inter-Governmental Agreement and continuing the agreement which sets out a framework to prohibit cost-shifting between levels of government;
- Continuing reforms to underpin the financial sustainability of local government including a national framework to more rigorously assess local government performance and sustainability, and
- Discussing with the Hon. James Spigelman AC QC his panels work on the Constitutional Recognition of Local Government, with the panel due to present its findings in a report to Government in December.

Whilst local governments will welcome the terms of reference of the review it is whether any actions arise from the review that is of more interest given the number of reports previously undertaken that conclude the continued delivery of services by local governments is financially unviable.

Throughout this Submission the City has promoted improved intergovernmental relations and a review of responsibilities and roles as an integral step in an improved governance framework for the metropolitan area. However, there have already been a number of matters considered over the years with regard improving the viability of local government, which are provided below:

Vertical Fiscal Imbalance

The *Select Committee on the Reform of the Australian Federation Australia's Federation: an agenda for reform* (June 2011) expressed concern about the Australian model of federalism and the strong disparity between the revenue raising capacity of governments and their expenditure.

The Committee noted that Australia has one of the most severe vertical fiscal imbalances (defined as the discrepancy in revenue raising and expenditure between state and national levels of government), measured at 18.7 percent of total revenue in 2006, only Belgium, Spain and South Africa were in the same league. The result of this vertical fiscal imbalance is considered to be a “breakdown in accountability for cost-effective service delivery as different levels of government seek to attribute poor service delivery to each other's failings” (Business Council of Australia, *Modernising the Australian federation, A discussion paper*, 2006, p. 11, <http://www.bca.com.au/Content/101346.aspx> (accessed 1 December 2011)).

As discussed in more detail in chapter four of the Senate Committee's report, the role of local government in the Australian federation is an area of concern to the Committee, as recognition of its role – and the money to match – has been uneven. The Committee highlighted that this highly variable funding situation is widely conceded, such as by the House of Representatives Standing Committee on Economic, Finance and Public Administration in 2003, House of Representatives Standing Committee on Economics, Finance and Public Administration, *Rates and taxes: A fair share for responsible local government*, October, 2003, Chapter 6, <http://www.aph.gov.au/house/committee/efpa/localgovt/report/fullreport.pdf> (accessed 30 November 2011), and by the Productivity Commission in 2008 (Productivity Commission, *Assessing local government revenue raising capacity*, April 2008 <http://www.pc.gov.au/projects/study/localgovernment/docs/finalreport>, accessed 30 November 2011).

The Senate Committee summarise that in almost no other federation is local government such a minor player in government finances as a whole, and that only India and Malaysia have local government funded at the same proportion of GDP as in Australia (around five or six percent).

Shah (Anwar Shah (ed.), 'Introduction, Principles of Fiscal Federalism' in Anwar Shah (ed), *The Practice of Fiscal Federalism: Comparative Perspectives* (Vol IV), 2007, London: McGill-Queen's University Press, p. 5) provides that amongst OECD federations Australia stands alone, with local government in other countries receiving at least twice the amount of GDP as in Australia.

Sources of Local Government Revenue

Local government revenue consists of its own-source revenue and grants from other spheres of government, which vary considerably from State to State depending on legislative impediments; grant allocations; and ability to raise revenue.

Own-source revenue represents about 83 per cent of total revenue, aggregated at the national level (Productivity Commission, *Assessing local government revenue raising capacity*, April 2008 <http://www.pc.gov.au/projects/study/localgovernment/docs/finalreport>, accessed 30 November 2011). Together, property rates and fees and charges account for most of own-source revenue.

Revenue Raising and Community Well-being

The Productivity Commission (*Assessing local government revenue raising capacity*, April 2008 <http://www.pc.gov.au/projects/study/localgovernment/docs/finalreport>, accessed 30 November 2011) provides that the effective operation of local government is important to achieving the goal of promoting the well-being of local communities. This is a critical objective for the Panel to consider in relation to reform, and one that has been stressed throughout this Submission. As a result of the Productivity Commission's study, it established a set of principles that can play a useful role in guiding the revenue-raising (and expenditure) decisions of local government. The principles relate to:

- Sustainable financial management;
- Evaluation and priority setting;
- Core functions;
- Identifying costs of service delivery;
- Prudent borrowings;
- Rate setting and pricing of services;
- Responsibility and accountability;
- Openness and transparency;
- Providing services on behalf of other spheres of government.

