

September 2014

State Council Agenda

NOTICE OF MEETING

Meeting No. 4 of 2014 of the Western Australian Local Government Association State Council to be held at WALGA, 170 Railway Parade, West Leederville on 3 September 2014 beginning at 4:00pm.

1. ATTENDANCE, APOLOGIES & ANNOUNCEMENTS

1.1 Attendance

Chairman	President of WALGA Deputy President of WALGA Pilbara Country Zone	Mayor Troy Pickard Cr Lynne Craigie
Members	Avon-Midland Country Zone Central Country Zone Central Metropolitan Zone East Metropolitan Zone Goldfields Esperance Country Zone Gascoyne Country Zone Great Eastern Country Zone Great Southern Country Zone Kimberley Country Zone Murchison Country Zone North Metropolitan Zone Northern Country Zone Peel Country Zone South East Metropolitan Zone South Metropolitan Zone South West Country Zone	Cr Lawrie Short President Cr Philip Blight Cr Janet Davidson JP Mayor Heather Henderson Cr Steve Wolff Cr Mick Wainwright Mayor Ron Yuryevich AM RFD Cr Ross Winzer President Cr Eileen O'Connell President Cr Ken Clements Cr Chris Mitchell Cr Simon Broad Mayor Tracey Roberts JP Cr Geoff Amphlett JP Cr David Michael President Cr Karen Chappel President Cr Wally Barrett Mayor Cr Henry Zelones OAM JP Cr Fiona Reid Mayor Carol Adams Cr Doug Thompson Mayor Logan Howlett Cr Wayne Sanford
Ex-Officio	Local Government Managers Australia	Mr Mark Chester
Associate	The Rt Hon Lord Mayor of the City of Perth	Ms Lisa Scaffidi
Secretariat	Chief Executive Officer Deputy Chief Executive Officer EM Environment & Waste EM Governance & Strategy EM Marketing & Communications EM Planning & Community Development EM Infrastructure EM Business Solutions Manager Governance EO Governance and Strategy Finance Manager	Ms Ricky Burges Mr Wayne Scheggia Mr Mark Batty Mr Tony Brown Mr Zac Donovan Ms Allison Hailes Mr Ian Duncan Mr Nick Wood Mr James McGovern Ms Ana Fernandez Mrs Tina Mossdrop

1.2 Apologies

1.3 Announcements

2. MINUTES

Recommendation

That the Minutes of the Western Australian Local Government Association (WALGA) State Council Meeting held on 2 July 2014 be confirmed as a true and correct record of proceedings.

3. DECLARATIONS OF INTEREST

Pursuant to our Code of Conduct, State Councillors must declare to the Chairman any potential conflict of interest they have in a matter before State Council as soon as they become aware of it.

4. EMERGING ISSUES

Notification of emerging issues must be provided to the Chairman no later than 24 hours prior to the meeting.

5. MATTERS FOR DECISION

- As per matters listed
- Items Under Separate Cover to State Council only

6. MATTERS FOR NOTING / INFORMATION

- As per matters listed.

7. ORGANISATIONAL REPORTS

7.1 Key Activity Report

- 7.1.1 Environment and Waste
- 7.1.2 Governance and Strategy
- 7.1.3 Infrastructure
- 7.1.4 Planning and Community Development

7.2 Policy Forum Reports

- 7.2.1 Policy Forum Reports

7.3 President's Report

Recommendation

That the President's Report for September 2014 be received.

7.4 CEO's Report

Recommendation

That the CEO's Report for September 2014 be received.

8. ADDITIONAL ZONE RESOLUTIONS

To be advised following Zone meetings.

9. MEETING ASSESSMENT

Cr Philip Blight be requested to provide feedback as to the effectiveness of the meeting.

10. DATE OF NEXT MEETING

Recommendation

That the next meeting of the Western Australia Local Government Association State Council be held in the Boardroom at WALGA, 170 Railway Parade, West Leederville, on 3 December 2014, commencing 4pm.

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5. MATTERS FOR DECISION

5.1 2014 Annual General Meeting Minutes (01-003-02-0003 WS)

By Wayne Scheggia, Deputy Chief Executive Officer

Recommendation

That Annual General Meeting Motions:

1. 4.6B & 4.7B Part (a) be noted as in accordance with Association Policy;
2. 4.1, 4.2, 4.3, 4.4, 4.5 and 4.7B Part (b) be noted and forwarded to the relevant WALGA business unit for consideration; and,
3. 4.7B Part (c) be endorsed.

In Brief

- The 2014 WALGA Annual General Meeting was held on 6 August 2014.
- This report details all carried motions which are referred to State Council for consideration.

Attachment

Minutes of the 6 August 2014 WALGA Annual General Meeting were distributed following the meeting to all Local Governments.

Relevance to Strategic / Business Plan

- Providing strong representation for Local Government
- Providing effective leadership for Local Government
- Building a positive profile for Local Government
- Enhancing the capacity of Local Government to deliver services

Policy Implications

Adoption of this recommendation determines the action to be taken on the resolutions carried at the Annual General Meeting held on 6 August 2014 and will contribute to the Association's policy base.

Budgetary Implications

Nil.

Background

Resolutions from the 2014 Annual General Meeting are referred to State Council for consideration, noting that Sub-Clauses 7 and 8 of Clause 22 of the Western Australian Local Government Association Constitution states:

- “(7) Where the State Council considers that a direction or decision from an Annual General Meeting has been made without information of a material nature or in circumstances which have materially altered and such direction or decision is not in the best interests of the Association, the State Council may decline to follow that direction or decision and, in that event, the Chief Executive Officer by notice shall advise the Ordinary Members of the decision of the State Council and the reasons for that decision.*

- (8) *Notwithstanding the provisions of sub-clause (7), the State Council is required to give consideration to any direction or decision made at an Annual General Meeting in its discharge of responsibilities and functions."*

Comment

The resolutions carried at the AGM are listed below for formal noting and referral to the appropriate policy area for investigation and report.

