

9 IMPEDIMENTS TO STRUCTURAL REFORM AND PROCESSES TO BE ADOPTED TO FACILITATE STRUCTURAL REFORM

9.1 TERMS OF REFERENCE

The Board's terms of reference for this review require it to address:

- **Identification of impediments to structural reform including but not limited to legislation impediments and options to overcome these impediments, which should include but not be limited to legislative changes and provision of financial and non-financial support by the State Government.**
- **The procedures and processes (legislative or otherwise) which need to be adopted to facilitate the implementation of the above changes.**

Given the strong links between these two terms of reference, they are considered together below.

9.2 ISSUES RAISED IN SUBMISSIONS

Impediments and possible solutions raised are as follows:

- The poll provisions in the Act and the State Government's current policy of 'no forced amalgamations' are seen as impediments to amalgamation.
- Finance is also identified as a major impediment. This is expressed in a number of ways such as the initial costs of establishing an amalgamated local government or regional council; lack of financial assistance or incentives from the State Government to either amalgamate or establish a regional council; and the perception that an amalgamated local government would receive less funding from the Commonwealth through the Local Government Grants Commission than the total that the local governments received prior to amalgamation.
- The perceived negative social impacts to the smaller of the amalgamating local governments. There is a fear that, if a smaller local government were to amalgamate with a larger one, the community of the smaller local government would suffer irreparable damage, including loss of services, loss of jobs, loss of community identity and loss of community assets.
- The current inability to conduct elections of a new local government early in the amalgamation process, so that the amalgamation can be 'guided' by a council, and/or allowing the community to vote for regional council members.
- The setting up of community boards, one board for each local government area as it was prior to an amalgamation. The boards to meet two to three times a year and report to the new council.
- There are no 'models' for local governments to use to assist with the amalgamation process, the development of regional councils or the provision of non-financial assistance. However, the Department is currently preparing a document to assist with the implementation of amalgamations and it is expected to be available through the Department's website in the near future.
- An amalgamation process may result in duplication of senior staff and consequent redundancy costs.

- Excessive compliance costs in relation to operation of regional local government.
- Retention of staff for two years following an amalgamation, as required by the Act, is costly and inefficient.
- The City of Perth submitted that the Act provides relatively little guidance on structural reform, mainly on boundary changes only, which is considered insufficient to deal with the extensive range of reform issues intended to be raised.

9.3 ISSUES FROM THE BOARD'S EXPERIENCE OF UNDERTAKING INQUIRIES

There are two issues that the Board has found to be impediments to structural reform that have arisen from its work in undertaking inquiries over a ten year period.

- The lack of flexibility to make significant amendments to a proposal without having to proceed with an additional public submission process.
- The lack of ability to create a consequential proposal arising from a proposal.

9.4 ADDRESSING THE ISSUES

The issues raised are discussed in detail under the following headings.

- 1) Legislation
 - i. Amending proposals
 - ii. Consequential proposals
- 2) Assistance: financial and non-financial
- 3) Impacts on the community
- 4) Regional local governments
- 5) Conduct of early elections in the amalgamation process
- 6) Retention of staff for two years following an amalgamation

9.4.1 Legislation

The Department has identified two broad legislative approaches that can be taken. The Act can be amended or new legislation can be introduced and these options are discussed below.

Amendments to *Local Government Act 1995*

Schedule 2.1 of the Act includes provisions about creating, changing the boundaries of, and abolishing districts. Clause 8 provides the ability for electors affected by an amalgamation to demand that a poll be held.

For a poll to be held, clause 8 prescribes that the following process should be followed:

- a. Where the Local Government Advisory Board (the Board) recommends to the Minister the making of an order to abolish two or more districts (the districts) and amalgamate them into one or more districts, the Board is to give notice to affected local governments, affected electors and the other electors of districts directly affected by the recommendation about the recommendation.

- b. The notice to affected electors has to notify them of their right to request a poll about the recommendation under subclause (3).
- c. If, within one month after the notice is given, the Minister receives a request made in accordance with regulations and signed by at least 250, or at least 10%, of the electors of one of the districts asking for the recommendation to be put to a poll of electors of that district, the Minister is to require that the Board's recommendation be put to a poll accordingly.

In relation to determining the result of a poll, clause 10 (2) prescribes that if at a poll:

- at least 50% of the electors of one of the districts vote; and
- of those electors of that district who vote, a majority vote against the recommendation,

the Minister is to reject the recommendation to amalgamate or change boundaries.

The practical operation of the 'poll provisions' has been that previous Ministers have been required to reject a number of amalgamation proposals due to the results of polls conducted. These include the proposals to amalgamate the Towns and Shires of Northam and Narrogin respectively, and the Shire of Greenough and the City of Geraldton. In all cases, the polls were called for and held in the districts with the smaller populations.

It is worthwhile noting that Schedule 2.1 of the Act has been recently amended as part of *Local Government Amendment Act 2004*. Previously, the CEO of the affected local government was responsible for conducting a poll regarding amalgamation. Given the potential impact of an amalgamation on the employment status of a CEO, it was considered inappropriate for the CEO to be involved in the conduct of the poll.

The amendments will require polls to be conducted by the WA Electoral Commission. The questions to be asked in the poll and the arguments for and against an amalgamation proposal will be prepared by the Board. Information distributed during the poll process must not breach any of the electoral provisions in the Act. This includes the requirements in relation to the printing and publication of electoral material and the making of misleading, false or defamatory statements.

It is anticipated that the new provisions will help to ensure that voters have access to more comprehensive and factual information of the advantages and disadvantages of an amalgamation proposal. However, whether this will result in change to the outcome of a poll is untested.

Option 1 – Remove poll provisions

Clearly, one option is to amend Schedule 2.1 of the Act to remove the poll provisions. If this amendment was made, amalgamations could be implemented once the Minister had approved a Board recommendation to amalgamate. The power for the Minister to request an indicative poll of electors would still remain.

Advantage

The advantage of this approach is that the risk of amalgamation proposals being prevented due to the result of elector polls would be removed. As stated above,

without the poll provisions, a number of amalgamations would have taken place in recent years.

Disadvantage

The major disadvantage is that the removal of the poll provisions could be perceived as removing a democratic 'right' from the public. This may be criticised by local governments and the community. In addition, it may also be contrary to previous Government decisions in relation to community involvement in decisions that affect them.

In 2003, when the Town of Vincent council proposed to change the method for electing their Mayor from elected by the electors, to elected by the council, there was significant concern raised by the then Minister for Local Government and Regional Development. As a consequence, amendments to the Act were subsequently made so that decisions of this nature would require a rigorous consultation process before being implemented. The justification for making this amendment was that the removal of the democratic right of a community to elect their own Mayor or President should not be taken away without community approval.

Option 2 – All affected districts polled and votes combined

Given the potential disadvantages with option 1, another option is to amend the poll provisions of Schedule 2.1 so that when a poll is conducted, the electors of all districts affected by a proposal are polled. This proposal was previously requested by the Board during the development of *Local Government Amendment Act 2004*. However, the then Minister was not supportive of the proposal. It should be noted that the South Australian legislation includes provisions of this nature.

In this option, a poll is held in each local government affected, but that when determining the outcome of the poll, the votes cast are combined. The current provisions where the number of votes cast must exceed 50%, for the poll result to be binding, will remain. An example using an amalgamation proposal with two local governments will help to demonstrate the method proposed.

Local government A – majority of electors favour amalgamation. 2,000 electors vote and 60% (1,200) vote in favour of the amalgamation.

Local government B - majority of electors oppose amalgamation. 500 electors vote and 20% (100) vote in favour of the amalgamation.

When the polls are combined, 1,300 out of 2,500 (52%) electors that voted support the amalgamation proposal. In this case, the proposal would proceed even though there is strong opposition in the smaller local government.

Advantage

Experience has demonstrated that, with the current legislative provisions, the electors of a small local government, threatened by amalgamation, can thwart change by voting 'no' and, as such, a small number of electors have a considerable influence over the much wider poll.

Based on the experience of previous amalgamation attempts, the views of a small local government, which strongly opposes amalgamation, will be given less weight

when combined with votes from a more populous local government. The effective ability of a small local government to veto change will be lost and, as such, it would be expected that a greater number of amalgamations would take place.

Disadvantage

Similar to option 1, the disadvantage of this option is that it could be perceived as taking away a democratic right from the community. However, given that under this option there will still be a poll conducted seeking the views of the community, this criticism is not as strong as it is for option 1.

Nonetheless, it reinforces any negative perception that the amalgamated local government will be dominated by the larger of the two local governments.

If the intention of amending the legislation is to facilitate a greater number of amalgamations, there is still the possibility that, under this option, amalgamations could be prevented by the outcome of a poll. That is, there is no guarantee that the electors in the larger local government will always vote in favour of a proposal.

Option 2a – All affected districts polled and results averaged

This proposal is similar to option 2, however, when deciding the outcome of a poll, the results from each poll are averaged. Using the same example as used in option 2, the impact that this can have on the result of a poll can be indicated.

Local government A - 60% (1,200 out of 2,000 electors) vote in favour of the amalgamation.

Local government B – 20% (100 out of 500) vote in favour of the amalgamation.

The average of 60% and 20% is 40%. As such, in contrast to option 2, the proposal would be rejected using this method of counting.

The advantage of this option is that it treats each local government equally irrespective of the population. Unfortunately, the Department does not have any statistics that would indicate the outcome of polls using this method in recent amalgamation proposals.

Option 3 – Introduce specific restructuring legislation

Another option is that specific legislation could be introduced to effect amalgamations. The *City of Perth Restructuring Act 1993* is an example of legislation specifically introduced to address a Government decision to restructure local government boundaries. This Act allowed for the former Perth City Council to be split into four local governments, the City of Perth and Towns of Cambridge, Victoria Park and Vincent.

Similar legislation could be introduced to deal with specific amalgamation proposals once they have been identified.

In addition to the description of the amalgamation, the 1993 Restructuring Act included provisions about commissioners, elected member representation, wards,

timing of the first elections, asset distribution and the application of town planning schemes.

Other matters that could be included in restructuring legislation include the following.

- To offset some of the negative aspects arising from 'forced' amalgamations, provisions that require the Mayors/Presidents and possibly other elected members from the pre-amalgamated councils to be commissioners.
- A requirement to also appoint elected members or members of the community as commissioners. Alternatively, the method by which commissioners seek the views of the community could also be detailed in legislation. For example, it may be appropriate for a community reference group or community board to be established which would be asked to provide views on certain matters.
- Another option is for provisions that require the State Government, or commissioners, to make certain information about the amalgamation process publicly available. Involvement of the community, through a formal communication strategy, will demonstrate a degree of openness and reduce concerns that the community is being excluded from the amalgamation process. In turn, this will assist with minimising the potential for a negative influence of the community.

It is considered that consultation/communication with the community is a key component in ensuring the success of any amalgamation proposal. As such, this matter should be the subject of a detailed strategy if this option is agreed to.

Advantages

Given the processes that the Board is normally required to undertake in relation to consideration of amalgamation proposals, the timeframe for the development of amalgamation proposals under this option would be reduced.

Once legislation is passed by Parliament, there is 100% certainty that amalgamations will take place.

Disadvantages

Again, the removal of the poll provisions will remove a democratic right from the community. Offsetting this, however, is that given amalgamation legislation will be required to be passed by Parliament, there will be the opportunity for the views of affected parties to be raised with and considered by Members of Parliament.

As discussed above, to offset the removal of the poll provisions, any new legislation developed could include provisions that ensure the community is formally involved in the implementation of amalgamation proposals. This involvement is not proposed to enable the community to prevent amalgamations.

Discussion

If the objective for making legislative amendment is to increase the likelihood that amalgamation proposals are implemented, Options 1 and 3 will both equally achieve this goal.

However, the adoption of Option 3 could result in opposition from key stakeholders (local government and some sections of the community), as it would indicate a change of Government policy to one of 'forced' amalgamations. The adoption of Option 1 could also result in similar criticism, as it may be construed as an underhanded mechanism to force amalgamations.

To minimise this opposition, a public communication and consultation strategy could be developed and implemented. This strategy would include a wide range of initiatives including the rationale for the benefit of structural reform and the future activities that are planned by the State Government.

The Department of the Premier and Cabinet's Citizens and Civics Unit publishes a manual "Consulting Citizens: A Resource Guide". The Guide sets out very clearly how all Government Agencies should conduct public consultation. In each case of amalgamation the local communities should be consulted in accordance with the Guide, so that the process of change for the community can be managed well and the fear in the community minimised. A central tenet to community consultation is to target all the different community groups, eg indigenous, youth and non indigenous, so that the consultation process is inclusive and thorough.

The poll provisions have stifled attempts at amalgamation in recent years. In addition, the Government's 'no forced amalgamation' policy has not encouraged widespread consideration by local governments of possible amalgamation options.

As a consequence, it is recommended that a combination of both specific legislation for amalgamation proposals, and an amendment to the Act to remove the poll provisions (options 1 and 3), be introduced to implement the amalgamation and other structural reform proposals agreed to by the Board. The specific legislation required to give effect to amalgamation proposals is covered in a later section of the report.

Given the potential for criticism that this approach may cause, the Government should consider undertaking a comprehensive public communication and consultation program prior to the legislation being introduced into Parliament. The economic, social and environmental benefits to both local communities and the State as a whole should be clearly articulated and promoted.