From the City of Joondalup's perspective it applies these principles already, although to varying degrees, and which is evidenced within this report through, for example:

- High Customer Satisfaction Survey results;
- Modest rate increases in the past (in comparison to many other metropolitan local governments and relatively low rate increases of between 4-5% over the long term (*20 Year Strategic Financial Management Plan*), whilst still demonstrating financially sustainable outcomes (*MLGRP, Metropolitan Perth Local Governments – Average Residential Rate Increases 2007/08-2011/12*);
- Average residential rates in the dollar figures being comparably modest when benchmarked against other Perth Metropolitan local governments (*MLGRP, Metropolitan Perth Local Governments – Average Residential Rates Per Assessment 2000/2001 – 2009/2010*);
- Adoption of a Debt Strategy;
- Adoption of a Governance Framework;
- Establishment of a Strategic Financial Management Committee.

Whilst the City applies these principles to the way in which it undertakes its business, the wider and more rigorous application of them should provide local governments a

methodology to determine more effectively, those services that local communities really want and value and how much they are prepared to pay for them. In this way, local governments can enhance the well-being of their communities.

Statutory Barriers/Constraints

One of the key strategies of the State Government's package of local government in 2009 was recognition that it would address:

- Identification of proposals to amend the local government legislation to facilitate local government sustainability.
- Examination of the ability for local governments to form corporate identities to undertake urban regeneration projects and other business activities.

Neither of these commitments by the State Government has progressed, to the detriment of local government.

Local Government Enterprises

Local government has long argued that it needs to find new and innovative solutions to the many challenges faced both to ensure its own sustainability and to meet the expanding needs of its constituents.

WALGA's Discussion Paper *Local Government Enterprises as a Means of Improving Local Government* (2010) proposes a new model intended to empower local governments, with the consent of its communities through detailed consultation processes, the establishment of corporate entities known as *Local Government Enterprises*, governed by directors appointed for their relevant expertise, to manage and develop assets using normal commercial arrangements.

It is considered that the State Government needs to examine legislative change that will provide flexibility for local governments to act as a catalyst for long term strategic economic development initiatives that have the capacity to make contributions to the needs of local communities. As is demonstrated in the WALGA Paper, Western Australia is unique among Australian jurisdictions in that local governments are prohibited in utilising commercial enterprise structures for the benefit of their communities. In both Queensland and New Zealand, for example, it is common practice for local authorities to place their commercial activities in wholly-owned corporate subsidiaries under the control of external Boards. Some of these companies control assets valued at hundreds of millions of dollars that are run on a commercial basis but are ultimately owned and controlled by local government. In South Australia such separation is mandatory.

The need for alternative revenue streams other than rates is a matter that is well overdue for examination by the State Government.

The Discussion Paper presents a well considered case for change and as such, and is underpinned by a detailed process of reporting and accountability to ensure that an appropriate balance is maintained between transparency and commercial efficiency.

The Council of the City of Joondalup at its July 2010 meeting supported in principle the 'Comprehensive' Approach, as detailed within the WA Local Government Association Discussion Paper, involving General Repeal of the Statutory Constraints of The Local Government Act 1995, so as to enable Local Government to conduct itself under normal commercial procedures and structures for any or all of its non-regulatory operations, but with specific Legislative Provisions to govern the establishment and operation of corporate subsidiaries.

Fees and Charges

Local governments in Western Australia are restricted to the sources of revenue nominated under Section 6.15, of the Local Government Act 1995. Whilst they are permitted to impose fees and charge under Section 6.16 they are restricted to cost recovery for nominated fees and charges. In all circumstances, when setting the level of fees and charges, a local government is required to consider, amongst other things, the cost to the local government of providing the goods and services. As with rate setting a limitation on the charging of full costs is the willingness and ability of the community to pay.