4.1 WALGA State Conference – ESL Administration Fees Paid to Local Governments (05-024-02-0059 AH)

That WALGA

- 1. Prepare a business case to DFES to demonstrate that the fee payments to Local Governments no longer cover all of the ESL related costs incurred by local government in collecting the ESL.**
- 2. Negotiate an annual increase to the ESL Administration Fee paid to local governments by price and property growth indexation.**
- 3. Negotiate with DFES to make a once off increase to the total funds allocated for the ESL Administration Fee funds paid to local governments in 2015/16. This increase is recommended to be compounded on annual property growth and price (CPI) since the introduction of the ESL.**

SECRETARIAT COMMENT

The motion is generally in accordance with Association policy and will be referred to the Planning and Community Development Unit for consideration and report.

4.2 WALGA State Conference – Implications of Structural Reform (05-034-01-0103 TB)

That WALGA;

- 1. Facilitate a meeting between country Local Government Elected Members with Professor Brian Dollery making a presentation on the implications of structural reform, by December 2014.**
- 2. Supports the position that, if WALGA is to facilitate further presentations on Local Government Reform, then more than 1 presenter should be invited to ensure that a range of views and opinions are given, and that balanced and objective deliberation and debate can be undertaken.**

SECRETARIAT COMMENT

The Association is preparing for the possibility of Non Metropolitan structural reform through the formation of the Country Reform Policy Forum. The Policy Forum has been established to undertake research into appropriate governance models for country Local Governments. There is no pre-determined outcome and all models are being reviewed.

Since the formation of the Systemic Sustainability Study (SSS) process, the Association has convened a number of forums and meetings where eminent structural reform experts have been showcased including Professor Dollery.

The motion is noted and will be referred to the Governance and Strategy Unit in consultation with both the Country and Metropolitan Reform Policy Forums for consideration.

4.3 Bushfire Management – Support Vehicles (05-024-03-0010 AH)

That WALGA lobby the Minister for Emergency Services seeking the inclusion of fire support vehicles as eligible items for capital and operational funding under the Emergency Services Levy.

SECRETARIAT COMMENT

The motion is noted and will be referred to the Planning and Community Development Unit for consideration.

4.4 Contaminated Sites – Auditing Requirements (05-020-01-0001 MB)

That WALGA:

- a) **Requests the State Government to transfer the responsibility for auditing of contaminated sites reports to the Department of Environment Regulation as either a statutory requirement or on a fee for service basis; and**
- b) **Investigates and implements measures to reduce the cost of resolving contaminated site issues on Local Government (e.g. discounted consultant fees under WALGA preferred supplier panel contracts).**

SECRETARIAT COMMENT

The motion is noted and will be referred to the Environment and Waste Unit for consideration.

4.5 Review of Section 6.28 of the Local Government Act 1995 - Valuation of Land (05-034-01-0007 JMc)

That WALGA requests the Minister for Local Government to review Section 6.28 of the Local Government Act that limits the methods of valuation of land to Gross Rental Value or Unimproved Value, and explores other alternatives.

SECRETARIAT COMMENT

The motion is noted and will be referred to the Governance and Strategy Unit for consideration.

4.6B MATTER OF SPECIAL URGENT BUSINESS: Opposition to Commission of Audit Recommendations

That the WA Local Government Association engage with the Federal Minister for Infrastructure and Regional Development; all Federal Members of Parliament from Western Australia; and the Australian Local Government Association to lobby against any proposed removal or amendment of Commonwealth funding to Local Government by way of Financial Assistance Grants (FAG's) and the Roads to Recovery Program (R2R).

SECRETARIAT COMMENT

Opposition to adverse impacts on Commonwealth funding to Local Governments are being pursued in concert with ALGA and will be extensively advocated as part of WALGA's submission to the "Taxation Review" and the "Review of the Federation".

The motion is in accordance with the Association policy.

4.7B MATTER OF SPECIAL URGENT BUSINESS: Local Government Reform - Dadour Poll Provisions

That this Annual General Meeting, recognising the current approach by the State Government to the manipulation of the principles of the 'Dadour' poll provisions:

(a) endorse WALGA's position of providing community access to the poll provisions where 1 or more districts are to be abolished rather than the 2 or more districts as currently provided for in the *Local Government Act 1995*;

(b) endorse WALGA's proposed extension of the poll provisions to significant boundary adjustments subject to any associated criteria and any percentages being agreed to by a majority of all local governments in Western Australia; and

(c) reaffirm as policy, that WALGA is opposed to the removal or dilution of the 'Dadour' poll provisions including the temporary dilution or removal of those provisions.

SECRETARIAT COMMENT

The following comments are provided in respect to each part of the motion;

- (a) the position is noted as affirmation of the Association's existing policy position.
- (b) the position is noted and further work will be undertaken by the Governance & Strategy Unit and reported back to the Zones and State Council through the Association's normal decision making processes.
- (c) WALGA's current policy position is to oppose any proposal to remove in perpetuity the poll provisions contained in Schedule 2.1 of the Local Government Act 1995, this motion is about providing clarity that WALGA's position would also oppose the temporary dilution or removal of these provisions. Based on this it is recommended that part (c) be endorsed.