RECOMMENDATIONS

1.19 That Schedule 2.1 of the *Local Government Act 1995* be amended to remove the poll provisions.

1.20 That the Government undertake a comprehensive public communication program prior to the legislation and boundary changes occurring.

9.4.1 (i) Amending proposals

Currently Schedule 2.1 of the Act includes clause (4 (3)) requiring the Board to undertake a further public submission period if it decides that "*the scope of the formal inquiry is to be significantly different*" from the inquiry it has already

conducted. The Board must also prepare another report to the Minister on the amended proposal.

The Board has never used this clause because its experience has been that dealing with a proposed boundary change more than once has caused a lot of confusion amongst members of the community. To avoid this confusion, the Board has preferred to recommend to the Minister that the proposal be rejected, and therefore no change has taken place.

For example, the Board conducted public consultation as part of its inquiries into possible changes to the boundaries of the Cities of Wanneroo and Stirling. There were no specific boundary options to present to the public and a range of ideas were suggested. When the Board later conducted public consultation as part of a formal inquiry with proposals with specific boundaries, it caused a lot of confusion and anger. Having put forward their ideas in the earlier process, members of the public were confused about why they were being consulted again about what they perceived were the same issues. Where the proposal was different to suggestions made from the public, there was some anger from a perception that the earlier process had not taken their views into account.

In the current inquiry the Board has recommended that the Minister submit two proposals to it for new boundaries for the City of Bunbury. The Board supports extending the boundaries of the regional centre but is not certain about exact boundaries until it could do some further investigation of the sustainability of each proposal, particularly in relation to financial sustainability. The two proposals would be assessed concurrently though at the end of the inquiry the Board may find that another option provides a better combination of boundaries. Another round of public consultation may be necessary but the new option may have already emerged from public discussion in the first round of public consultation. In this case a second round of public consultation would be unproductive.

This issue could be resolved by eliminating the need for the Board to re-advertise and making it optional for the Board to re-advertise. This would give the Board the flexibility to re-advertise where it thought it was appropriate to do so (such as in the case of a major change in scale or scope), but would eliminate the need to do so if the Board felt that the community had already discussed various options.

Advantage

The Board has more flexibility to amend proposals to create change rather than recommending that the Minister reject proposals, and the status quo remain.

Disadvantage

A change from requiring the Board to re-advertise to giving the Board the option to re-advertise a change to a proposal could be seen as taking away a democratic process for community consultation. The Board could be perceived as implementing its own agenda rather than responding to the proposals it receives.

RECOMMENDATION

- 1.21 That the Schedule 2.1 of the *Local Government Act 1995* be changed to eliminate the need for the Local Government Advisory Board to re-advertise a changed proposal and making it optional for the Local Government Advisory Board to re-advertise.**

9.4.1 (ii) Consequential proposals

There have been situations where the Board has received a proposal for a boundary change that improves the situation of one local government. However, the impact of this change on adjacent local governments has not been considered by the proponent, nor is it required to be considered. In some cases electors that have submitted the proposal have not had the facilities or resources to provide an assessment of the remaining areas of adjacent local governments.

For example, a proposal was submitted by some electors of the Shire of Greenough to enlarge the boundaries of the City of Geraldton. After its inquiry the Board did not support the proposal for several reasons, one of which was that it did not believe that the remaining Shire of Greenough could deliver services to the current standard. Currently there is no provision within Schedule 2.1 for the Board to do anything about an area that is remaining if it is not part of a proposal. Limited discretion in relation to the impact of a proposal on adjacent local governments would be helpful. For example, in the preceding example, if the Board had supported the proposal for other reasons, discretion to incorporate the remaining Shire of Greenough into adjacent local governments would have been helpful and would have allowed the proposal to be supported fully.

This issue could be resolved by giving the Board limited discretionary powers in relation to parts of adjacent local governments that are impacted by a proposed change. These powers could require the Board to consult with the proponents and other key stakeholders (for example, local governments) prior to making a consequential proposal. The Board could then have the option of re-advertising the consequential proposal for public consultation if it was considered appropriate.

Advantage

Where the Board supports a proposal for boundary change it can recommend it along with any other consequential change to adjacent local governments. Currently the Board has to reject the proposal if the remaining parts of other local governments are not sustainable and the status quo remains. This is particularly important for electors who submit proposals who do not have the facilities or resources to provide extensive examination of all aspects of a proposal.

Disadvantage

The Board may be perceived as implementing its own agenda rather than responding to the proposals it receives.

RECOMMENDATION

- 1.22 That Schedule 2.1 of the *Local Government Act 1995* be changed to allow the Local Government Advisory Board limited discretionary powers to make a consequential proposal related to adjacent parts of local governments that are affected by a proposal for boundary change.**

9.4.2 Assistance: financial and non-financial

Non-financial assistance

It is clear from the submissions that a number of local governments lacked knowledge about how to facilitate and implement an amalgamation process. Many submissions asked for models or guidelines and non-financial assistance from the Department to help with the process. The Department's document in preparation, the guide to implementing amalgamations, will be most useful.

It was also suggested that the Local Government Advisory Board should tour the regions *"to explain what the options are."*

Financial assistance/incentives

Submissions have also emphasised that a financial assistance and incentives package is essential to facilitate structural reform in local government.

The likely reduction in financial assistance grants is often cited as an impediment to structural reform. The WA Local Government Grants Commission has addressed this point as far as it is able, through the policy cited earlier in this report, to the effect that the combined general purpose grant to the newly amalgamated local government will be increased every year, for a period of five years, by the annual percentage increase in the pool of funds provided to WA by the Commonwealth Government.

Many of the smaller local governments have no capacity to start the process of structural reform without assistance, and these are the very local governments which need structural reform the most in order to maintain the level of services for their communities.

Discussion

A budget submission is being progressed to enable the Department to offer a comprehensive financial assistance and incentives package to encourage local governments to achieve structural reform through various approaches ranging from resource sharing to amalgamations. The budget submission seeks to provide a range of grants over a four year period to assist local government with developmental costs, implementation costs; staffing costs, such as redundancies and hiring new staff; and small capital costs, such as IT systems, as detailed below:

- Feasibility Analyses
To enable Departmental staff to promote the initiative to local governments by working with local governments to obtain support from all parties to examine the feasibility of structural reform. To also provide grants to enable a project consultant to undertake a feasibility analysis for one or more local governments.
- Facilitation/Development Grants
Grants to assist local governments with the cost of developing a proposal up to full implementation stage, which may include the development of IT, administration and record systems to enable participating local governments to operate on a shared basis.
- Implementation Grants
Grants to assist with the logistics of setting up the new amalgamated local government or shared systems. This may include grants for the acquisition or retirement of staff and other resources for the new structure to operate.
- Amalgamation Grants
Provisions of grants or incentives to be made available to local governments which have amalgamated under this process of structural reform to assist with implementation costs.

The Board would like to underline the importance of the budget submission to the overall success of structural reform of local government in Western Australia.

RECOMMENDATION

- 1.23 The Local Government Advisory Board strongly endorses the State Budget submission made by the Department of Local Government and Regional Development in relation to the provision of financial and non-financial support for local governments undertaking structural reform initiatives and that it be supported by the Government.**

9.4.3 Impacts on the community

Background

Of the three most commonly voiced impediments, the most difficult to deal with is the perceived loss of community in regional, rural and remote communities. Submissions from small local governments express their fear that they will lose both their identity as well as many services if their local government is amalgamated with a larger local government. Local governments are often the largest employer in a district, for example, the Shire of Narrogin has a population of 746 and the Shire employs 16 people, and Menzies has a population of 360 and employs 20 people. For people in small local governments, amalgamation would be understood to mean the loss of their local government employees. Table 20 on page 98 shows the number of FTE's in each local government, together with the total population and the ratio of FTEs to populations.

The impact on the community would not only be the loss of locally delivered local government services. If, for example, a local government amalgamated and its 20 employees were moved to the larger centre, the town could potentially lose 40 people, if just a few of the employees were married and had children. If the children attended the local school, the withdrawal of even a small number of children could put the school's viability at risk in the worse case scenario, but would almost certainly mean the loss of a teacher from the school, and thus another person/family leaves town. The loss of population means the local shops become less viable and so the town continues to spiral down. Many towns have already suffered the loss of banks and schools. The major consolidation and withdrawal of services of the banking industry in the mid-1990s resulted in negative social and economic outcomes for affected communities. The potential loss of the largest employer in town is something that creates a very real fear for the community. Some of the so called 'doughnut' local governments, however, do not have schools and have towns with lower order functions, so the impact of a loss of the Shire would be less than in cases where there is a larger town and a school and so on.

To offset this potential negative impact of local government amalgamations, it would be preferable for some services to continue to be delivered out of the office(s) of the previous local governments. Some ways of doing this include maintaining the presence of some administrative and operational staff in each of the towns where local governments were based prior to amalgamation. This would alleviate some of the opposition to amalgamation which might otherwise eventuate. For example, a senior officer could be based at each of these local government's administration centre, with the road maintenance team located at one local government, the finance team at another, the parks and gardens team at another and so on.

The Board was advised of the specified area rating system implemented by the Shire of Lake Grace, which enables the local community in each of the four towns in the Shire to fund the desired level of recreation facilities in their town. This could be a model for other local governments created as a result of amalgamations where there will be services to maintain in two or more towns.

Another method to address the type of negative influences on regional communities as described above, is for the State Government to implement funding and other assistance programs. The Government has previously responded to such issues in a number of ways.

For example, the former Department of Commerce and Trade implemented the Futures Workshops program. In this program, facilitated workshops were held to assist affected communities to start the process of opening a community bank (Bendigo Bank). The Regional Collocation Scheme (now run by the Department of Local Government and Regional Development) was established in response to Government agencies withdrawing staff from regional areas. This program allows State Government agencies to achieve cost savings by sharing services in the same building without withdrawing staff.

Another example of the State Government providing support to communities occurred as part of the Protecting Our Old Growth Forests policy. In this case, the

negative impact to businesses and communities was offset by a range of financial and non-financial support programs.

Discussion

The issue of loss of the largest employer in a community is one that needs to be addressed early and openly in the structural reform process. To communicate options to address the loss of employment is essential. The model for the delivery of different services from each member local government administration centre will convey that jobs will stay in the community. Redundancy packages will also help to address the issue.

However, in some situations it is likely that redundancies and continuation of delivery of specific services from local governments that existed prior to amalgamation will not adequately address a community's needs. Redundancies offer a buffer for those able to move to find new employment, but are not a long-term solution if a person does not wish to move away to seek new employment. In some amalgamations it may not be possible for the new local government to maintain a presence in all of the communities within the new local government. Such situations should be monitored to determine whether there is a need for the State Government to intervene with the provision of assistance programs.

RECOMMENDATION

- 1.24 That the Local Government Advisory Board recognises the impact that structural reform can have on regional communities and supports structural reform models where these impacts will be minimised, including arrangements where the delivery of specific services is undertaken from each of the administrative centres of the local governments that existed prior to an amalgamation, and the use of specified area rating to maintain service levels in local governments where there are multiple towns.**