Whilst establishing fees and charges at rates amenable to the community is a matter for individual local governments to determine, a significant issue related to fees and charges is where they are set by State Government for some of the services that local governments must, or choose to deliver. These fees are often set uniformly across all local governments and might be set at levels below the cost of service by local governments. This situation can pressure local governments to subsidise these services from rates revenue. Even in circumstances where delivery of services by local governments is voluntary, local community pressure may lead the local government to continue to provide the service, even though the statutory fee is below the cost of service (Productivity Commission, *Assessing Local Government Revenue Raising Capacity*, 2009), for example:

- **Dog Act 1976** – The Department of Local Government provide that dog registration fees are to be used to offset the costs associated with licensing dogs, including assisting with the administration and enforcement of the Western Australian Dog Act 1976. Dog Registration fees have not increased since 1995 although the cost of providing the service far exceeds revenue raised.
- **Town Planning and Development Act** - the fees set for town planning applications are reviewed every year but increases are nominal, if they are made at all. Sometimes, increases are by a few cents only. In some cases, the fees set do offset the cost of service, but with many planning applications, depending on the nature and complexity of the application the cost of service far outweighs the fee the local government is able to charge.

There is a need for the State Governments to undertake periodic reviews of the legislation and regulations they impose on local governments, to assess both their rationales and their benefits and costs.

Constitutional Recognition

The Panel will be aware of the campaign developed by ALGA to seek formal support for a 2013 referendum on local government constitutional recognition. The importance of this campaign is compounded further by the recent High Court decision of *Pape v Federal Commissioner of Taxation*, in which the High Court set out the limitations of the Australian Government's powers and, in doing so, clearly indicated that the Australian Government does not have the power to fund local government directly in all circumstances.

This could potentially impact on future Federal-local government funding arrangements, should the validity of current funding initiatives be challenged. The more immediate effect of this decision is a reduction in the certainty and security of funding for community services currently delivered by local governments through direct Federal assistance programs, as they would need to be directed through the States to administer (for example, the *Nation Building Roads to Recovery Program*).

Legal advice obtained by ALGA following the *Pape* decision, considers a successful referendum to amend section 96 of the *Australian Constitution* as a sufficient means of overcoming the issues raised in this case. (This would allow Parliament to grant financial assistance to local governments on any term and condition it thinks fit).

With regard constitutional recognition the City of Joondalup has on two occasions (July 2008 and March 2011) considered reports in relation to establishing a position on the constitutional recognition of local government within the *Australian Constitution*, resolving inter alia that it Supports symbolic and financial recognition for local government in the Australian Constitution so that the Federal Government has the power to fund local government directly.

The City of Joondalup is supportive of constitutional recognition in that it demonstrates the Federal and State Government's acknowledgement that a review of how social and physical infrastructure requirements are critical to meeting future community needs and strengthening the capacity of local government.

Revenue Sources – Grants and Rates

Rates

Rate revenue raised by local governments in Western Australia as a ratio of total revenue is comparatively high in relation to other States.

The Rates Charges of individual local governments depend fundamentally upon the level of services they provide. Local governments around Western Australia review programs and

services annually to reconcile them both with community expectations and available sources of revenue.

Different local governments across Western Australia charge rates at different levels depending upon a variety of factors. Some of these factors include:

- Alternative sources of revenue;
- Purpose for which land is used;
- Number of properties;
- Population demographics;
- New development.

The City of Joondalup undertook a comprehensive review of the various systems of rating used around Australia, all of which strive to distribute this revenue requirement between ratepayers as fairly and as equitably as possible, which is provided as an attachment for the Panel's information (*City of Joondalup Rating Report*).