5.2 Metropolitan Local Government Reform (05-014-02-0018 TL)

By Tony Brown, Executive Manager Governance & Strategy and Tim Lane, Manager Strategy & Reform

Recommendation

That WALGA:

- 1. Continues to advocate for the State Government to provide adequate funding for the implementation of Metropolitan Local Government Reform; and**
- 2. Works with affected Local Governments, following the Minister for Local Government's announcement relating to the Metropolitan Local Government Reform process, to quantify the cost of implementation of reform.**

In Brief

- Five Zones passed resolutions in the lead up to the 2 July meeting of State Council regarding Metropolitan Local Government Reform.
- The Zone resolutions, which are detailed in this item, vary slightly. In general, the Zones' resolutions contained the following key points:
 1. Call on the Government to place \$100m in a reserve fund to pay for Metropolitan Reform;
 2. If funding is not forthcoming, call on WALGA to cease any collaborative involvement in the State Government's reform agenda;
 3. Call on metropolitan Local Governments to cease collaborative involvement in the State Government's reform agenda; and,
 4. Call on country Local Governments not to collaborate with the Government on Structural reform.
- The call for the Government to provide \$100m to fund Metropolitan Local Government Reform is consistent with WALGA policy and forms the basis of the recommendation of this item;
- While the Zone resolutions present a dilemma for WALGA, as a democratic, member-based organisation aiming to represent the views of members while achieving positive reform outcomes for the sector, it is not recommended that WALGA cease collaboration with the Government in the reform process;
- If WALGA withdrew the sector would forgo the ability to meaningfully influence the Government's policy direction regarding implementation of Metropolitan Local Government Reform.
- It is not recommended that Local Governments be called upon to cease collaboration with the Government because:
 1. Withdrawal would deny the community a democratic voice in the implementation of Metropolitan Local Government Reform; and
 2. The Government would be able to replace uncooperative Councils with Commissioners once Governor's Orders are published.

Attachment

Nil.

Relevance to Strategic / Business Plan

- Providing strong representation for Local Government
- Providing effective leadership for Local Government
- Building a positive profile for Local Government
- Enhancing the capacity of Local Government to deliver services

Policy Implications

The recommendation of this agenda item is consistent with previous State Council resolutions relating to Metropolitan Local Government Reform.

6 March 2013

State Council endorsed WALGA's Submission to the State Government in response to the Metropolitan Local Government Review Panel's final report. The following was endorsed in that submission as WALGA's preferred governance model for the Perth metropolitan region:

WALGA supports a Governance Model for the Perth metropolitan region consisting of approximately 15-20 Local Governments, and will work towards achieving this objective, based on sustainability principles, with reference to Directions 2031, using existing Local Government boundaries as a starting point.

The following was endorsed in the same submission relating to implementation of the Government's reform agenda:

That, in the event Local Government reform proceeds, a staged structural reform transition process is implemented whereby:

- 1. the State Government establishes and states its vision and objectives for Local Government in metropolitan Perth and country Western Australia, and determines the parameters for Local Government structural reform;*
- 2. the Local Government sector is empowered to achieve the objectives within a 12 month timeframe;*
- 3. That transitional arrangements are managed by selected serving Elected Members from the amalgamating Local Governments rather than appointed commissioners;*
- 4. That any change to the structure and governance of Local Governments, whether forced or voluntary, is funded by the State Government; and*
- 5. That the Local Government sector and Local Government peak bodies – WALGA and the LGMA – are involved in any Local Government reform initiative stemming from the Metropolitan Local Government Review.*

Budgetary Implications

Nil.

Background

Five Zones passed resolutions relating to Local Government Reform prior to the 2 July 2014 State Council meeting as follows:

Peel Country Zone

In view of the uncertainty which surrounds the structural reform agenda and the State Government's refusal to fully fund the transition costs of proposed amalgamations, the Zone requests WALGA to:

1. Call on the State Government to provide funding of up to \$100 million to be placed immediately in a reserve fund set aside for structural reform and that failing any meaningful financial commitment from the State Government, it is suggested that WALGA cease any collaborative involvement in the State Government's reform agenda, effective forthwith; and
2. Call on all country local governments not to enter into any structural reform agenda in collaboration with the State Government in the absence of any guaranteed and meaningful funding for both the current metropolitan structural reform agenda and any future structural reform agenda for country local governments.

Central Metropolitan Zone

In view of the uncertainty which surrounds the structural reform agenda and the State Government's refusal to fully fund the transition costs of proposed amalgamations, the Central Metropolitan Zone requests WALGA to:

1. Call on the State Government to provide funding of up to \$100m to be placed immediately in a reserve fund set aside for structural reform and that failing any meaningful financial commitment from the State Government, WALGA cease any collaborative involvement in the State Government's reform agenda effective forthwith.
2. Call on all metropolitan local governments to follow WALGA's lead by also ceasing any collaborative involvement in the State Government's reform agenda.
3. Call on all country Local Governments not to enter into any structural reform agenda in collaboration with the State Government in the absence of any guaranteed and meaningful funding for both the current metropolitan structural reform agenda and any future structural reform agenda for country Local Governments.

East Metropolitan Zone

That WALGA:

1. Call on the State Government to provide funding of no less than \$100million to be placed immediately in a reserve fund set aside for the structural reform and that failing any meaningful financial commitment from the State Government, call on WALGA to cease any collaborative involvement in the State Government's reform agenda effective forthwith.
2. If the funding is not provided, call on all Country Local Governments not to enter into any structural reform agenda in collaboration with the State Government in the absence of any guaranteed and meaningful funding for any future structural reform agenda for Country Local Governments.

South East Metropolitan Zone

Resolution 1:

That the South East Metropolitan Zone requests State Council to establish an operating fund with the objectives of:

1. Raising the profile of Local Government reform with the 'public at large' and the State Government;
2. Increasing the awareness of the 'public at large' and the State Government regarding the lack of State funding to deliver local government reform; and
3. Call on the State Government to provide cash funding of between \$65m to \$100m to be placed immediately in a reserve fund set aside for structural reform.
4. Failure to obtain any meaningful financial commitment from the State Government;
 - 4.1 WALGA cease any collaborative involvement in the State Government's reform agenda effective forthwith.
 - 4.2 Call on all Metropolitan Local Governments to follow WALGA's lead by also ceasing any collaborative involvement in the State Government's reform agenda.
 - 4.3 Call on all Country Local Governments not to enter into any structural reform agenda in collaboration with the State Government in the absence of any guaranteed and meaningful funding for both the current metropolitan structural reform agenda and any future structural reform agenda for Country Local Governments.

Resolution 2:

The South East Metropolitan Zone urges State Council, at its meeting of 2 July 2014, to express its extreme concern and deep disappointment to the State Government at its flawed Metropolitan Local Government reform process; that it lacks transparency, clarity and a genuine desire to reform metropolitan Local Government for the betterment of the sector and the communities they serve.