Table 20 Local Government Population and Full Time Employees

Local Government	FTEs	Population (2004)	Ratio Pop./FTEs	Local Government	FTEs	Population (2004)	Ratio Pop./FTEs
State Total	12,679	1,982,204	156	Waroona (S)	46	3,555	77
Sandstone (S)	11	150	14	Wiluna (S)	12	953	79
Murchison (S)	10	162	16	Augusta-Margaret River (S)	142	11,380	80
Westonia (S)	14	238	17	Boddington (S)	17	1,375	81
Menzies (S)	20	360	18	Northampton (S)	41	3,320	81
Perth (C)	527	10,469	20	Merredin (S)	41	3,499	85
Trayning (S)	17	364	21	Esperance (S)	155	13,293	86
Yalgoo (S)	15	328	22	Plantagenet (S)	53	4,621	87
Brookton (S)	47	1,049	22	Leonora (S)	21	1,924	92
Koorda (S)	20	473	24	Ashburton (S)	65	5,987	92
Kent (S)	24	577	24	Bridgetown-Greenbushes (S)	43	3,972	92
Mount Marshall (S)	25	616	25	Donnybrook-Balingup (S)	51	4,723	93
Nungarin (S)	11	272	25	Peppermint Grove (S)	18	1,679	93
Mingenew (S)	20	558	28	Gingin (S)	48	4,528	94
Perenjori (S)	20	585	29	York (S)	35	3,323	95
Kulin (S)	29	879	30	Bassendean (T)	143	14,078	98
Dumbleyung (S)	21	679	32	Denmark (S)	51	5,128	101
Goomalling (S)	29	961	33	Katanning (S)	42	4,245	101
Mukinbudin (S)	20	670	34	Irwin (S)	30	3,040	101
Upper Gascoyne (S)	11	370	34	Chittering (S)	32	3,323	104
Narembeen (S)	27	911	34	Roebourne (S)	147	15,302	104
Bruce Rock (S)	31	1,061	34	Manjimup (S)	91	9,875	109
Wandering (S)	10	345	35	East Pilbara (S)	51	5,535	109
Woodanilling (S)	11	389	35	Canning (C)	716	79,600	111
Carnamah (S)	20	710	36	Northam (S)	33	3,669	111
Tammin (S)	12	439	37	Toodyay (S)	37	4,237	115
Dowerin (S)	21	792	38	Narrogin (T)	39	4,482	115
Williams (S)	23	873	38	Port Hedland (T)	105	12,487	119
Quairading (S)	27	1,041	39	Broome (S)	120	14,273	119
Mullewa (S)	27	1,059	39	Subiaco (C)	136	16,399	121
Tambellup (S)	17	682	40	Geraldton (C)	157	19,051	121
Cue (S)	9	367	41	Carnarvon (S)	49	6,340	129
Three Springs (S)	18	745	41	Busselton (S)	193	25,950	134
Broomehill (S)	12	507	42	Vincent (T)	192	26,632	139
Morawa (S)	21	906	43	Derby-West Kimberley (S)	63	8,776	139
Wagin (S)	42	1,816	43	Wyndham-East Kimberley (S)	54	7,678	142
West Arthur (S)	21	908	43	Claremont (T)	64	9,142	143
Wickepin (S)	16	694	43	Collie (S)	62	8,938	144
Kondinin (S)	23	998	43	Kalgoorlie/Boulder (C)	204	29,452	144
Kojonup (S)	50	2,190	44	Cambridge (T)	152	24,656	162
Cranbrook (S)	24	1,057	44	Halls Creek (S)	25	4,274	171
Dalwallinu (S)	36	1,592	44	Albany (C)	184	31,652	172
Wyalkatchem (S)	15	665	44	Mandurah (C)	338	58,587	173
Kellerberrin (S)	26	1,153	44	Nedlands (C)	126	21,964	174
Victoria Plains (S)	21	932	44	Kwinana (T)	131	22,893	175
Chapman Valley (S)	21	959	46	Bunbury (C)	176	31,314	178
Narrogin (S)	16	746	47	Dardanup (S)	54	9,805	182
Mount Magnet (S)	16	759	47	South Perth (C)	209	38,413	184
Laverton (S)	25	1,208	48	Belmont (C)	167	30,960	185
Shark Bay (S)	20	968	48	Capel (S)	48	8,905	186
Gnowangerup (S)	29	1,434	49	Serpentine-Jarrahdale (S)	67	12,443	186
Corrigin (S)	23	1,184	51	Mosman Park (T)	45	8,594	191
Boyup Brook (S)	30	1,547	52	East Fremantle (T)	36	6,885	191
Dundas (S)	22	1,150	52	Bayswater (C)	295	56,565	192
Cuballing (S)	14	736	53	Swan (S)	474	91,697	193
Jerramungup (S)	22	1,174	53	Murray (S)	61	11,831	194
Coorow (S)	25	1,358	54	Harvey (S)	97	18,948	195
Cunderdin (S)	24	1,308	55	Northam (T)	32	6,290	197
Nannup (S)	22	1,213	55	Mundaring (S)	176	35,558	202
Wongan-Ballidu (S)	27	1,500	56	Cottesloe (T)	37	7,617	206
Ravensthorpe (S)	24	1,344	56	Greenough (S)	62	13,172	212
Yilgarn (S)	30	1,692	56	Melville (C)	452	97,541	216
Lake Grace (S)	27	1,530	57	Stirling (C)	821	181,079	221
Pingelly (S)	20	1,149	57	Victoria Park (T)	125	28,632	229
Fremantle (C)	453	26,266	58	Armada (C)	219	52,478	240
Ngaanyatjarraku (S)	28	1,683	60	Cockburn (C)	295	74,606	253
Meekatharra (S)	25	1,532	61	Gosnells (C)	332	90,096	271
Beverley (S)	25	1,585	63	Wanneroo (C)	346	100,432	290
Exmouth (S)	35	2,271	65	Rockingham (C)	280	81,847	292
Dandaragan (S)	42	2,956	70	Kalamunda (S)	170	50,202	295
Moora (S)	36	2,569	71	Joondalup (C)	464	158,216	341
Coolgardie (S)	52	3,875	75	State total	12,679	1,982,204	156

Source: ABS (population) and local government information returns to WA Local Government Grants Commission (FTEs).

9.4.4 Regional local governments

i) Members of the public voting for members of the regional local government council

Background

Currently sitting councillors from member councils are appointed to regional councils by a decision made by each member council. Given the potential for an expanded role of regional local governments (RLGs), the issue of the community being able to vote for members of a regional council was raised in several submissions.

Discussion

Providing the community with the power to elect members to a regional council could sever the direct links to the member councils that currently exists with councillors having the dual role of being on both the member and regional council. This would introduce the potential for conflict between the elected members of the member councils and the regional local government. It would also add to costs by having to conduct an additional election.

RECOMMENDATION

1.25 That there be no change to the method by which members of a regional council are appointed.

ii) Alternative RLG model

Background

The NEWROC submission raised concern with the level of compliance, reporting and administrative load required to operate a RLG established under the Act. In addition, it suggests that RLGs are viewed with suspicion, due in part to a loss of autonomy by member local governments and the ability of a RLG to impose its will on member local governments. Other participants in the review have also indicated that the administrative and compliance requirements of a RLG are an impediment to a wider use of regional councils.

NEWROC proposed that the Act be amended to provide an alternative regional arrangement model, which in terms of formality of the relationship, would fall somewhere in between a VROC and a RLG.

Discussion

The submission from NEWROC did not provide detail about the nature of the suggested amendments to the Act. At the time of this inquiry the Board was not able to obtain more information from NEWROC on the specific amendments required and this will be followed up further.

While there is a compliance, reporting and administrative workload required to operate a RLG, there is also the potential for savings in this area as the RLG can serve to reduce the duplication of work. For example, instead of each member local government tendering for particular goods and services, the RLG can undertake this role.

Given the above discussion, it is recommended that there be no amendment made at present.

iii) Expanded role for RLGs

Background

Traditionally, regional local governments have been used by local government to perform discrete functions, such as waste removal and management, environmental research, economic development, tourism promotion and so on. These functions have generally only formed a small proportion of the total workload of the member local governments.

One of the models of structural reform supported by the Board is the establishment of regional local governments where a significant proportion of operational, decision making and administrative responsibilities are transferred from the member local governments to the RLG. As part of this model, the member local governments would have limited roles and responsibilities. This could range from simply providing advice to the regional council, to limited decision making power on matters affecting its district.

For example, the councils of member local governments may be responsible for making decisions on matters such as building and planning applications made in their districts. However, they may only be required to provide input into regional wide matters such as annual budgets, plans for the future of the district, town planning schemes, local laws, tenders, infrastructure and capital works programs and the like. The RLG would be ultimately responsible for these matters.

It has been suggested that, given the RLG will take on a greater operational role, the Act should be amended so that the compliance and administrative workload for member local governments is reduced accordingly.

Discussion

It is not considered necessary to amend the Act to allow for the expanded role of a RLG. The Act already requires for establishment agreements to be made which include the scope for the allocation of the roles and responsibilities of the RLG and the member councils.

Given the above discussion, it is recommended that there be no amendment made.

RECOMMENDATION

1.26 That no amendments be made at present to the *Local Government Act 1995* provisions regarding regional local governments.

9.4.5 Conduct of early elections

Currently the Act allows for the appointment of commissioners for a period of up to two years to manage an amalgamation process, and it is current Government policy to retain commissioners for the full two-year period before conducting elections. It was suggested in a submission, that in the case of the amalgamation of the Town and Shire of Albany, the practical implications of waiting for two years before conducting elections alienated the community (through a lack of ownership of the

process) and resulted in a great deal of negative feedback and criticism of the amalgamation process.

The Act does not disallow elections of a new amalgamated local government early in the process. The suggestion to hold early elections to give the community a sense of ownership of the process and to give the 'new' local government the ability to embark on long-term plans and budgeting for the community has merit and should be included as an option in any models developed.

The Board agrees that local governments should be provided with the option of conducting elections early in an amalgamation process in order to facilitate long-term planning, include the community, and avoid negative feedback

RECOMMENDATION

1.28 That the *Local Government Act 1995* be amended to provide local governments with the option of conducting elections early in an amalgamation process in order to facilitate long-term planning, include the community, and avoid negative feedback.

9.4.6 Retention of staff for two years following an amalgamation

Schedule 2.1 cl. 11 (4) of the Act states that staff from amalgamating local governments are not to have their contract of employment terminated or varied unless:

- a) compensation acceptable to the person is made; or
- b) a period of at least 2 years has elapsed since the order had effect.

It has been suggested that this provision is both costly and inefficient, and is an impediment to the amalgamation process. It was also suggested that the State Government provide funding assistance for the cost of redundancy packages.

Background

This provision has been raised as an issue in the past with a view to amending the time period of guaranteed employment from two years to one year. At the time, the then Minister was not in favour of reducing the time period to one year, and consequently the proposal did not proceed.

The view was taken that the staff of the amalgamating local governments have done nothing wrong in terms of their work performance. As such, to terminate their employment for efficiency measures without adequate compensation would be unfair.

Discussion

The interests of the social and economic well-being of a community, especially in those areas where the local government is the largest employer, must be weighed against the need for cost savings and the efficient operating of the newly amalgamated local government.

In small rural communities, former local government employees may have difficulty in finding alternative employment in the district. To retain a two year period provides these employees with time to adjust to the change.

To minimise the negative impact of amalgamations, it is considered inappropriate to amend this provision.

While the Board agrees it is desirable for the State Government to provide funding to facilitate structural reform, the provision of funds for redundancy packages is not considered a priority.

RECOMMENDATION

1.29 That no amendments be made at present to the *Local Government Act 1995* provisions regarding the retention of staff for two years following an amalgamation.

10 IMPLEMENTATION OF REFORMS

This report makes large number of recommendations about structural reform. There is a range of complementary recommendations required to give effect to, and assist the implementation of the priority recommendations.

For example, there are already a number of VROCs and regional councils in WA, and this report recommends that this number be increased through the formation of new local governments and groups in areas where these organisations presently do not exist.

In addition, the Board believes there may be merit in bringing together the VROCs and regional councils in an annual meeting to discuss matters of common interest. This might be best progressed through WALGA. It is understood, for example, that the Queensland LGA organises an annual ROC assembly for this purpose.

In South Australia, the structural reform legislation provided for transitional requirements, including the preparation of financial and management plans for 3 years for the proposed new local government. These plans were to include a broad vision statement for the new local government, transition plans with proposed implementation of new organisational structure, process for adoption of financial systems and common accounting policies, advice on valuing recording non current assets and planned improvements to asset management systems, plans to improve management of financial risks (Local Government Boundary Reform Board 1999)

10.1 FUNDING

The Department has developed funding schemes to assist local government in resource sharing initiatives.

- Connecting Local Governments Forum Support Grant.
- Connecting Local Governments Feasibility Study Grant.
- Connecting Local Governments Implementation Grant.
- Other Funding (for innovative projects which progress and showcase the potential for resource sharing and collaboration).

To implement the reforms suggested in this paper, a more extensive program of support needs to be developed with a much increased level of funding. It is recommended that a fund be established by the State Government to support and promote reform measures in local government over a four-year period commencing in 2006/07. Administration of this fund should be similar to other funds administered by Department such as the Regional Investment Fund. Without such funding being provided, the Board believes local government structures are unlikely to change and the sustainability of many smaller local governments and communities will remain under threat. Moreover, it is important that the State Government take a lead role in the restructuring of local government. Many of the smaller rural, regional and remote local governments are not, even collectively, in the position to undertake appropriate studies or employ consultants and facilitators.

The Board noted the situation with previous reform efforts, in that limited (if any) State funding was provided to facilitate reforms following the 1996 SRAC report. Consequently, little real reform was achieved. More recently, funds were provided to assist the Geraldton-Greenough communities to progress the issue, and this was effective in that both the subsequent studies and negotiations have resulted in both councils resolving to proceed with an amalgamation. The provision of funding will enable a holistic approach across the State, and draw into the process the many individual local governments which to date have demonstrated an inability to embrace the reform process.

The Board noted previously in this report that a similar fund was established in Queensland in November 2005. The Queensland Government initiated a five-year \$25 million *Regional Collaboration and Capacity Building Program*, the objective of which is to improve the capacity and efficiency of local government services through support for activities such as:

- Collaborative service delivery between local governments.
- Regional coordination / planning of services, best practice initiatives and regulatory services.
- Joint sharing of facilities and/or resources.
- Boundary changes or amalgamations.

Under the Queensland program, funding will comprise up to 50% of eligible costs for projects that meet the program's objective. The Queensland Government's initiative is intended to provide support for groups of local governments to undertake comprehensive studies to ascertain the opportunities and feasibility of providing joint facilities or services. Following the conduct of comprehensive studies, funding will be available to assist with implementation.

It is understood that a new resource proposal is being considered within Government for the development of a similar program for Western Australia, to support increased resource sharing, regional cooperation and amalgamations in WA local government. Under this proposal, funds would be made available for:

1. Feasibility analysis – to undertake a feasibility analysis on behalf of one or more local governments to determine the viability of a proposal.
2. Facilitation/development costs - to assist with the cost of developing a proposal up to full implementation stage, such as for example the development and design of IT, administration and record systems
3. Implementation costs - to assist with the logistics of implementing the new amalgamation or shared systems from implementation to acceptance. Financial grants for the acquisition or retirement of staff and other resources for the new structure should be considered.

The Board strongly supports this proposal for grants to be made available to local governments to assist with overheads associated with structural reform.

Summary

The provision of funding incentives by the State are most important to provide local governments with the necessary financial support to explore opportunities for the sharing of resources and possible amalgamations. The creation of a dedicated local government reform fund will provide local governments and communities with incentives to embrace structural reform and deliver improved services to their communities. The Board strongly endorses the new resource proposal being considered within Government for the development of a structural reform funding program for Western Australia, to support increased resource sharing, regional cooperation and amalgamations in local government.