Nationally and internationally, numerous studies, reports and enquiries have been undertaken to determine an *ideal* system of rating, however, results have been widely divergent, and often contradictory. As is detailed in the City's *Rating Report*, it is apparent that there is little consensus amongst policy-makers on the most acceptable theoretical approach to local government rating. Nevertheless, there are several objectives that are common to all. *Ideally*, a rating system should be:

- Effective and simple to administer;
- Easy to understand and explain;
- Transparent; and
- Fair and equitable.

Arguably the most important aspect of local government rating is the extent to which the system is *fair* and *equitable*. From the research conducted however, it is apparent that philosophical notions of 'fairness' and 'equity' can often be difficult to realise and are frequently influenced by contradictory moral, ethical and political beliefs. It is not surprising therefore, that this review of the various studies, reports and enquiries into local government rating reveal such opposing views.

The purpose of the *Rating Report* was to explore alternative methods of local government rating to determine the most fair and equitable system. In concluding however, it is clear that *no* method of rating is without criticism.

It is clear from this report and those produced by the Panel that the City of Joondalup, in comparison to other metropolitan local governments, is modest in relation to rate increases, average residential rates in dollar figures, and average rates charge.

The City of Joondalup, like most other local governments in Western Australia has a significantly high rates income ratio (62.01% for the City of Joondalup in 2010/11) and that alternative means of raising revenue is required if the City is to continue to meet the service delivery and infrastructure needs of the community.

Grants

The 2008 Productivity Commission report (Assessing Local Government Revenue Raising Capacity) provides that own-source revenue represents about 83% of total revenue, aggregated at the national level.

Although grants represent about 17 per cent of local government revenue when aggregated nationally, the level of grants also differs significantly across councils. Twenty five per cent of local governments receive 44 per cent or more of their revenue from grants. A small number of local governments (10 per cent) are highly dependent on grants, with their grants revenue accounting for more than 58 per cent of their revenue. These local governments represent about 0.4 per cent of the total population residing in local government areas. WALGA identified the relative decline in the value of Financial Assistance Grants as a proportion of national taxation revenue net of GST (from 1.01% in 1995/96 to 0.71% at present, as revealed in the ALGA Federal Budget submission 2008-09) (WALGA Systemic Sustainability Report 2006).

Mandurah City Council explained what it sees as an inequity in the system for distributing general purpose grant moneys to local governments in its submission to the Productivity Commission:

“Under the current distribution model, the General Purpose grant component is apportioned by the Commonwealth Grants Commission to State and Territory Grants Commissions on a per capita basis i.e. based on the population of each State and Territory. However, when the intra-State distribution occurs, these grants are then apportioned to Local Governments based on the principles of full horizontal equalisation and the minimum grant.

As a result of the existing Commonwealth-State-Local distribution method, outer metropolitan and inner regional Local governments in populous States such as NSW and Victoria automatically receive significantly larger grants – up to five times the grant received by similar sized WA Local governments - regardless of their actual need.”

Mark Newman, CEO

As an example, Mandurah compared the grant outcomes for three regional cities of similar size: Shepparton, Coffs Harbour and Mandurah. Despite their similar nature and populations, Mandurah's grant in 2006-07 was around \$1 million, while the other two received closer to \$5 million each.¹⁵

The WALGA Systemic Sustainability Report 2006 endorsed a campaign for enhanced funding with the following elements:

- The existing national campaign for Financial Assistance Grants to be underpinned by a fixed percentage of total Commonwealth Taxation (net of GST).
- The national campaign for the establishment of a Community Infrastructure Fund.

¹⁵ Senate Committee Report 2011 into Australia's Federation: An Agenda for Reform

- WALGA advocates for the current Roads to Recovery program to be established as a permanent funding source and escalated each year based upon the increase in Commonwealth Taxation Revenue.

5. Are there any State-provided services that local government might be better placed to provide? Conversely, are there any local government provided services which the State might be better placed to provide?