South Metropolitan Zone

The South Metropolitan Zone request WALGA to undertake the following:

1. Call on the State Government to provide funding of up to \$100m to be placed immediately in a reserve fund set aside for structural reform and that failing any meaningful financial commitment from the State Government, WALGA cease any collaborative involvement in the State Government's reform agenda effective forthwith.
2. Call on all metropolitan local governments to follow WALGA's lead by also ceasing any collaborative involvement in the State Government's reform agenda.
3. Call on all country local governments not to enter into any structural reform agenda in collaboration with the State Government in the absence of any guaranteed and meaningful funding for both the current metropolitan structural reform agenda and any future structural reform agenda for country local governments.

Summary of Zone Resolutions

A summary of the key points of the Zones' resolutions are outlined below:

Key point		Zones that passed each key point				
1	Call on the Government to place \$100m in a reserve fund to pay for Metropolitan Reform	Peel	Central Met	East Met	S.E. Met	South Met
2	If funding is not forthcoming, call on WALGA to cease any collaborative involvement in the State Government's reform agenda	Peel	Central Met	East Met	S.E. Met	South Met
3	Call on metropolitan Local Governments to cease collaborative involvement in the State Government's reform agenda		Central Met		S.E. Met	South Met
4	Call on country Local Governments not to collaborate with Government on Structural reform	Peel	Central Met	East Met	S.E. Met	South Met

The South East Metropolitan Zone also included in their resolution a request for WALGA to fund a campaign to raise awareness of Local Government reform and the State Government's lack of funding for Local Government reform.

The South East Metropolitan Zone also passed an additional resolution, as follows:

The South East Metropolitan Zone urges State Council, at its meeting of 2 July 2014, to express its extreme concern and deep disappointment to the State Government at its flawed Metropolitan Local Government reform process; that it lacks transparency, clarity and a genuine desire to reform metropolitan Local Government for the betterment of the sector and the communities they serve.

Comment

WALGA's policy positions and the implications of the Zones' resolutions identified in the table above are discussed below:

Point 1 – Funding

Five Zones passed a resolution calling on the Government to place \$100m in a reserve fund to pay for the implementation of Metropolitan Local Government reform.

This is consistent with WALGA's ongoing advocacy relating to funding for the implementation of metropolitan reform. The WALGA President wrote to the Minister for Local Government following the release of the Government's Budget highlighting the inadequacy of the Government's funding allocation and outlining the sector's concerns. The WALGA President then wrote again requesting the Government's financial modelling supporting claims about the benefits of reform.

The Minister for Local Government has responded and committed to provide further details about grant funding and loan packages when he announces his response to the Local Government Advisory Board's recommendations. This announcement is expected to occur in September 2014.

Following the release of Governor's Orders, WALGA will work with affected Local Governments to develop a detailed estimate of costs to present to Government and the Minister for Local Government has stated that he looks forward to receiving this information.

Point 2 – WALGA to withdraw

Five Zones' resolutions included a clause that WALGA, without a meaningful financial commitment from the State Government, should "cease any collaborative involvement in the State Government's reform agenda effective forthwith."

The call for WALGA to withdraw presents a dilemma for a member-based organisation that is simultaneously seeking to represent the views of members while ensuring the Metropolitan Local Government Reform process achieves positive outcomes for the sector.

Another challenge for State Council relates to the timing of the withdrawal from the process. If funding is not forthcoming following the release of Governor's Orders, the withdrawal of WALGA will have no meaningful impact on the process as it is required to be undertaken by Governor's Orders, which are legally binding.

WALGA's withdrawal would have a number of negative effects on the reform process from the sector's viewpoint. If WALGA ceased collaboration with the State Government's reform agenda, the sector would forgo the ability to have meaningful input into the process which would be likely to continue regardless.

Furthermore, if WALGA withdrew the Association would:

- No longer attend meetings of the Metropolitan Reform Implementation Committee (MetRIC) charged with strategic oversight and coordination of metropolitan Local Government reform;
- No longer provide advice and support to Local Implementation Committees;
- Withdraw participation from two MetRIC subcommittees:
 - Assets Subcommittee, which is producing guidelines for the transfer of assets and liabilities in a 'boundary change' scenario;
 - Human Resources Subcommittee, which is addressing HR related issues prior to the publication of Governor's Orders;
- Stop administering and updating the Local Government Reform Toolkit;

Point 3 – Metropolitan Local Governments to withdraw

Three metropolitan Zones included a point in their resolution as follows:

Call on all metropolitan local governments to follow WALGA's lead by also ceasing any collaborative involvement in the State Government's reform agenda.

It is unclear whether the phrase 'follow WALGA's lead' means the cessation of collaboration by metropolitan Local Governments is conditional on WALGA first withdrawing from the process.

In any case, the withdrawal from the process of metropolitan Local Governments will also have a number of implications. Firstly, withdrawal will deny the community a democratic voice regarding the implementation of Local Government reform at the local level. Secondly, once Governor's Orders are issued, the Government would be in a position to dismiss uncooperative Councils and appoint Commissioners to ensure that the transition, as dictated by a legal instrument, occurs.

Point 4 – Country Local Governments to withdraw

Five Zones included a point in their resolution as follows (note that East Metropolitan Zone had slightly different wording, but the same intent):

Call on all country Local Governments not to enter into any structural reform agenda in collaboration with the State Government in the absence of any guaranteed and meaningful funding for both the current metropolitan structural reform agenda and any future structural reform agenda for country Local Governments.

Calling on country Local Governments not to enter into any structural reform agenda may have symbolic implications but is unlikely to have an impact on the Government's current policy settings.

South East Metropolitan Zone – Awareness Campaign

The South East Metropolitan Zone has also called on WALGA to "establish an operating fund with the objectives of:

1. Raising the profile of Local Government reform with the 'public at large' and the State Government; and
2. Increasing the awareness of the 'public at large' and the State Government regarding the lack of State funding to deliver local government reform."