11 SPECIFIC REFORMS FOR WA LOCAL GOVERNMENT - Amalgamations

The Board's terms of reference for this review require it to address:

- **The identification of local governments where amalgamations may be the most effective and efficient method of achieving future economic, environmental and social sustainability.**

The Board has identified a number of areas of the State where it believes there is sufficient evidence to suggest that amalgamations may be the most effective and efficient method of achieving future economic, environmental and social sustainability. These are detailed in this section of the report and in the attached appendices.

Major regional and country centres find themselves under pressure to provide family services, health services and transport facilities for the population beyond the boundaries of the local government district. Adjoining local governments that by virtue of their location do not have to provide major facilities or services can present as a very sustainable local government. If the residents of one local government can use the services of another the operating costs and the associated depreciation costs reside with the service provider (Back 2006). Structural reform in such areas is a matter of equity.

11.1 REGIONAL CENTRES AND LOCAL GOVERNMENTS IN RURAL WESTERN AUSTRALIA

In 1996 the Structural Reform Advisory Committee (SRAC) recommended "*That the Local Government Advisory Board assess the boundary and joint service arrangements between councils in the Albany, Bunbury, Geraldton, Mandurah, Narrogin and Northam areas.*" (p 27) These areas were regarded as the 'doughnut' councils of rural Western Australia characterised by a growing urban centre of regional significance that, in most cases, had outgrown the original Town or City local government boundary and expanded into the surrounding local government/s.

In response to the SRAC report the Minister for Local Government wrote to the Chairman of the Board noting the aforementioned SRAC recommendation and asking the Board to inquire into it.

Between 1997 and 1999 the Board conducted its initial assessments and later formal inquiries proposed by the Minister for all the identified areas except Mandurah. As a result of these and related processes, the Shire and Town of Albany were amalgamated to form the City of Albany on 1 July 1999. Board recommendations for the amalgamation of the City of Geraldton with the Shire of Greenough, the Town of Northam with the Shire of Northam and the Town of Narrogin and the Shire of Narrogin were the subject of elector polls at the request of respective electors of the Shires of Greenough, Northam and Narrogin. The recommendations were defeated at the polls and this result was binding on the Minister. Consequently there were no other changes to local government boundaries in these areas at that time.

Since these inquiries the Board has received one further proposal affecting the Geraldton area. In 2003 some electors of the Shire of Greenough proposed to

extend the boundaries of the City of Geraldton to include the urban areas of the Shire. The Board conducted a formal inquiry into this possible boundary change and recommended that the proposal be rejected. Whilst the Board noted that some aspects of the proposal improved the current situation, it did not support the creation of a Shire that was not viable and unable to deliver services to the current standards. The Board also concluded that in relation to the prescribed matters of community of interest and economic factors in particular, the current local government boundaries were not satisfactory.

At the time of this inquiry the Board became aware that the Shire of Greenough and the City of Geraldton had begun a process to examine options for part or whole amalgamation of the two local governments. The Board offered its support to this process and believed that it was important for the community and the future of Geraldton as a regional centre. In December 2005 and February 2006 the Board received proposals from both local governments for the amalgamation of the City of Geraldton and the Shire of Greenough. The Geraldton region is the subject of a section of this report and the proposals are discussed in this section.

How is a regional local government defined?

The Board acknowledges the strategic significance of the regional centres in rural WA for the State and for the regions. The Board believes that strong regional centres are essential to the social, economic and environmental sustainability of Western Australia.

In its work examining local government boundaries in regional areas since 1997, the Board has been confronted with the question of how to define the local government boundaries of a regional centre. An anomaly exists in WA where Bunbury, Geraldton, Narrogin, Northam and to a lesser extent Mandurah are regarded locally, regionally and nationally as regional centres and yet the configuration of local government boundaries results in a regional local government that is constricted in its ability to plan and act regionally. In addition, issues of equity arise when the regular users of the facilities and services of a regional local government include a significant number of people who are not ratepayers of the local government.

Each of these areas has its own unique character, strengths, weaknesses and history with the surrounding local governments. Although the requirements of social, economic and environmental sustainability may vary in each area, the Board has prioritised the following principles to guide its assessment and recommendations.

Social sustainability

The population of a regional local government includes the current and proposed urban areas surrounding the Central Business District and those adjacent areas that have a strong community of interest with the regional centre.

Economic sustainability

A regional local government has within its boundaries existing or proposed major infrastructure including ports, airports, major highways, railways and significant utilities as required.

A regional local government has within its boundaries commercial and retail areas that service a population greater than that within its own boundaries.

A regional local government has within its boundaries existing or proposed industrial areas.

Environmental sustainability

The boundaries of a regional local government have regard for Region Plans and Statutory Plans (in process, completed or proposed) to take into account the future development and sustainability of the area.

For the purpose of this structural reform inquiry, the Board prioritised an examination of the situation of local government boundaries in the Bunbury, Geraldton, Mandurah, Northam and Narrogin regions to explore whether change could improve the regional strength of these centres now and into the future.

Appendices 8 to 12 examine the Bunbury, Mandurah, Northam, Narrogin and Geraldton regions using the principles outlined above within the context of social, economic and environmental sustainability.

11.2 CREATION OF A METROPOLITAN PERTH LOCAL GOVERNMENT

One option put to the Board during the review was to create a new 'super' local government for the entire Perth metropolitan area. This could be as a single local government area, or in conjunction with the existing local governments (with some amendments) in a two tier system.

Submission

The submission from a Member of Parliament suggested there

"should be a single, unified Metropolitan Area Council created to assist with the management of complex city-centric issues including, but not limited to transport, urban planning and associated population infill.

"The advantages of single councils are clearly evident in Brisbane, Queensland, and Auckland, New Zealand. All metropolitan issues requiring specialist skills including, but not limited to urban planning, population growth and infill, policing, health, delivery of basic services such as water and power and handling of environmental issues such as the recycling of storm, grey and industrial waste water to be under the jurisdiction of the Metropolitan Area Council.

"The necessity for State Parliament to adjudicate on local issues such as the location of sporting arenas, hospitals building codes, building developments, building restrictions and transport routes should be removed and this role encompassed within Metropolitan Area Council's administrative jurisdiction. It is an absolute requirement that all issues involving Metropolitan Area planning and development be placed under a single administrative system, totally focussed on city-centric management requirements."

A recent editorial in the Sydney Morning Herald has suggested a single entity for Sydney to replace the “*intricate patchwork of tiny fiefdoms*”, the 40 councils which currently service Sydney (10 February 2006).

Examples of city-wide local governments

Reference is often made to the City of Brisbane, which has one large council for its metropolitan area. In 1925, the Queensland State Parliament passed the City of Brisbane Act to set up a single government in Brisbane. Before this, the Brisbane area had been divided up into 20 local authorities and joint boards. The Act reduced the number of aldermen for the Brisbane area from more than 200 down to 26. The Brisbane City Council now has 26 wards, and residents in each ward elect a councillor to represent their community's needs. All Brisbane City residents elect the Lord Mayor.

While the Brisbane City Council area covered most of the urban area of Brisbane when it was created, metropolitan Brisbane now spreads into eight adjacent local government areas.¹

In a somewhat similar vein, an enlarged City of Auckland was created in 1989 through a merger of nine local governments, part of the revolutionary restructuring of the New Zealand local government system that occurred in that year. Despite the City's large population (over 400,000) metropolitan Auckland spreads well beyond the City Council area.

The creation of ‘super’ local governments for the greater metropolitan areas has been a feature of structural reform in some Canadian provinces in recent years (see Table 21 on page 113). These reforms have intended “*to create a better match between the fiscal and technical capacities of municipalities and their responsibilities in an age of substantial constraints on spending throughout the public sector*” as well as for “*managing growth, providing more equity in public finance and organising police services on larger and more effective geographic areas*” (Burns 2004). A number of the metropolitan authorities have community councils, but in Toronto's case, each community council represents between 300,000 and 600,000 residents. Montreal has 26 boroughs, with three councillors each, with administrative control of some basic services such as refuse collection and building licenses, but no revenue or policy powers (LeSage and Garcea 2002).

Review

With all of the above Canadian examples, the metropolitan area constitutes generally about 20% to 30% of the province population (Winnipeg is the highest at 53%). The same could be said to be true of Auckland and Brisbane. In other words, the metropolitan area is generally home to much fewer than half of the provincial population.

¹ Beaudesert, Caboolture, Ipswich, Logan, Pine Rivers, Redcliffe, Redland as well as the City of Gold Coast.

Table 21 Population in Selected Metropolitan Areas and Provinces/States

City	City Council Population	City population as percent of metropolitan area	Province / State	Province / State Population	City Council population as percent of Province / State
Calgary	956,078	90%	Alberta	3,183,312	30.0%
Edmonton	712,391	70%	Alberta	3,183,312	22.4%
Halifax	359,111	96%	Nova Scotia	938,134	38.3%
Montreal	1,583,590	44%	Quebec	7,598,100	20.8%
Quebec City	528,595	77%	Quebec	7,598,100	7.0%
Toronto ²	2,481,494	47%	Ontario	12,449,502	19.9%
Winnipeg	619,544	88%	Manitoba	1,165,944	53.1%
Auckland	401,500	32%	New Zealand	4,061,400	9.9%
Brisbane	957,010	43%	Queensland	3,879,842	24.7%
Perth	10,469	1%	WA	1,982,204	0.5%
Hypothetical 'Greater' Perth	1,457,639	100%	WA	1,982,204	73.5%

Source: ABS and various Provincial websites.

Greater metropolitan Perth however, comprising 73.5% of the State's population, would constitute an entity almost as large as the State, and the council might become a 'de facto' State Government, and the Lord Mayor a de facto Premier, embracing about three-quarters of the State's population. The potential for conflict between State and local government entities might not be in the best interests of the State or the metropolitan community.

The creation of a single Perth local government such as that proposed would widen the debate about what is local government. Many participants in this review tended to see local government as a smaller, more accessible, community level entity. A single Perth local government may be monolithic and risk alienating the community at large from connecting with their local government, or at least struggle to maintain community connections without extensive consultation and supplementary representation measures (eg community councils, as in, for example, Halifax, Canada). Johns, writing about metropolitan Perth in 1950, felt it was unlikely that the problems of metropolitan local government will be solved by a "*greater city movement*", and that "*problems must be solved by modification and adjustment rather than complete recasting of the present structure*" (1950:73).

The Board is of the view that while change in the structure of local government in the Perth metropolitan region is desirable, the creation of a single Perth local government is not a desirable option, having regard to the other options available.

² Created under *The Fewer Municipal Politicians Act of 1999* (LeSage and Garcea 2002)

12 RECOMMENDATIONS FOR SPECIFIC AREAS

In the boundary changes recommended in this report the Board has recommended changes that are largely constrained by the existing boundaries of local governments. In this sense the recommended changes are essentially a first step. Further work could be done to further refine the boundaries for a better fit with communities and regions.

After detailed analysis, specific recommendations are made in respect of the following:

12.1 METROPOLITAN PERTH

Western Suburbs (see Appendix 6)

Amalgamation of the local governments of Cambridge (part), Claremont, Cottesloe, Mosman Park, Nedlands, Peppermint Grove and Subiaco is recommended on the basis of planning, equity, efficiency and environmental concerns, to achieve future economic, environmental and social sustainability of these communities (in conjunction with the transfer of a part of Cambridge to Stirling and part of Stirling to the new western suburbs local government).

This amalgamation to be effected by legislation.

RECOMMENDATION

- 1.1 That the Minister legislate for the amalgamation of the local governments of Cambridge (part), Claremont, Cottesloe, Mosman Park, Nedlands, Peppermint Grove and Subiaco, to form a new western suburbs council (in conjunction with the transfer of a part of Cambridge to Stirling and part of Stirling to the new western suburbs local government) as soon as possible.**

South West Metropolitan Region (see Appendix 7)

Amalgamation of the local governments of the City of Fremantle and Town of East Fremantle is recommended on the basis of planning, equity, efficiency and environmental concerns to facilitate the development of the regional centre and to achieve future economic, environmental and social sustainability of these communities. This amalgamation to be effected by legislation.

RECOMMENDATION

- 1.2 That the Minister legislate for the amalgamation of the City of Fremantle and Town of East Fremantle as soon as possible.**

12.2 REGIONAL CENTRES

Bunbury Region (see Appendix 8)

Amalgamation of the local governments of Bunbury, Capel, Dardanup and Harvey (part) is recommended on the basis of planning and environmental concerns to facilitate the development of the regional centre and to achieve future economic, environmental and social sustainability of these communities.

This amalgamation to be progressed via referral to the Board for a formal inquiry, in conjunction with the Mandurah inquiry, given the need to consider the implications for the intervening areas.

RECOMMENDATION

- 1.3 That the Minister submit two proposals to the Local Government Advisory Board for boundary change in the Bunbury region (to be considered concurrently):**

One proposal to be the amalgamation of the City of Bunbury with the Shires of Capel and Dardanup and including a southern part of the Shire of Harvey (Australind and Leschenault existing and proposed urban areas, Binningup, Kemerton Industrial Park and Brunswick Junction). The balance of the Shire of Harvey to be included with the Shire of Waroona.

The second proposal to be the amalgamation of the City of Bunbury with the Shires of Capel and Dardanup and including a southern part of the Shire of Harvey (Australind and Leschenault existing and proposed urban areas and Brunswick Junction). The balance of the Shire of Harvey to be included with the Shire of Waroona.