- Whilst it is not considered that there be any wholesale changes of services from State to local government there exist opportunities to resolve service arrangements:
 - Main Roads responsibility for traffic signage and line marking on local roads could be devolved to local government.
 - All changes to lighting infrastructure required to be done by Western Power when this is contracted out so an opportunity exists for local government to engage the contractors direct since local government pays for of the infrastructure in the end.
 - Various requirements for State planning approvals.
 - As previously mentioned State control of fees and charges for services delivered by local government.
 - Valuation services for rating purposes should be contestable.
- Wholesale changes the other way might include the issue of waste management. There needs to be a different model for delivering waste management across the metropolitan area. The current model is fragmented, very high risk for local government with some investments in technology getting up to \$100m. Even a regional council model and does not allow enough scale to be brought to bear to spread the risk. It is not necessarily a role for a State agency; it could be an independent body. The problem at the State level is that the rhetoric doesn't match the action with a significant cost burden placed on waste management in the form of the waste levy to encourage waste diversion but none of that is actually used to assist waste diversion.

Question 6. *What are the limitations or restrictions on local government doing more or in delivering current services more effectively or efficiently?*

Limitations on the ability of local governments to increase services or improve functionality can be classified into three categories:

- Inconsistent capacity;
- Political imperatives; and
- Government duplication.

With regard to the first category of capacity, local governments across Metropolitan Perth currently experience significant variances in size, skill and financial capability. The reform process seeks to remove these divergences by strengthening capacity across the industry to deliver improved services. However, a 'one-size-fits-all' approach is unlikely to be an

effective means of achieving improvements if local governments are forced to follow a strict and inflexible model of governance that does not reflect varying circumstances. Particularly with regard to blanket legislative provisions by State Governments that do not have applicability to local governments in rural areas, or alternatively, metropolitan areas. Greater capacity will improve functionality, however, this needs to be complemented with greater flexibility for local governments to make localised decisions.

With regard to the second category, local government will always be affected by political decision-making, as some Councils will choose to deliver specific services on the basis of political outcomes rather than appropriate service delivery models. This is no different to the circumstances currently experienced by State or Federal Governments, however, it is important to acknowledge that a reform process will not resolve issues of political decision-making at the local level, regardless of the capacity and ability of the administration. Training and development of Elected Members will likely improve the situation, but it will never be removed entirely.

Lastly, efficiencies within local government are difficult to improve upon if duplications in approval processes at State and Federal levels are continued. Streamlining decision-making is essential to enabling delays and replications to be avoided. For example, the requirement of the WAPC to approve Local Structure Plans and Local Planning Policy amendments, that are already restricted by State and Regional planning requirements.

Question 7. Bearing in mind the Panel's terms of reference in relation to improved structures and governance models to better meet the needs of the community, are there any major changes to key legislation which are essential or desirable?

In keeping with the City's general position that the reform process should facilitate an outcome whereby local governments are able to experience improved capacity to deliver services sustainably and into the long term, there are many legislative changes required to achieve this. However, some of the more key changes would include:

New Approaches

Local Government Enterprises

As previously mentioned, Western Australian local governments should be provided with the capacity to deliver services to their community through an "arms-length" subsidiary by introducing provisions into the *Local Government Act 1995*, *Local Government (Functions and General) Regulations 1996* and *Local Government (financial Management) Regulations 1996* to allow the establishment of local government enterprises and joint ventures.

Details on the specific amendments required were drafted by WALGA in its 2010 Discussion Paper, *Local Government Enterprises as a Means of Improving Local Government*.

In considering the above Discussion Paper, the City of Joondalup Council resolved at its meeting on 20 July 2010 to *“support in principle the ‘Comprehensive Approach’, as detailed within the WALGA Discussion Paper...so as to enable local government to conduct itself under normal commercial procedures and structures for any or all of its non-regulatory operations, but with specific legislative provisions to govern the establishment and operation of corporate subsidiaries.”*

Regional Local Governments

Amendments to the *Local Government Act 1995* should be pursued with the objective of increasing opportunities for flexibility in regional governance structures, including regionally based service models. (WALGA, *Systemic Sustainability Report*, 2008).