Following the State Government's Budget, the WALGA President issued a number of media releases and pursued a high profile media strategy on the inadequacy of the State Government's funding allocation for the implementation of Metropolitan Local Government Reform.

Conclusion

In conclusion, the negatives of formally withdrawing from the process would most likely outweigh the positives for both WALGA and the Local Government sector.

The call for WALGA to withdraw from the process presents a dilemma to WALGA, which is simultaneously seeking to represent the views of its members and ensure the reform process achieves positive outcomes for the sector and the community.

If WALGA withdraws from the process, the sector will lose meaningful input into the process and the Government's policy direction would be unlikely to change.

For the sector, withdrawal from the process could lead to the dismissal of Councils and the appointment of Commissioners following the Gazettal of Governor's Orders.

Accordingly, it is not recommended that WALGA or the sector withdraw from the process.

Regarding a public awareness campaign, given the high profile media strategy employed by the WALGA President, a campaign at this stage of the Government's budget cycle is unlikely to achieve meaningful outcomes.

Given the Minister for Local Government's commitment to engage with the sector in relation to funding following his announcement about future metropolitan Local Government boundaries, it is recommended that WALGA continue to advocate for funding for reform and work with affected Local Governments to quantify the likely costs of reform to inform further discussions with the State Government.

The secretariat will engage with affected Local Governments once the Governor's Orders are published to develop more detailed cost estimates, which will be presented to Government and will be included in the Association's Budget Submission in advance of the 2015-16 State Budget. Heightened media interest regarding funding for Metropolitan Local Government Reform is likely once the Minister for Local Government announces future Local Government arrangements for metropolitan Perth. A communications strategy will be developed to inform ongoing advocacy and communications if funding for metropolitan reform remains insufficient.

5.3 Interim Submission to the Department of Local Government and Communities – Review of the Local Government (Functions and General) Regulations 1996 (05-034-01-0007 JM)

By James McGovern, Manager Governance

Recommendation

That the Association's interim submission to the Department of Local Government and Communities on the review of the Local Government (Functions and General) Regulations 1996 be endorsed.

In Brief

- The Department of Local Government and Communities developed a Consultation Paper requesting feedback from the sector on proposed amendments to the purchasing and tendering provisions in the Local Government (Functions and General) Regulations 1996.
- Feedback opportunity was provided to the Sector by InfoPage of 23 May 2014.
- Local Government feedback informed the development of the Interim Submission.

Attachment

Interim Submission to the Department of Local Government and Communities.

Relevance to Strategic / Business Plan

- Providing strong representation for Local Government
- Providing effective leadership for Local Government
- Building a positive profile for Local Government
- Enhancing the capacity of Local Government to deliver services

Policy Implications

WALGA's Interim Submission is consistent with existing Association policy.

Budgetary Implications

Nil.

Background

In May 2010 the Local Government Reform Steering Committee, established by the former Minister for Local Government, reported on recommended amendments to Local Government Act and Regulations, including certain purchasing and tendering provisions in the Local Government (Functions and General) Regulations 1996. WALGA was represented on the Legislation Working Group which undertook a review of the Local Government Act and Regulations and provided recommendations to the Steering Committee.

Recommendation 16 of the Committee's Report stated: *"Endorse the Legislation Working Group recommendations to amend the Local Government Act 1995 and Regulations identified by the Working Group, subject to advice from the Department of Local Government on specific issues".*

WALGA State Council endorsed a suite of Local Government Reform Steering Committee recommendations, including Recommendation 16, at its meeting of 12 October 2010 (refer Resolution 114.5/2010).

In May 2014, the Department of Local Government and Communities prepared an Issues Paper on fifteen (15) amendment proposals specific to the *Local Government (Functions and General) Regulations 1996* for consideration. The proposals contained in the Issues Paper align with those identified by the Steering Committee. Additionally, the Issues Paper included commentary on proposals from the Corruption and Crime Commission and State Procurement Reform for consideration.

WALGA subsequently released an InfoPage and the Issues Paper for sector comment. The Interim Submission is the Association's response based on Local Government feedback. WALGA's draft Interim Submission was approved by the President and the Governance and Strategy Co-Chairs before it was sent to the Department for consideration.

Comment

Sector feedback on the proposals was received from the following Local Governments:

- Armadale
- Ashburton
- Bayswater
- Busselton
- Chapman Valley
- Cockburn
- Gingin
- Joondalup
- Kalgoorlie Boulder
- Mandurah
- Melville
- Mundaring
- Perth
- Rockingham

The overall objective of the proposals is to modernise and where necessary, clarify practices regulated by the Functions and General Regulations. The Association made the following key points in its submission:

Regulation 18 – Rejecting and accepting tenders

It is the Department of Local Government and Communities view and advice to the sector, that the Functions and General Regulations do not permit the awarding of multiple tenders or panel tenders.

Sector feedback supports both multiple tenders and panel tenders, and WALGA's Interim Submission proposes the following regulatory amendments to address the Department's concerns specific to panel tenders:

WALGA recommends the regulations be amended to ensure there is a robust panel tender procurement process across the Sector, that procedures align with the present public request for tender (RFT) process, with additional elements as follows:

- (i) that the panel tender RFT specification limit tenderers selected under this process to a contract period not exceeding 12 months;*
- (ii) that a mandatory process for competitively seeking quotations from all appointees selected to the panel be expressed:*
 - (a) in the panel tender RFT specification, and*
 - (b) in the Purchasing Policy prepared and adopted under Regulation 11A of the Local Government (Functions and General) Regulations;*
- (iii) that the Department of Local Government and Communities incorporate the monitoring of panel tenders in their annual Compliance Audit Return process.*

Regulation 30(3) – Disposition of property

WALGA supports an increase in the exemption thresholds.