Mandurah Region (see Appendix 9)

Amalgamation of the local governments of Mandurah and Murray is recommended on the basis of planning and environmental concerns to facilitate the development of the regional centre and to achieve future economic, environmental and social sustainability of these communities.

This amalgamation to be progressed via referral to the Board for a formal inquiry, in conjunction with the Bunbury inquiry, given the need to consider the implications for the intervening areas.

RECOMMENDATION

- 1.4 That the Minister submit a proposal to the Local Government Advisory Board for the amalgamation of the City of Mandurah with the Shire of Murray.**

Northam Region (see Appendix 10)

Amalgamation of the local governments of the Town and Shire of Northam is recommended on the basis of planning and environmental concerns to facilitate the development of the regional centre and to achieve future economic, environmental and social sustainability of these communities.

This amalgamation to be effected by legislation.

RECOMMENDATION

- 1.5 That the Minister legislate for the amalgamation of the Town and Shire of Northam as soon as possible.**

Narrogin Region (see Appendix 11)

Amalgamation of the local governments of the Town and Shire of Narrogin and Shire of Cuballing is recommended to support and enhance social sustainability in particular, and to facilitate the development of the regional centre to achieve future economic, environmental and social sustainability of these communities.

This amalgamation to be effected by legislation.

RECOMMENDATIONS

1.6 That the Minister legislate for the amalgamation of the Town of Narrogin with the Shire of Narrogin and Shire of Cuballing as soon as possible.

1.7 That the Minister ask the Board to carry out a further examination of the boundaries of the new local government in relation to adjacent local governments, to be undertaken in three (3) years time.

Geraldton Region (see Appendix 12)

The Board has received proposals from both the Shire of Greenough and City of Geraldton for amalgamation of the two local governments. Amalgamation of the local governments of Geraldton and Greenough is recommended on the basis of planning and environmental concerns to facilitate the development of the regional centre to achieve future economic, environmental and social sustainability of these communities.

This amalgamation to be effected by legislation.

RECOMMENDATIONS

1.8 That the Minister legislate to form a new City of Geraldton-Greenough by amalgamating the City of Geraldton with the Shire of Greenough as soon as possible.

1.9 That the Minister submit a proposal to the Local Government Advisory Board in three years time for the development areas immediately north of the new local government (including residential areas and the Oakajee Industrial Estate) to be included within the new local government.

It is recommended that amalgamations and boundary changes affecting the above metropolitan and regional centres be considered a priority for the State Government.

The Board believes that in the case of the Geraldton, Narrogin and Northam, the Minister should legislate for these changes to ensure that the changes are implemented as soon as possible. There has been extensive public consultation on proposals in these areas in recent years and it is considered that legislative action is required to bring about change.

The Board believes that in the cases of Bunbury and Mandurah there is a strong case for change. However, there needs to be further consideration of the implications for the adjacent local governments, and more public consultation. Rather than direct legislative action in the short term, a formal proposal to the Board

from the Minister may be the appropriate course of action to allow for further consideration and more public consultation on the issues. These areas should be the priority for consideration through the formal inquiry process.

The Board believes there is a strong case for change in the western suburbs and for an amalgamation of Fremantle and East Fremantle. Given the history of opposition to any boundary change in these areas in response to previous inquiries, and given the strength of the arguments for change, the Board believes it is appropriate for the Minister to legislate for these changes to ensure that the changes are implemented as soon as possible.

12.3 FURTHER RESEARCH AND ANALYSIS VIA FORMAL ENQUIRIES

The following areas have been identified as areas where amalgamations may also be the most effective and efficient method of achieving future economic, environmental and social sustainability. In the time available, the Board has not been able to make a detailed assessment of these areas, but the Board has heard and gathered evidence to suggest that the amalgamation option should be considered in detail. In general these are considered as desirable subjects for formal inquiry.

- A consideration of the potential for amalgamation of the Town of Bassendean and City of Bayswater, for community of interest and equity reasons. This would need to be considered in conjunction with adjacent local governments, particularly areas of the Cities of Swan and Stirling and other local governments, as there may be other alternatives which will need to be examined.

It is recommended that the Minister submit this proposal to the Board for a formal inquiry to be conducted.

RECOMMENDATION

1.13 That the Minister submit a proposal to the Local Government Advisory Board for the amalgamation of the Town of Bassendean and City of Bayswater, in conjunction with a review of the boundaries of adjacent local governments, particularly areas of the Cities of Swan and Stirling.

- A consideration of the potential for boundary changes in the southwest sector of metropolitan Perth, with the objective of developing more logical boundaries. This would include addressing minor boundary anomalies (such as in the Leeming area), as well as a possible division of the Town of Kwinana between the Cities of Cockburn and Rockingham.

It is recommended that the Minister submit this proposal to the Board for a formal inquiry to be conducted.

RECOMMENDATION

1.14 That the Minister submit a proposal to the Local Government Advisory Board for the division of the Town of Kwinana between the Cities of Cockburn and Rockingham and minor amendments to boundaries in the south west metropolitan area.

- A consideration of the potential for a division of the Town of Victoria Park between the Cities of South Perth and Belmont, for community of interest reasons.

It is recommended that the Minister submit this proposal to the Board for a formal inquiry to be conducted.

RECOMMENDATION

1.15 That the Minister submit a proposal to the Local Government Advisory Board for the division of the Town of Victoria Park between the Cities of South Perth and Belmont.

- A consideration of the potential for an amalgamation of the Shire of Katanning with the Shires of Broomehill and Woodanilling, for community of interest and equity reasons.

It is recommended that the Minister submit this proposal to the Board for a formal inquiry to be conducted.

RECOMMENDATION

1.16 That the Minister submit a proposal to the Local Government Advisory Board for the amalgamation of the Shire of Katanning with the Shires of Broomehill and Woodanilling.

- A consideration of the potential for amalgamation of various local governments of the Wheatbelt, Midwest and Great Southern Regions. Local governments should be given the opportunity and funding assistance to implement amalgamation and other options in the short term.

It is recommended that the Minister submit a proposal to the Board in 2009 for an assessment of progress on structural reform in these regions, and for a detailed study of each region, with recommendations on further amalgamations and other reforms if appropriate (see Appendix 13 re Wheatbelt Region).

RECOMMENDATIONS

1.10 That local governments be given the opportunity and funding assistance to implement amalgamation and other structural reform options as a means of achieving future economic, environmental and social sustainability.

1.12 That the Minister submit a proposal to the Local Government Advisory Board in 2009 for an assessment of progress on structural reform in the Wheatbelt Region, and for a detailed study of the region with recommendations on further amalgamations and other reforms if appropriate.

1.17 That the Minister submit a proposal to the Local Government Advisory Board in 2009 for an assessment of progress on structural reform in the Mid West and Great Southern Regions, and for a detailed study of each region, with recommendations on amalgamations and other reforms if appropriate.

Conclusion

The amalgamation of local governments as discussed above will not be a panacea for the sustainability issues faced by local government and communities. The Board does believe however that such amalgamations would in the longer term facilitate greater sustainability in the system of local government in the State, and in the affected communities in particular.

13 SPECIFIC REFORMS FOR WA LOCAL GOVERNMENT – Other Options

The Board's terms of reference for this review require it to address:

- **The identification of local governments where the issues of future economic, social and environmental sustainability are more appropriately addressed by approaches other than amalgamations. In particular, the issue of future sustainability of rural and remote communities should be recognised, as well as the increased costs of governance and coordination of services.**

The Board has identified the following areas of the State where it believes there is sufficient evidence to suggest that approaches other than amalgamations may be the most effective and efficient method of achieving future economic, environmental and social sustainability.

Regional cooperation and resource sharing already exists to a large degree in Western Australian local government, but there is potential for such activities to be extended in scope and coverage. Many of the State's local governments are too small to achieve future sustainability in their own right, and many of the State's regions may be too large to achieve future sustainability. There is an argument then that sustainability needs to be pursued at a level that sits somewhere between the small town or local community and the region (Gray 2005: 251).

13.1 SPECIFIC RECOMMENDATIONS

Specific recommendations are made in respect of the following:

13.1.1 Wheatbelt Region

The Board has recommended elsewhere that local governments should be given the opportunity and funding assistance to implement amalgamation and other structural reform options as a means of achieving future economic, environmental and social sustainability.

The Board believes that options such as resource sharing and regional organisations of councils could be more extensively adopted in this region. Existing arrangements include the North East Wheatbelt Regional Organisation of Councils (NEWROC), Wheatbelt East Regional Organisation of Councils (WEROC), Avon Regional Organisation of Councils (AROC), South East Avon Regional Organisation of Councils (SEAROC) and the Central Midlands Regional Organisation of Councils (CMROC). Other schemes exist for the sharing of health and recreation officers. There is the potential for the number of ROCs to increase to a total of seven covering the region.

The Board believes there is a pressing need for regional arrangements to be formalised in many parts of the region, as it is concerned that nine local governments in the Wheatbelt are not members of a regional group, and another seven are members only of a specific purpose group rather than a broader regional organisation of councils. For example, while NEWROC and WEROC are active regional organisations of councils in the eastern and northern eastern Wheatbelt, the Shire of Merredin is not a member of any regional group, although all the local governments that surround it are members. In addition, the southern portion of the Wheatbelt, including local governments in the Narrogin area, have poorly developed regional arrangements at present, and these would benefit from becoming more formalised and comprehensive, along the lines of the NEWROC model.

Ultimately, the opportunities for the amalgamation of local governments should also be considered further, such as for example the Shires of Chittering and Toodyay, and perhaps Victoria Plains.

The Board believes that amalgamation is the appropriate option for local governments such as the Town and Shires of Narrogin and Cuballing. Even where such 'doughnut' local governments are subject to amalgamation, it is important that the new entities should also become members of a regional groups of councils, and cooperate with other local governments and share resources where appropriate.

13.1.2 Great Southern Region

The Board has recommended elsewhere that local governments in this region should be given the opportunity and funding assistance to implement amalgamation and other structural reform options. The Board believes that options such as resource sharing and regional organisations of councils could be more extensively adopted in this region as a means of achieving future economic, environmental and social sustainability.

Existing arrangements include the Rainbow Coast Regional Council and the Central Great Southern Alliance.

The Board is concerned that two local governments in the region are not members of regional groups and believes there is a pressing need for regional arrangements to

be formalised in the northern part of the region. For example, there appears to be a developing regional alliance in the upper Great Southern, but some local governments which could benefit from being involved, such as the Shires of Katanning and Woodanilling, appear to not be involved. Further, the existing regional arrangements would benefit from becoming more formalised and comprehensive, along the lines of the NEWROC model.

13.1.3 Peel Region

The Board believes there is scope for regional arrangements to be formalised in this region. While the Peel Economic Development Unit / Marketing Alliance are addressing some regional issues, the Board believes that the existing regional arrangements would benefit from becoming more formalised and comprehensive, along the lines of the NEWROC model.

The Board believes that major boundary changes are required between Mandurah and Murray, and possibly adjacent local governments. Even where boundary changes or possibly amalgamation occurs, it is important that the new entities should also become members of a regional groups of councils, and cooperate with other local governments and share resources where appropriate. Such actions will assist future economic, environmental and social sustainability of the communities in this region.

13.1.4 South West Region

The Board believes there is scope for regional arrangements to be formalised in this region. Existing arrangements include the Bunbury Harvey Regional Council (for waste management), Bunbury Wellington Group and the Warren Blackwood Alliance.

The Board believes that amalgamation and major boundary changes is the appropriate option for local governments adjoining Bunbury. Even where such 'doughnut' local governments are subject to amalgamation, it is important that the new entities should also become members of a regional group of councils, and cooperate with other local governments and share resources where appropriate. Such actions will assist future economic, environmental and social sustainability of the communities in this region.

13.1.5 Goldfields–Esperance Region

This is a large region and the Board believes there is scope for regional arrangements to be formalised in this region. There appear to be no existing arrangements, although based on current discussions there is the likelihood that a regional council will be formed.

The model developed by the Goldfields-Esperance Country Zone of WALGA should be progressed further, and be considered for State Government funding support.

This shared service/ backend processing model is estimated to generate collective savings in the vicinity of \$500,000 per annum. While the model would focus initially on corporate services, such as human resources, finance, and information technology, it is acknowledged that it could be extended later to other local government functions such as land management, planning, building, environmental

health and other services. Many of these services are at the core of local government but are difficult to be delivered effectively and efficiently because of the shortage of skilled staff. The model proposes to use broadband technology to transmit and process data between local governments and processing centre.

This model, and its extension into other local government functions, would add considerably to the future economic, environmental and social sustainability of communities in the region.

13.1.6 Mid West Region

The Board believes there is a need for regional arrangements to be formalised in some parts of the region.

Existing arrangements include the Geraldton Greenough Regional Council (for waste management), Murchison Regional Vermin Council, Batavia Regional Organisation of Councils (BROC), and the North Midlands Regional Organisation of Councils.

The Board notes the progress made by such groups as the North Midlands Regional Organisation of Councils, which is progressing to Regional Council status, but is concerned that some local governments in the region are not members of regional groups. While distance is a constraint on cooperation and resource sharing in some parts of this region, there is scope to use technology-based approaches to cooperative solutions.