Bureaucratic Impediments

In addition to the red-tape reduction amendments agreed to by the *Local Government Reform Steering Committee*, the following amendments are also considered appropriate:

Fees and Charges

Legislation that caps or controls the fees and charges that local government can levy for services they are expected to provide, should be removed to provide flexibility for local governments to effectively recoup the costs associated with providing these services

Town Planning

It is contended that certain planning processes, such as the approval of Local Structure Plans and Local/District Scheme Amendments, should not be subject to external approval processes as it is considered an unnecessary duplication, unlikely to result in a difference of outcomes. The decision to approve or amend these planning documents should rest with the local government, given the constraints placed on their content through adopted State Planning Policies anyway.

In saying that, opportunities for appeal within the legislation are supported.

Development Assessment Panels

The new Development Assessment Panels are considered to be inefficient and a more costly process than the former system where local governments considered their own large development applications.

There are circumstances arising whereby developers are intentionally splitting up developments to avoid the DAP process and as such, their legislative establishment should be removed.

Question 8. Are there opportunities to streamline local government service delivery?

This question has been addressed in other sections, however primarily the City contends that enhanced relations between all three spheres of government with clarification on the respective roles and responsibilities would provide enhanced policy decisions and coordinated service delivery and enhanced policy decisions.

In a submission to the Select Committee on the Reform of the Australian Federation Professor Brown A.J Brown noted:

While there are now various models for what an ideal federal system might look like, they are all predicated on strengthening local and regional governance, and including those levels in our thinking about the share of responsibilities that needs to be devolved rather than centralised.

The City sees regional governance arrangements as a mechanism for streamlining local government service delivery and, as mentioned previously, has put significant effort into development cooperative regional governance mechanisms in place in order to progress economic development, tourism development, regional infrastructure planning.

There are significant efficiencies to be gained in service delivery through regional cooperation and coordination - The City recently organised a successful major Forum for key stakeholders in order to align and coordinate the visions and future plans for Joondalup for all of the major stakeholders, and to inform the development of the City's new 10 Year Community Strategic Plan. Presenters included:

- Department of Planning
- Edith Cowan University
- Joondalup Health Campus
- Landcorp
- Lend Lease
- Department of Housing
- WA Police (Police Academy)
- West Coast Institute of Training.

As also mentioned previously, the Cities of Joondalup and Wanneroo have been trying to secure State Government support for the establishment of a regional governance body to coordinate and manage economic development and infrastructure planning in the North West Metropolitan Region of Perth – without success.

The development of a Regional Governance Framework is sought in order to achieve:

- An effective, transparent and co-ordinated implementation mechanism to strategically respond to the needs of the North West Metropolitan Region;
- A reporting mechanism to State and Federal Government;
- Engagement and commitment from key stakeholders;
- A high level of consensus of direction in infrastructure priorities;
- Mechanisms and planning strategies to generate timely key employment land supply;

- Integrated infrastructure planning to activate economic development in a timely manner;
- Clarification of roles for Federal, State, local government and agencies.

It is the City's view that a Regional Governance Body would do much to enhance the strategic capacity of the Cities of Joondalup and Wanneroo and provide a mechanism for both local governments relating more efficiently and effectively to the Commonwealth and State Government.

10. Appendices

- 10.1 City of Joondalup Strategic Position Statements
- 10.2 City of Joondalup Strategic Planning Framework
- 10.3 City of Joondalup Checklist to Local Government Reform Steering Committee (2009)
- 10.4 City of Joondalup Submission Minister for Local Government Voluntary Reform Initiative (2009)
- 10.5 Summary of Major International, National and Local Awards to City of Joondalup
- 10.6 City of Joondalup 20 Year Financial Management Plan
- 10.7 Comparison Selected Financial Ratios - Cities of Joondalup, Stirling and Wanneroo
- 10.8 Customer Satisfaction Ratings – Benchmarked with other Local Governments
- 10.9 City of Joondalup Regional Governance Framework
- 10.10 Future Challenges for the City of Joondalup - Australian Government Direction in Relation to Urban Development Policy (2010)