Regulation 12 – Anti-avoidance provision

The Issues Paper commented on potential for ‘contract renewals’ to amount to tender avoidance. WALGA submits the view that there is no clear distinction between ‘contract renewals’ and ‘contract extensions’, with the latter being a common provision included in tender specifications and subsequent contracts. An amendment clarifying this is supported.

Regulation 11(1) – Tender threshold

WALGA independently proposed that the tender threshold provisions under regulation 11(1) be reviewed; and proposed that a clarifying amendment be made to ensure the ‘tender threshold’ provision only applies within a 3 year timeframe for recurrent expenditure with a single supplier.

In terms of the latter item, it has been brought to WALGA’s attention that Local Governments have been informed the \$100,000 tender threshold is not time limited. Local Governments are therefore at risk where expenditure occurs with a single supplier over many consecutive years, leading to the ‘retrospective’ (but unforeseeable) requirement to have tendered for such supply.

WALGA’s Interim Submission has been provided to the Department of Local Governments and Communities and amendments to the Functions and General Regulations are eagerly awaited.



WALGA

WORKING FOR LOCAL GOVERNMENT

Interim Submission to the Department of Local Government and Communities

Review of the Local Government (Functions and General) Regulations 1996

July 2014

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Background

In May 2010 the Local Government Reform Steering Committee, established by the former Minister for Local Government, reported on recommended amendments to Local Government Act and Regulations, including certain purchasing and tendering provisions in the Local Government (Functions and General) Regulations 1996. WALGA was represented on the Legislation Working Group charged with the task of reviewing the Local Government Act and Regulations.

Recommendation 16 of the Committee's Report stated: "*Endorse the Legislation Working Group recommendations to amend the Local Government Act 1995 and Regulations identified by the (Legislation) Working Group, subject to advice from the Department of Local Government on specific issues*". WALGA State Council endorsed a suite of Steering Committee recommendations, including recommendation 16, at its meeting of 12 October 2010 – refer Resolution 114.5/2010.

In May 2014, the Department of Local Government and Communities prepared an Issues Paper on fifteen (15) amendment proposals specific to the *Local Government (Functions and General) Regulations 1996* for consideration. The proposals contained in the Issues Paper align with those identified by the Legislation Working Group. Additionally, the Issues Paper included commentary on proposals from the Corruption and Crime Commission and State Procurement Reform for consideration.

WALGA subsequently released an InfoPage and the Issues Paper for sector comment. The following submission is the Association's response based on Local Government feedback:

1. Regulation 11A(3)(b) - Purchasing Policy

- (3) *A purchasing policy must make provision in respect of —*
 (b) *the recording and retention of written information, or documents, in respect of —*
 (i) *all quotations received; and*
 (ii) *all purchases made.*

Steering Committee Recommendation
The Working Group recommends that the current wording of reg.11A (3) (b) be deleted and be replaced with a provision that a purchasing policy is to specify the number of verbal and written quotes that a local government is to source.
Much of the existing requirement is now redundant, in view of a local government's obligations under the <i>State Records Act 2000</i> , and the current wording fails to specify that a purchasing policy should specify the number of verbal and written quotes that a local government is to source.
WALGA Submission
Sector feedback agrees with the Steering Committee Recommendation.

2. Regulation 11A(4) - Purchasing Policy

- (4) *Different requirements may be imposed under a purchasing policy in respect of different classes, or types, of any of the following —*
 (a) *goods and services;*
 (b) *suppliers;*
 (c) *contracts;*
 (d) *any other thing that the local government considers appropriate.*

Steering Committee Recommendation
The Working Group recommends that reg.11A (4) be deleted and the information it contains be provided to the sector by means of a DLG Guidance Note, as this would be more appropriate than providing for it by means of legislation.
WALGA Submission
Sector feedback agrees with the Steering Committee Recommendation.

3. Regulation 11(2)(ba) - Tender exemption, former employee(s)

- (2) *Tenders do not have to be publicly invited according to the requirements of this Division if —*
- (ba) *the local government intends to enter into a contract arrangement for the supply of goods or services where —*
- (i) *the supplier is either —*
- (I) *an individual whose last employer was the local government; or*
- (II) *a group, partnership or company comprising at least 75% of persons whose last employer was that Local Government;*
- and
- (ii) *the contract —*
- (I) *is the first contract of that nature with that individual or group; and*
- (II) *is not to operate for more than 3 years;*
- and
- (iii) *the goods or services are —*
- (I) *goods or services of a type; or*
- (II) *(in the opinion of the local government) substantially similar to, or closely related to, goods or services of a type, that were provided by the individual (or persons) whilst employed by the local government;*

Steering Committee Recommendation
The Working Group recommends that reg.11 (2) (ba) be deleted. Given that current procurement best practice recommends market testing as the most effective means of acquiring goods and services, the circumstances outlined in this part of the regulations are no longer relevant.
WALGA Submission
Sector feedback agrees with the Steering Committee Recommendation, that the provision be deleted. The past use and support for this provision was identified by only one respondent, with remaining comments indicating that market testing takes precedence over the tender exemption opportunity.

4. Regulation 11(2)(c)(i) Tender exemption - failure to meet tender specification

- (2) *Tenders do not have to be publicly invited according to the requirements of this Division if —*
- (c) *within the last 6 months —*
- (i) *the local government has, according to the requirements of this Division, publicly invited tenders for the supply of the goods or services but no tender was submitted that met the tender specifications;*

Steering Committee Recommendation
The Working Group recommends that, for drafting clarity, the words ' <i>met the tender specifications</i> ' be replaced with ' <i>accepted by the local government in accordance with Reg. 18</i> '.
WALGA Submission
Majority agreement that the exemption is required and that clearer wording would be beneficial. WALGA submits that the preferred wording should read: " <i>....no tender was submitted that met the tender specification and value for money assessment</i> " as this may assist in shoring up the objectives of past amendment to this regulation.