Given the issues with organisational sustainability in the eastern pastoral part of this region (ie problems in recruiting skilled staff in accounting and other fields), the model being developed by the Goldfields-Esperance Region is one that could be usefully applied to this region. This could see shared services and backend processing in areas like human resources, finance, and information technology, located in one of the towns. In time, the shared services could be extended to other functions, such as road construction and maintenance. Some local governments already make use of services provided by city based local governments, and while this can be beneficial, there may be other benefits in pursuing a regional approach.

Ultimately, the opportunities for the amalgamation of local governments should also be considered. To achieve future economic, environmental and social sustainability of communities in this region, a range of approaches will be required.

13.1.7 Gascoyne Region

This is a large region. The Board was not provided with any information on the extent of resource sharing and cooperation in this region, as the local governments in the region did not respond to the Board's survey, nor did they make submissions on the structural reform terms of reference. This lack of response could suggest that these local governments do not see as structural reform as being applicable to this region.

The Board believes there may be scope for regional arrangements to be formalised in this region. The Board is concerned with some fundamental aspects of the sustainability of these particular communities, particularly the organisational sustainability of the local governments.

Given the issues with organisational sustainability in this region (ie problems in recruiting skilled staff in accounting and other fields), the model being developed by the Goldfields-Esperance Region is one that could usefully be applied to this region, either within the region, or jointly with local governments in the Mid West Region. This could see shared services and backend processing in areas like human resources, finance, and information technology, located in one of the towns. While this would address the organisational sustainability issue, it would also assist the future economic, environmental and social sustainability of communities in this region.

Ultimately, the opportunities for the amalgamation of local governments should also be considered.

13.1.8 Pilbara and Kimberley Regions

Existing arrangements in these regions include the Pilbara Regional Council.

These are large regions and the Board believes that amalgamation is not the appropriate method of structural reform for these regions. There is scope however for regional arrangements to be formalised in the Kimberley Region. The Pilbara Regional Council could further investigate opportunities for resource sharing and joint regional initiatives to improve the future economic, environmental and social sustainability of communities in this region.

13.1.9 Metropolitan Region

Existing arrangements include

- Eastern Metropolitan Regional Council (EMRC).
- Mindarie Regional Council.
- South Eastern Metropolitan Regional Council.
- South Metropolitan Regional Council.
- South West Group.
- Western Metropolitan Regional Council (WMRC).
- Western Suburbs Regional Organisation of Councils (WESROC).'

Most of the above regional councils have been formed for the purpose of waste management, although the EMRC has successfully extended its role to risk management, environmental services and regional economic development. This regional council, as well as the South West Group, would seem to be making a substantial contribution towards the future economic, environmental and social sustainability of communities in their regions, and other regional groups should consider developing along these lines.

A Tamala Park Regional Council is in process of being formed for the purposes of land development (with the same membership as the Mindarie Regional Council), and four local governments in the western suburbs are working towards a regional council for the purposes of developing aged care facilities. Several other regional groupings also exist, such as the southeast region energy group. All local governments in the metropolitan area are therefore members of at least one regional group, although the membership is not always as expected. For example, the City of Nedlands is a member of the WESROC but not the WMRC.

While most metropolitan local governments are large enough to be largely self sufficient, there may be scope for more cooperation and resource sharing among metropolitan local governments. Metropolitan local governments may also find benefits by entering into cooperative arrangements with country local governments, perhaps involving shared or contracted services, as this approach has reportedly been successful in a number of examples around the State.

As recommended elsewhere in this report, the Board believes that amalgamation is the appropriate option for some of the local governments in the metropolitan region, such as in the western suburbs. Even where such local governments are subject to amalgamation, it is important that the new entities should become or remain members of a regional group of councils, and cooperate with other local governments and share resources where appropriate.

RECOMMENDATION

1.27 That regional arrangements be further extended and formalised and that all local governments become part of a regional body.

13.2 BOUNDARY CHANGES

Some local governments have identified examples where boundary changes would be desirable. Other submissions received by the Board also noted such examples. The Mount Lawley area was mentioned in a number of submissions. Currently the suburb is split between three local government areas, and the Mt Lawley Society and others suggested it would be desirable for the area to be located in the same local government. The Board agrees with this proposition; in general, no suburb area should be split between local government areas.

Rationalisation of this anomaly can be achieved by proposals from the affected electors or the local government/s for the Board to consider. In considering any proposal, the Board may conduct a formal inquiry, or if the proposal is considered to be of a minor nature, the Board can make a recommendation to the Minister.

Other examples (in a non-exhaustive list) include:

- The Leeming area (split between Cities of Canning, Cockburn and Melville).
- The Noranda area (split between Cities of Bayswater and Swan).
- The Pingaring townsite (facilities split between Shires of Lake Grace and Kulin).

13.3 COMMUNITY CONSULTATION MECHANISMS

Another approach to structural reform is the use of community consultation mechanisms, for councils to develop stronger links with their communities. This model is more generally applicable to medium to larger sized local governments (say perhaps 20,000 or more). The Board believes there would be value in such local governments considering the scope for additional community consultation mechanisms. Such mechanisms would supplement the role of elected members and the ongoing community consultation undertaken by local governments.

There is a range of mechanisms in use locally and elsewhere which are worthy of further consideration by such local governments. These were outlined in section 8.9 of this report and include:

- Community councils (in Scotland and elsewhere).
- Precinct committees (North Sydney and Fremantle examples).
- Community advisory committees.
- Community / customer advocates (City of Swan example).
- Community outcomes process (New Zealand).

These mechanisms could be applied to the existing medium to larger sized local governments, as well as in the larger local governments created as a result of recommendations elsewhere in this report.

All of these measures contribute to social capital and would enhance the future economic, environmental and social sustainability of Western Australian communities.

RECOMMENDATION

1.18 That local governments give consideration to making further use of community consultation mechanisms and that the Minister for Local Government consider measures to formalise the methods local governments are to use to engage the community in their decision making processes.

Conclusion

The adoption of these forms of structural reform by local governments will not be a panacea for the sustainability issues faced by local government and communities. Moreover, the Board believes that implementation of these reform measures would in the longer term facilitate greater sustainability in the system of local government in the State, and in the affected communities in particular.

14 OTHER CONSIDERATIONS

The Board's terms of reference for this review require it to address:

- **Any other issues that the Board may consider are relevant to structural reform, ranging from amalgamations through to resource sharing.**

A broad range of other issues pertaining to structural reform were brought to the Board's attention during the course of the review, including through the submission and hearing process. These might be summarised as:

- 1) Reform of local government finance arrangements.
- 2) Financial sustainability of local government.
- 3) Potential for Indigenous communities to form local governments.
- 4) Scope for periodic review of local government boundaries.
- 5) Boundary delimitation and overlap of administrative regions of government agencies.
- 6) Capacity building in local government.
 - Scope for a body similar to the UK body IDeA.
 - Role of the Department of Local Government and Regional Development.
- 7) Elected members.
 - Remuneration of elected members.
 - The number of elected members.
 - Compulsory training of elected members.

14.1 REFORM OF LOCAL GOVERNMENT FINANCE ARRANGEMENTS

Many submissions to the review, particularly from local governments, made strong comments about the current review with its focus on structural reform, having limited impact on the sustainability of local government and communities, without their being a more fundamental reform of local government finance arrangements.

For example, from one community member: *"The core issue is that Local Government must be given an equitable share of the wealth they create. Failure to address this issue could see Local Government, especially in Regional areas, unable to support their communities, with the resultant decline in wealth sourced from them creating substantial economic problems for the Metropolitan Area."*

In particular, local governments (through their representative bodies ALGA nationally and WALGA) are calling for a fixed percentage (1%) of Commonwealth taxation revenue.

The financial issues of local government have been highlighted by various authorities and reports, including the Commonwealth Grants Commission's review of financial assistance grants (Commonwealth Grants Commission 2001) and the Cost Shifting Inquiry (SCEFPA 2004). The Board also notes the recent announcement by the Federal Treasurer of a benchmarking study of all forms of government taxation in Australia (including all forms of taxation collected at the local government level).

The Board is sympathetic to local government's claim for more Federal funding, however the issue lies outside of the scope of the Board's powers and indeed the Government of Western Australia's power.

14.2 FINANCIAL SUSTAINABILITY OF LOCAL GOVERNMENT

The Board has identified financial sustainability as a critical issue for local government elsewhere in this report. It has increasingly been acknowledged as an issue, having been the subject of a study in South Australia (Financial Sustainability Review Board 2005) with studies currently underway in New South Wales, and recently commenced in Western Australia under the auspices of WALGA.

Key issues impacting on financial sustainability include local government revenue autonomy, debt levels and servicing, infrastructure maintenance and replacement requirements, and the impacts of cost shifting. A recent Australian – New Zealand meeting on local government finance identified a number of requirements and approaches:

- Greater flexibility in local government revenue raising together with increased accountability and better financial governance, founded on improved skills of managers and councillors and more rigorous financial planning and auditing. (In New Zealand, draft financial plans and budgets are audited for reasonableness before they are made available to the public).
- Better use of the local government tax base, and communication of the need for rate increases to ratepayers.
- Higher levels of borrowing, together with increased rates and private sector involvement to address shortfalls in infrastructure funding (Sansom 2006).

The *Interim Report* of the Independent Inquiry into the Financial Sustainability of NSW Local Government was released on March 3, 2006 just before the conclusion of this inquiry. The following findings are of interest:

- A clear operating surplus target is enshrined in the New Zealand *Local Government Act 2002 (section 100)*. A similar requirement in NSW would force local governments to be accountable for the sustainability of their long-term finances.
- Current infrastructure is not being maintained or renewed to satisfactory standards.
- Funding for the costs of future infrastructure is well short of what is required for sustainability. This appears to be a consequence of cumulative poor information and understanding of asset management, shortfalls of operating revenue and use of capital grants, contributions and asset sales proceeds to cover operating deficits instead of the purposes for which these funds were intended.
- The significance of the infrastructure renewal problem is undisputed although the precise amount of funds required to address it cannot be adequately calculated because of accumulated accounting and infrastructure management inconsistencies.

- Simply boosting funding for infrastructure would not be a sufficient solution without complementary reform of local government information and management systems.
- All local governments should be required to adopt a total asset management (TAM) system and consistent accounting practices within two years with the technical and financial assistance of the State Government.

The Independent Inquiry in NSW (2006) identified an extensive list of possible remedies and options to address these issues, including the need for local governments to develop and publish a 'revenue and financing policy statement' regarding the funding of both operating expenses and capital expenditures, and incorporating an operating surplus target, along the lines of the statement legally required of local governments in New Zealand. A further requirement should be the development and publishing of a councils' services policy statement, clearly specifying its policies regarding the number and nature of services to be delivered and the methods for delivery. Furthermore, the Inquiry called for the introduction of outcomes budgeting with performance indicators to show progress against key results areas.

The Board commissioned its own analysis of the financial position and sustainability of local government in WA (Back 2006), and the findings of the study have been reported previously in this report (section 5.1). A key finding was that perhaps only one third of WA local governments could be considered financially sustainable, and that there has been a general decline in asset values occurring across the industry, indicating that local government's assets in general are getting older and have a reduced useful life. As a result, the maintenance and improvement of local government infrastructure will be the greatest threat to local government sustainability.

Based on the results of that analysis the Board makes the following general comments about financial management in local government:

- Annual financial reports should be used by local governments as key inputs to their strategic management.
- Many local governments are charging an inappropriate amount for depreciation expense; an overcharge in depreciation can result in a poor operating performance, and an undercharge for depreciation can provide an unduly positive picture of performance. Technical advice should be sought by local governments on establishing the appropriate valuation and depreciation rates of fixed assets.
- The Department should give consideration to providing guidelines on depreciation or a standardised depreciation schedule for local government, as well the production of an accounting/finance manual.
- Accounting disclosures need to be extended for reporting on financial sustainability, with appropriate amendments to the financial management regulations, to ensure uniform disclosure and facilitate meaningful comparisons across the industry.
- Data collection processes by the Grants Commission in conjunction with the Australian Bureau of Statistics could be further improved, and data reporting by local government also needs improvement.

The Board notes the similarity of many of the findings of the Independent Inquiry (2006) to that of its own work and commissioned research, and believes that some of the remedies identified for NSW are similarly applicable to local government in WA. The Local Government Financial Management Regulations should be amended to require local governments to develop and annually update 10-year financial management plans, linked to the plan for the future, together with appropriate linked asset management plans. Depreciation rates based on a standardised schedule, to be developed by the Department, which take into account the different circumstances in different parts of the State, should be applied across the industry with local governments providing justification for variations from the schedule. To fund the asset renewal requirements, local governments should evaluate the available options, including increases in rates and own source revenues, reducing services to release funds to apply to asset renewal, and increased use of debt. This evaluation should of course occur in the context of the financial management and asset management plans described above. It is important that the strategic plans prepared by local government are accompanied by a financial plan that enables the strategic plan to be implemented at a defined cost to ratepayers. The following recommendations are made.

RECOMMENDATIONS

1.31 That the Local Government Financial Management Regulations be amended to make it mandatory for each local government to:

- 1. Develop and annually update a 10-year financial management plan, linked to the local government's plan for the future.**
- 2. Develop appropriate asset management plans that are to be reflected in the 10 year financial management plan.**
- 3. Apply depreciation rates based on a standardised schedule, which takes into account the different circumstances in different parts of the State, with local governments to provide justification for variations from the schedule.**

1.30 That local governments individually assess and address their asset renewal requirements, giving consideration to the means of funding this requirement, including increases in rates and own source revenues, reductions in services to release funds to apply to asset renewal, and increased use of debt.