5. Regulation 13 & Regulation 14(2a)(b) – Tendering when not required to do so

13. *If a local government, although not required by this Division to invite tenders before entering into a contract for another person to supply goods or services, decides to invite tenders, the tenders are to be publicly invited according to the requirements of this Division.*

14.(2a) *If a local government —*

- (a) *is required to invite a tender; or*
- (b) *not being required to invite a tender, decides to invite a tender,*
the local government must, before tenders are publicly invited, determine in writing the criteria for deciding which tender should be accepted.

Steering Committee Recommendation
In both reg.13 and reg.14(2b), the Working Group recommends that, for clarity, the word 'decides', should be replaced with 'chooses'. In practice, local governments rarely 'resolve' to invite tenders.
WALGA Submission
Although respondents agreed that formal Council decisions occur infrequently, an amendment is not regarded as necessary.

6. Regulation 14(3) – Publicly inviting tenders

- (3) *The notice, whether under subregulation (1) or (2), is required to include —*
- (a) *a brief description of the goods or services required; and*
 - (b) *particulars identifying a person from whom more detailed information as to tendering may be obtained; and*
 - (c) *information as to where and how tenders may be submitted; and*
 - (d) *the date and time after which tenders cannot be submitted.*

Steering Committee Recommendation
The Working Group recommends that reg.14(3) be reworded to allow local governments to choose either to include the specified information in full, or to direct tenderers to where they may find it. The reason for this recommendation is that placing such detailed information in a public advertisement is expensive.
WALGA Submission
Respondents indicated their own newspaper advertising normally refers potential tenderers to additional information, usually available on Council website or procurement portal. The factor of advertising costs has been addressed through better internal practices since the report of 2010 and an amendment is no longer regarded as necessary.

7. Regulation 14(4)(d) Public Notice – Content

- (4) *In subregulation (3)(b) a reference to detailed information includes a reference to —*
- (d) *whether or not the local government has decided to submit a tender;*

Steering Committee Recommendation
The Working Group recommends that, for clarity, the words 'or not' should be deleted; in other words, local governments should only be required to provide this information in the public notice in cases where they have decided to submit a tender.
WALGA Submission
Sector feedback agrees with the Steering Committee Recommendation.

8. Regulation 14(4)(e) - Public Notice Content

- (4) In subregulation (3)(b) a reference to detailed information includes a reference to —
(e) whether or not the CEO has decided to allow tenders to be submitted by facsimile or other electronic means, and if so, how tenders may so be submitted.

Steering Committee Recommendation
The Working Group recommends that reg. 14(4)(3) be deleted. It is redundant, as reg. 14(3)(c) already requires that the public notice include information as to where and how tenders may be submitted.
WALGA Submission
Sector feedback agrees with the Steering Committee Recommendation.

9. Regulation 15(1) - Minimum time for submitting tenders

- (1) If the notice is published in the newspaper as part of giving Statewide public notice, the time specified in the notice as the time after which tenders cannot be submitted has to be at least 14 days after the notice is first published in the newspaper as part of giving Statewide public notice.

Steering Committee Recommendation
The Working Group recommends that the opening words of the Regulation, “If the notice is published in the newspaper as part of giving Statewide public notice...”, be deleted. They are redundant as Statewide public notice is a requirement for all tenders under Reg 14(1).
WALGA Submission
Sector feedback agrees with the Steering Committee Recommendation.

10. Regulation 16(3)(a) - Receiving and opening tenders, procedures for

- (3) When tenders are opened —
(a) at least one and, if practicable, more than one employee of the local government or one person authorised by the CEO to open tenders and, if practicable, one or more other persons, is required to be present;

Steering Committee Recommendation
The Working Group is of the view that reg.16(3)(a) is clumsily worded. It recommends that it be reworded to make it clear that at least one employee of the local government or at least one person authorised by the CEO, is required to be present when tenders are opened.
WALGA Submission
Majority agreement that the regulation should clearly specify that 2 employees of the local government be present.

11. Regulation 17(2)(b) - Tenders register

- (2) The tenders register is to include, for each invitation to tender —
(b) particulars of the making of —
(i) the decision to invite tenders; and
(ii) if applicable, the decision to seek expressions of interest under regulation 21(1);

Steering Committee Recommendation
The Working Group recommends that reg.17(2)(b) be deleted, as formal council decisions in this respect are made only rarely.
WALGA Submission
Sector feedback agrees with the Steering Committee Recommendation.

12. Regulation 18 - Rejecting and accepting tenders

- (1) A tender is required to be rejected unless it is submitted at a place, and within the time, specified in the invitation for tenders.
- (2) A tender that is submitted at a place, and within the time, specified in the invitation for tenders but that fails to comply with any other requirement specified in the invitation may be rejected without considering the merits of the tender.
- (3) If, under regulation 23(4), the CEO has prepared a list of acceptable tenderers for the supply of goods or services, a tender submitted by a person who is not listed as an acceptable tenderer is to be rejected.
- (4) Tenders that have not been rejected under subregulation (1), (2), or (3) are to be assessed by the local government by means of a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept and it is to decide which of them it thinks it would be most advantageous to the local government to accept.
- (4a) To assist the local government in deciding which tender would be the most advantageous to it to accept, a tenderer may be requested to clarify the information provided in the tender.
- (5) The local government may decline to accept any tender.
- (6) If a local government has accepted a tender but acceptance of the tender does not create a contract and within 6 months of the day on which the tender was accepted the local government and the successful tenderer agree not to enter into a contract in relation to the tender, the local government may accept from the other tenders the tender which it thinks it would be most advantageous to the local government to accept.
- (7) If a local government has accepted a tender and acceptance of the tender creates a contract and within 6 months of the day on which the tender was accepted the local government and the successful tenderer agree to terminate the contract, the local government may accept from the other tenders the tender which it thinks it would be most advantageous to the local government to accept.

Steering Committee Recommendation

The Working Group recommends that reg.18 be amended to clarify that local governments are able to accept multiple tenders, not just one.

WALGA Submission

The Department of Local Government and Communities commented in the Issues Paper that the present regulatory environment does not permit Local Governments to award multiple tenders or panel tenders; the matter of panel tenders was not contemplated by the Steering Committee in 2010. The Department identified that Local Governments have been awarding panel tenders and expresses concern with their development and management specific to transparency issues relating to tender timeframe, total consideration and subjective selection processes.