14.3 POTENTIAL FOR INDIGENOUS COMMUNITIES TO FORM LOCAL GOVERNMENTS

The Board's terms of reference make no specific reference to Indigenous communities, however they do require that the issue of future sustainability of rural and remote communities be recognised by the Board.

In the time available for the review, the Board was not able to engage Indigenous people or groups in contributing to or participating in the review. While Indigenous communities have not been the focus of the current review, the relationship between local government and Indigenous communities, including the potential for Indigenous communities to be incorporated as local governments, have been given some

consideration. For example, a Kalgoorlie residents' group suggested that local governing bodies may need to be created for remote Indigenous communities.

The issues associated with governance of Indigenous communities are extensive and are being addressed through a range of initiatives across government. The Government's response to the Gordon Inquiry, Putting People First, for example, recognises the urgent need to improve responses and long term strategies concerning abuse and violence in Aboriginal communities, and in particular meeting the needs of current and future generations of Aboriginal children through simultaneous, long-term environmental, social and economic improvements that will result in sustainable communities.

There are 274 Indigenous communities in Western Australia, with a combined population of approximately 17,000. The 45 largest communities (population greater than or equal to 100) accounted for 62% of the total population (Environmental Health Needs Coordinating Committee 2005).

The Shire of Ngaanyatjarraku is often held up as a local government model for Indigenous communities. The Shire is a unique remote local government, in that its community of interest is contained within the traditional lands of the Ngaanyatjarra people of the Central Desert of Western Australia. The 99-year leases held by the Ngaanyatjarra Land Council on behalf of the traditional owners form the boundaries of the Shire of Ngaanyatjarraku. The circumstances that have made the Shire of Ngaanyatjarraku a successful model are generally not replicated in other areas of the State. As the rate base is very limited, the Shire is heavily reliant on grants to fund its operations.

The Department of Housing and Works submitted that while the delivery of sustainable housing and infrastructure (such as water and power) to Indigenous communities is a Departmental priority, it notes the disconnection between structures and services of local government and Indigenous communities in remote areas, leading to significant differences in services and facilities available in townsites and Indigenous communities.

The Department of Indigenous Affairs suggested that issues of land title and ownership, training and support, and sustainability of funding sources, make development of separate local governments unlikely. The Department also commented on service normalisation, the payment of rates and fees, and grant funds received by local governments. The Department was against amalgamation of local governments in remote areas, as it believed this would exacerbate the problems of delivering services to Indigenous communities.

The review also received a comment that amalgamation of local government was not appropriate in areas where the amalgamation would cross Indigenous cultural lines (eg Noongar/Wongi).

The Board makes no specific recommendation about the potential of Indigenous communities to form separate local governments. It will reserve its judgment until such time as if and when specific proposals are presented to the Board, in which case it will conduct a full inquiry under the Act with public hearings.

The Board has been informally made aware from time to time of specific proposals that were being developed, but to date has not received any such proposal. The Board does however have a formal proposal before it, concerning the transfer of the Tjuntjuntjarra Community from the Shire of Menzies to the Shire of Laverton, and the Board has resolved to conduct a formal inquiry to be undertaken some time in the near future after this inquiry is completed.

It should be noted that this review coincides with major changes in national Indigenous policy that are being addressed at Council Of Australian Governments (COAG). COAG supports a mainstream approach to Indigenous development involving an integration of government service delivery in partnership with relevant Indigenous communities. Under this approach COAG has signalled the phasing out of specific municipal service funding over a three-year period, which has been the mainstay of support for discrete communities in Western Australia since the early 1970s. There is an expectation that the State will assume responsibility for funding Indigenous community governance, housing and essential services for all discrete Indigenous communities in future years under a yet to be negotiated inter-government agreement.

Under these arrangements it is expected that local governments will take on an expanded role in providing service to Indigenous communities. Consistent with COAG policies on regional partnership agreements, it may be appropriate that when the Board considers reviews of the ward structure in relevant local governments, the cultural and social reality of Indigenous communities be recognised in the context of both local government representation and service delivery. In 2004 the Board inquired into the possible establishment a separate local government for the Tjurabalan/Kutjunka are that is in the southern portion of the Shire of Halls Creek. The Board concluded that a new Shire would not be viable but recommended an adjustment to the ward boundaries to encompass all the Tjurabalan communities into one ward.

There is potential to change the ward structure in a number of local governments that could recognise native title determinations and broader community of interest within a geographic domain as a basis of negotiating service delivery agreements between Indigenous groups and local governments.

RECOMMENDATION

1.32 That the cultural context of Indigenous communities continue to be recognised by the Local Government Advisory Board in future ward reviews in relevant local governments.

14.4 SCOPE FOR PERIODIC REVIEW OF LOCAL GOVERNMENT BOUNDARIES

The Board notes that State and Commonwealth electoral districts and divisions are required by legislation to be subject to review, by an independent electoral commission, every eight years.

There is no such requirement for local government boundaries. These are largely left to the local governments themselves to review, and as this review has shown, there has been precious little boundary change in recent decades. While the arrangements under Schedule 2.1 of the Act have been in place for the last 10 years or so, the provisions have not been effective in encouraging or facilitating significant change. The system of leaving it to local governments, and to communities through the proposals to the Board, has had limited impact on the overall structure. It is only when a Minister requests a general review such as the current one that the prospect of broad changes appears possible.

The need for the establishment of a long-term structure for future change management in local government has been identified in at least one previous study. Structural reform is not a once and for all solution, but needs to occur continuously through time as local government responds to changing demands. Ideally, it should be a process of incremental but continuous change, hence avoiding the need for *“radical shock treatment”* (Witherby, Dollery, Auster and Marshall 1999:49).

In the boundary changes recommended in this report the Board has recommended changes that are largely constrained by the existing boundaries of local governments. In this sense the recommended changes are essentially a first step, and further work should be done in the future to further refine the boundaries for a better fit with communities and environmental regions.

With these points in mind, the Board believes that consideration should be given to instituting a system of periodic reviews of the structure of local government, and of boundaries in particular. Such a review should happen every 15 years. It would be desirable to undertake the reviews on a region-by-region basis, rather than undertake a whole of state review. A review could occur more frequently if within a region there are circumstances of major demographic, social or economic change. The implementation of changes under such a system would prevent a situation occurring as at the present where the current boundaries are significantly outdated and out of step with modern communities of interest and modes of communication and transport.

Given the speed of change in society in general, and the speed of change in communication and technology generally, it is desirable that reviews happen on a periodic basis.

RECOMMENDATIONS

- 1.33 That a review of local government structure and boundaries occur at least every 15 years, or more frequently under circumstances of major demographic, social or economic change.**
- 1.34 That review of local government structure and boundaries be undertaken on a regional basis.**

14.5 BOUNDARY DELIMITATION AND OVERLAP OF ADMINISTRATIVE REGIONS OF GOVERNMENT AGENCIES

At the public hearings conducted by the Board, and in submissions received by the Board, comments were received about inconsistencies in the boundaries of various government agencies.

For example, the Shire of Lake Grace mentioned that most of the Shire was overseen by the District Education Office based in Narrogin, but a portion of the Shire was overseen by the Esperance District Education Office. The fact that the boundaries of such agencies do not follow local government boundaries creates problems for the local government, as it would need to deal with two offices instead of one. Similarly, the another shire mentioned that its area was overseen by the District Education Office in Narrogin, the District Health Office in Albany and the District Police Office in Northam.

Such inconsistencies in Government gives rise to added workloads and inefficiencies for local government, in needing to deal with multiple offices in multiple towns. The Board believes that a review of government agency boundaries would facilitate regional development generally and be beneficial to the efficiency of local government in particular.

14.6 CAPACITY BUILDING IN LOCAL GOVERNMENT

Scope for a body similar to the UK body IDeA

On a related point to the above, the City of Gosnells noted the scope for an agency in WA based on the UK body, IDeA (Improvement and Development Agency). Such a body in WA, it is argued, would be able to assist local governments with matters of sustainability and structural reform. This was also a recommendation of the Cost Shifting Inquiry (SCEFPA 2004).

The UK body IDeA *“works in partnership with all councils, to enhance the performance of the best, accelerate the speed of improvement of the rest, and develop the sector as a whole”* (<http://www.idea.gov.uk>). IDeA provides a wide range of services, designed to help local governments address their improvement issues. These take a number of forms: publications, websites and e-learning modules; development courses and programmes; and peer reviews and tailored support. IDeA has programs covering a broad range of local government activities and responsibilities, including for example, assistance on creating 'sustainable communities'. Through their website, policy and best practice information on the following sustainability themes is available:

- Cleaner-safer-greener.
- Environment.
- Neighbourhood renewal.
- Sustainable decision-making.

The services available through IDeA include an online information base for elected members, designed to help keep members abreast of the latest guidance, news and opinion across local government. A number of organisations are associated with

IDeA, working towards the ultimate aim of facilitating the improvement of local government. These include the Audit Commission, the Local Government Association, and the Office of the Deputy Prime Minister.

While the benefits and value of such an organisation for local government in WA appear fairly clear, the question of resourcing is a significant one. It is understood that local governments primarily fund IDeA in the UK, and there is a question as to whether local government in WA would be prepared to support such a system. Local governments already have access to significant resources through the services offered and websites maintained by the Department, by WALGA and by other agencies.

The Board believes that the proposal has merit and is worthy of further consideration, as it has not been possible to consider this matter further during the current review.

Role of the Department of Local Government and Regional Development

The Board received a number of comments about the role and functions of the Department. Concern was expressed about compliance requirements, under the *Local Government Act 1995* and other Acts and regulations, which were adding to the administrative burden on local governments generally, but was being felt more acutely by small local governments. There were also views expressed about the sort of Departmental support that would benefit local governments. This might include, for example, the Department working more closely with other government departments to reduce the compliance burden on local governments.

The Department has indicated that specific compliance requirements under the Act will be examined as and when they are brought to its attention. The Department is seeking greater financial assistance for local governments considering structural change. The Department acknowledges it has a significant role to play in facilitating reform and will provide resources to service this function.

The comments received by the Board on such matters during this review will be forwarded to the Department to be considered as input into the strategic direction for the Department.

Connecting Local Governments has been developed by the Department to provide local governments with ideas for sharing services and resources that can result in mutual economic savings and improved service outcomes. It provides an up-to-date list of examples of where local governments have engaged in successful partnerships that are making a difference to Western Australian communities. The Department has developed funding schemes to assist local government in resource sharing initiatives.

- *Connecting Local Governments Forum Support Grant*
An excellent way of bringing about efficiencies through resource sharing is via a voluntary regional organisation of councils (VROC). Grants of up to \$2,000 are available for facilitator fees to investigate the feasibility of a voluntary regional organisation of councils, or other forums.

- *Connecting Local Governments Feasibility Study Grant*
Funding is available for further research studies to examine the viability of a proposal for a collaborative approach between local governments. Grants of \$5,000 - \$15,000 are available, based on at least an equivalent contribution by the respective local governments. A number of local governments have already received financial support from the Department to assist with feasibility studies.
- *Connecting Local Governments Implementation Grant*
Funding is available for significant partnership arrangements where feasibility studies have demonstrated a viable arrangement with full support and commitment from the respective local governments. The maximum grant will be up to \$20,000 based on a dollar for dollar contribution by the lowest participating local government. Funding can assist with staff establishment, administration infrastructure, defining the role of the regional council or local government partnership.
- *Other Funding*
Consideration will be given to other innovative projects which progress and showcase the potential for resource sharing and collaboration between local governments.

Reference is made elsewhere in this report to the need for additional funding to support and promote structural reform.

14.7 ELECTED MEMBERS

During the course of the review a number of matters pertaining to elected members were brought to the Board's attention. These matters are reported here as they are considered to have an impact on the efficient operation of local governments and hence are linked to the sustainability of communities.

Remuneration of elected members

Legislation provides for the following fees and allowances for elected members in Western Australia.

- Mayors/Presidents - Meeting fees \$5,000 - \$14,000; Allowance \$500 - \$60,000.
- Deputy Mayors/Presidents - Meeting fees \$2,000 - \$7,000 per annum; Allowance up to 25% of that of the Mayor/President.
- Councillors - Meeting fees \$2,000 - \$7,000 per annum.

Each local government is required to select the level of allowances and meeting fees from within the prescribed range.

Traditionally, the level of allowances and meeting fees has been set by regulations made by the Minister following advice from the Department. There is no set formula that is used to adjust the fees and allowances nor a regular timeframe to consider their appropriateness.

A comparison of the level of remuneration provided for elected members in other states and the method for determining the rate is provided in the tables below.

Table 22 Level of Remuneration of Elected Members

New South Wales	Victoria	Queensland	South Australia	Tasmania
152 local government	80 local governments	125 local governments plus 32 Aboriginal and Island local governments	68 local governments plus 5 Aboriginal councils and Outback Land Trust	29 local governments
Mayors: \$6,240 - \$141,900. Councillors: \$5,875 - \$25,850.	Mayors: \$36,000 - \$57,500. Councillors: \$5,000 - \$18,000. Melbourne City Council Lord Mayor: \$110,000, Deputy Lord Mayor: \$45,000, Councillors: \$25,000	Determined by the Council.	Councillors: \$1,670 - 6,680 Deputy Mayor \$2,087 - \$8,350 Mayor \$6,680 - \$26,720. Adelaide City Council Councillors: \$10,270 - \$13,700 Deputy Lord Mayor \$10,270 - \$17,125 Lord Mayor \$71,890 - \$95,900	Mayor: \$14,000-\$72,000. Deputy Mayor: \$6,500 - \$15,500. Councillors: \$5,500 - \$12,000.

Table 23 Method for the Determination of Meeting Fees and Allowances

New South Wales	Victoria	Queensland	South Australia	Tasmania
The Local Government Remuneration Tribunal is responsible for categorising councils to determine the maximum amounts of fees to be paid to councillors and mayors in each category. It is also responsible for determining the increase in fees.	An Allowances Review Panel was formed in 2000. This established a 3 tiered framework for allowances. Allowance ranges for 3 categories of Councils are set by the State Government. The 3 categories are based on population and budget factors. Local governments are to choose the level from within the range for their category of Council.	Determined by the Council after public notice of proposal. Remuneration system for a council must be set within 6 months after the quadrennial elections, but can be changed at any time subject to public notice of the proposal.	Regulations prescribe the annual allowance limits for councillors/ principal members/council committee chairs. Councils then set their allowances within these prescribed limits.	Councillor allowances were determined in August 2000 by an independent Board of Inquiry - the allowances are to be reviewed in 2004. The scales of allowances were determined according to the number of electors within each municipal area, so that councillors of a Council with over 20,000 electors receive the greatest amount.

Allowances for State Members of Parliament are set by the Western Australian Salaries and Allowances Tribunal.

Discussion

Level of remuneration

The major justifications for requests calling for an increase in the remuneration of councillors are as follows:

- The workload for some elected members makes it appropriate to provide greater compensation.
- A greater level of remuneration will increase the number of people nominating as candidates in local government elections.
- A greater level of remuneration will attract candidates from a wider range of backgrounds.

Many requests for greater remuneration of elected members, have also recommended that the number of councillors be reduced. This would offset the financial impact from the increased payment of fees.

Arguments against greater remuneration are as follows:

- Being an elected member is viewed as community service.
- Greater remuneration will provide political parties with an incentive to support candidates in local government elections.
- The cost of paying for elected members will be too high if a substantial increase is made.
- The number of candidates in many elections indicates that remuneration is not a problem.

Method for determining fees and allowances

Three options for determining fees and allowances were noted by the Board.

1. Current situation – The Minister sets the range of fees and allowances with each local government choosing the level of fees and allowances from within this range.
2. An independent organisation such as the Western Australian Salaries and Allowances Tribunal is given the responsibility for establishing the range of fees and allowances. Each local government chooses from within this range. The Tribunal would be required to update the fees and allowance on an annual basis.
3. An independent organisation such as the Western Australian Salaries and Allowances Tribunal is given the responsibility for establishing a tiered schedule of fees and allowances. The Tribunal is responsible for placing local governments into their appropriate category to thus determine the fees to be paid to elected members.

The categories could be based on basic criteria such as the size of a Local Government's budget and its population, or use other matters such as the number of development and other applications. The Tribunal would be required to update the fees and allowances on an annual basis. This option is similar to the situation that exists in New South Wales.

The Board supports option 2. The Western Australian Salaries and Allowances Tribunal should be given the responsibility for establishing the range of fees and allowances, with each local government choosing from within this range. The Tribunal should also be required to update the fees and allowance on an annual basis.

RECOMMENDATION

1.35 That the Western Australian Salaries and Allowances Tribunal be given the responsibility for establishing the range of fees and allowances for elected members, with each local government having the ability to set a fee within this range. The Tribunal also be required to update the fees and allowance on an annual basis.

The number of elected members

Background

Section 2.17 of the Act provides for a council to have between 6 and 15 elected members, of which one is to be the presiding member.

There is a view that the number of elected members can sometimes be too large and this affects the quality of local government decision making. In recent years, many local governments have reduced the number of elected members on their council. The Mayor of Melville commented to the Board at a public hearing that the reduction in the number of councillors in that council from 18 to 12 had led to a significant improvement in the decision making process.

Councillor to elector ratios for all local governments in Western Australia are provided in the following table.

Table 24 WA Local Government Councillor to Elector Ratios

Local Government	No. Council-lors	No. Electors	Councillor /Elector Ratio	Local Government	No. Council-lors	No. Electors	Councillor /Elector Ratio
Albany	14	22,310	1,594	Gosnells	12	56,492	4,708
Armadale	14	33,791	2,414	Greenough	11	8,642	786
Ashburton	9	3,297	366	Halls Creek	8	1,870	234
Augusta-Margaret River	7	8,295	1,185	Harvey	13	12,769	982
Bassendean	9	9,725	1,081	Irwin	9	2,140	238
Bayswater	11	39,566	3,597	Jerramungup	7	774	111
Belmont	11	20,258	1,842	Joondalup	12	102,515	8,543
Beverley	9	1,229	137	Kalamunda	12	33,968	2,831
Boddington	7	907	130	Kalgoorlie-Boulder	12	16,534	1,378
Boyup Brook	9	1,118	124	Katanning	9	2,558	284
Bridgetown-Greenbushes	11	3,012	274	Kellerberrin	7	967	138
Brookton	9	779	89	Kent	8	522	65
Broome	9	7,295	811	Kojonup	10	1,520	152
Broomehill	9	527	59	Kondinin	9	698	78
Bruce Rock	11	747	68	Koorda	8	384	48
Bunbury	12	21,315	1,776	Kulin	9	783	87
Busselton	13	17,685	1,360	Kwinana	9	13,751	1,528
Cambridge	8	17,021	2,128	Lake Grace	9	1,152	128
Canning	9	49,561	5,507	Laverton	9	489	54
Capel	11	5,932	539	Leonora	9	856	95
Carnamah	7	454	65	Mandurah	12	37,653	3,138
Carnarvon	9	3,648	405	Manjimup	11	6,662	606
Chapman Valley	10	635	64	Meekatharra	9	675	75
Chittering	7	2,242	320	Melville	12	66,427	5,536
Claremont	9	6,371	708	Menzies	7	239	34
Cockburn	9	47,662	5,296	Merredin	11	2,241	204
Collie	11	6,049	550	Mingenew	7	388	55
Coolgardie	8	2,160	270	Moora	9	1,585	176
Coorow	8	1,247	156	Morawa	7	665	95
Corrigin	9	905	101	Mosman Park	6	5,633	939
Cottesloe	10	5,316	54	Mt Magnet	9	460	51
Cranbrook	9	791	88	Mt Marshall	7	472	67
Cuballing	7	642	92	Mukinbudin	9	444	49
Cue	7	229	33	Mullewa	9	588	65
Cunderdin	8	872	109	Mundaring	12	23,893	1,991
Dalwallinu	10	941	95	Murchison	7	103	15
Dandaragan	9	2,283	254	Murray	12	8,205	709
Dardanup	10	6,557	656	Nannup	6	997	166
Denmark	12	3,655	305	Narembeen	9	847	94
Derby-West Kimberley	9	3,797	422	Narrogin (S)	7	609	87
Donnybrook-Balingup	9	3,305	367	Narrogin (T)	9	2,687	299
Dowerin	8	590	74	Nedlands	12	14,397	1,200
Dumbleyung	9	544	60	Ngaanyatjar-raku	8	1,088	136
Dundas	7	647	92	Northam (S)	9	2,455	273
East Fremantle	8	4,808	601	Northam (T)	9	4,075	453
East Pilbara	11	3,118	283	Northampton	11	2,432	221
Esperance	11	11,267	1,024	Nungarin	7	178	25
Exmouth	7	1,522	217	Peppermint Grove	7	1,064	152
Fremantle	12	18,637	1,553	Perenjori	9	377	42
Geraldton	12	12,663	1,055	Perth	8	9,293	1,162
Gingin	10	4,012	401	Pingelly	8	840	105
Gnowangerup	9	976	108	Plantagenet	9	3,163	350
Goomalling	9	712	79	Port Hedland	9	6,390	710

Local Government	No. Council-lors	No. Electors	Councillor /Elector Ratio	Local Government	No. Council-lors	No. Electors	Councillor /Elector Ratio
Quairading	9	765	85	Victoria Plains	9	658	73
Ravensthorpe	7	974	139	Vincent	8	18,803	2,350
Rockingham	10	50,297	5,030	Wagin	11	1,310	119
Roebourne	11	8,656	787	Wandering	7	307	44
Sandstone	6	80	13	Wanneroo	14	61,218	4,373
Serpentine-Jarrahdale	10	8,272	827	Waroona	8	2,399	300
Shark Bay	7	632	90	West Arthur	9	706	78
South Perth	12	25,258	2,105	Westonia	9	214	24
Stirling	14	122,792	8,771	Wickepin	9	516	57
Subiaco	12	11,473	956	Williams	9	710	79
Swan	14	55,474	3,962	Wiluna	6	354	59
Tambellup	9	477	53	Wongan-Ballidu	11	1,064	97
Tammin	6	266	44	Woodanilling	7	257	37
Three Springs	7	504	72	Wyalkatchem	7	433	62
Toodyay	9	2,791	310	Wyndham-East Kimberley	9	4,807	534
Trayning	7	309	44	Yalgoo	8	149	19
Upper Gascoyne	7	218	31	Yilgarn	9	932	104
Victoria Park	8	18,105	2,263	York	6	2,381	397

Source: Department of Local Government and Regional Development Election Returns 2003, 2005.

Some notable statistics from this table include:

- The lowest ratio is 1 councillor for every 13 electors in the Shire of Sandstone.
- The highest ratio is 1 councillor for every 8,771 electors in the City of Stirling.
- The average ratio for the State is 1 councillor for every 979 electors.
- The median ratio for the State is 1 councillor for every 176 electors.

Interstate comparison of legislative requirements in relation to numbers of elected members is as follows. In NSW, Victoria, Queensland and NT, five members is the prescribed minimum number of members. Two other States prescribe a maximum number of members, 12 in Victoria and 15 in NSW. The Tasmanian legislation includes a schedule for the number of members for each council. In SA, the number of elected members in a council ranged from six to 21, however, there are no minimum and maximum requirements.

A NSW State Government inquiry into the structure of local government (Sproats 2001) considered the issue of elector representation. Its finding on this matter was:

“There was no definitive conclusion about the ideal number of councillors or the ideal representation ratio. What appears to be important is how opportunities are created which enhance democracy and allow the community to participate in information sharing and decision making.” (p 39)

The Australian Institute of Company Directors recommended that a Board of Directors for a public company be between eight and 12 members.

Discussion

With the recommendations in this report to strengthen regional arrangements in certain areas of the State, scope is seen to reduce the number of councillors on member councils of regional local governments. For example, while a local government may be represented by two members of a regional council, the local council itself, with its diminished role, may find that a lesser number of councillors than currently permitted may be enough for it provide for the governance of the local community.

As such, it is recommended that in the above circumstances, the Act should be amended to allow for the minimum of elected members to be four. To overcome any concerns about the smaller number of councillors being able to have the time and resources to adequately represent the interests of residents and ratepayers of the district, consideration could be given to formalising means to increase community participation. For example, the City of Fremantle and other local governments have a formal precinct structure to provide a means of engaging the community in the decision making process of the council. The Board has recommended elsewhere that local governments give consideration to using further community consultation mechanisms and that the Minister consider measures to formalise the methods local governments are to use to engage the community in their decision making processes (Recommendation 1.18).

In relation to a maximum number of elected members, the Board believes that the current maximum of 15 councillors is too large and can stifle decision making. It is therefore recommended that the maximum number of elected members be reduced to 13. An amendment of this sort would currently impact upon the following local governments: Albany, Armadale, Bunbury, Stirling, Swan, and Wanneroo.

RECOMMENDATION

1.36 That the Local Government Act 1995 be amended to:

- 1. Reduce the minimum number of elected members required by a council within a regional local government to four.**
- 2. Decrease the maximum number of elected members in any local government council from 15 to 13.**

Compulsory training of elected members

Currently there is no requirement for elected members to have certain qualifications or undergo specified training before taking their seat on the council. This matter was raised with the Board on a number of occasions.

While many industry training options are currently available, there is no obligation on elected members to undertake such training. Clearly, the quality of governance in local government could be significantly enhanced by the requirement for compulsory training of new elected members. This improved quality of governance would go some way towards improving the organisational sustainability of local governments.

- Recently, the NSW State Government has decided that all local government elected members will have to undergo mandatory training. At this stage, training is to be focussed on the following topics:

- Financial Management;
- Planning legislation and the role of councillors in the planning process; and
- Local Government Act, particularly the role of councillors.

In NSW training will take place in the six months subsequent to the 2008 ordinary elections. All members, whether newly elected or experienced, will be required to participate and it is expected that the training will take around 4-5 days for each member to complete.

The Department is monitoring the NSW initiative, with a view to determining whether there is the potential for a similar program to be introduced in WA.

In the interest of improving the quality of local governance, the Board believes it is desirable for training of newly elected members to be compulsory. Newly elected members should be required to undertake this training within three months of being elected with disqualification from the position of councillor being a consequence of a failure to undertake training. The Department should write to all newly elected members following their election to remind them of the requirement.

Persons elected as Mayor or Shire President should ideally have experience as a councillor and be familiar with meeting procedure. Training in meeting procedure should be a requirement for all newly elected Mayors and Shire Presidents.

RECOMMENDATION

1.37 That compulsory training, along the lines of that recently introduced in NSW, be required for all newly elected members in WA local governments.