Sector feedback supports both multiple tenders and panel tenders, and WALGA proposes the following regulatory amendments to address the Department's concerns specific to panel tenders:

WALGA recommends the regulations be amended to ensure there is a robust panel tender procurement process across the Sector, that procedures align with the present public request for tender (RFT) process, with additional elements as follows:

- (iv) that the panel tender RFT specification limit tenderers selected under this process to a contract period not exceeding 12 months;
- (v) that a mandatory process for competitively seeking quotations from all appointees selected to the panel be expressed:
 - (c) in the panel tender RFT specification, and
 - (d) in the Purchasing Policy prepared and adopted under Regulation 11A of the Local Government (Functions and General) Regulations.
- (vi) that the Department of Local Government and Communities incorporate the monitoring of panel tenders in their annual Compliance Audit Return process.

WALGA believes the approach as outlined above will establish a compliance framework that will enable Local Governments with requisite procurement capacity and capability, to engage in the procurement and utilisation of panel tenders in accordance with Council's Purchasing Policy, within a defined contract period.

13. Regulation 20 - Variation of requirements before entering into contract

(1) If, after it has invited tenders for the supply of goods or services and chosen a successful tenderer but before it has entered into a contract for the supply of the goods or services required, the local government wishes to make a minor variation in the goods or services required, it may, without again inviting tenders, enter into a contract with the chosen tenderer for the supply of the varied requirement subject to such variations in the tender as may be agreed with the tenderer.

(2) If —

(a) the chosen tenderer is unable or unwilling to enter into a contract to supply the varied requirement; or

(b) the local government and the chosen tenderer cannot agree on any other variation to be included in the contract as a result of the varied requirement, that tenderer ceases to be the chosen tenderer and the local government may, instead of again inviting tenders, choose the tenderer, if any, whose tender the local government considered it would be the next most advantageous to it to accept.

(3) In subregulation (1) —

'minor variation' means a variation that the local government is satisfied is minor having regard to the total goods or services that tenderers were invited to supply.

Steering Committee Recommendation
It is suggested that an additional provision be added, to the effect that once a contract has been entered into for the supply of goods or services required, the local government may enter into a variation with respect to fulfilment of the terms of the contract if it is satisfied that such variation is advantageous to the local government.
WALGA Submission
Sector feedback agrees with the Steering Committee Recommendation.

14. Regulation 21(2) - Limiting who can tender (EOIs)

(2) There is good reason to make a preliminary selection if, because of —

(a) the nature of the goods or services required; or

(b) the cost of preparing plans, specifications or other information for the purpose of adequately describing the goods or services required, it would be advantageous to the local government if tenders were invited only from persons it considers to be capable of satisfactorily supplying the goods or services.

Steering Committee Recommendation
The Working Group recommends that reg. 21(2) be deleted. It is unnecessary, as local governments should have discretion to determine when to call expressions of interest.
WALGA Submission
Respondents agreed the regulation be retained as deletion may have unintended consequences.

15. Regulation 29A - abandoned vehicle wrecks

For the purposes of the definition of abandoned vehicle wreck in section 3.40A(5)(c) of the Act —

(a) the prescribed value is "\$200";

Steering Committee Recommendation
The Working Group recommends an increase from \$200 to \$500, to reflect the higher value of abandoned vehicle wrecks.
WALGA Submission
The proposed value of \$500.00 is supported.

16. Regulation 30(3) - Disposition of property

- (3) A disposition of property other than land is an exempt disposition if —
- (a) its market value is less than \$20 000; or
 - (b) it is disposed of as part of the consideration for other property that the local government is acquiring for a consideration the total value of which is not more, or worth more, than \$50 000.

Steering Committee Recommendation
The Working Group recommends that the Department investigate increasing the exemption threshold for having to go to tender in relation to property trade-ins from \$50,000 to \$100,000.
Consideration also needs to go towards whether the monetary threshold of \$20,000 in reg 30(3)(a) needs to be increased.
WALGA Submission
Majority support for a review of values, split between the following proposals:
<u>Proposal 1</u>
(i) Support an increase under Regulation 30(3)(a) to \$30,000
(ii) Support an increase under Regulation 30(3)(b) to \$100,000
<u>Proposal 2</u>
Support for a definition of metropolitan area/major regional centre (in common with 2011 amendments to commercial enterprises by local governments thresholds - s 3.59 of the LGA) with higher thresholds as distinct from the remainder of the State, which should remain as the status quo.

17. Regulation 11(2) - Tender exemption

New proposal.

State Procurement Reform
Exemption to allow State public authorities to directly contract for the provision of goods and services with Aboriginal businesses that are 50% Aboriginal owned for contracts up to \$150,000, subject to the procurement representing value for money.
WALGA Submission
Respondents generally agree Local and State Government procurement activity should align and there were no comments opposing this proposal.

18. Regulation 12 - Anti-avoidance provision

If a local government enters into 2 or more contracts in circumstances such that the desire to avoid the requirements of regulation 11(1) is a significant reason for not dealing with the matter in a single contract, tenders are to be publicly invited according to the requirements of this Division before entering into any of the contracts regardless of the consideration.

Corruption and Crime Commission Report Recommendation
CCC view: "The intent of the regulation is to prevent contract splitting, but a plain reading of this provision is that it requires tenders to be invited after a local government has already entered into two or more contracts. Once contracts have been entered into, tenders cannot be invited. Given that the purpose of the provision is to prevent local government from entering into two or more contracts to avoid the requirement to go to public tender for purchases above \$100,000, in the Commission's view, the provision requires legislative amendment."
Additionally a further amendment is required to reg 12 to clarify that where the value for the period of an option to renew under a contract exceeds the prescribed tender threshold the local government must not renew the contract, but instead invite tenders for the provision of the goods or services in accordance with regulation 11(1).

WALGA Submission

Respondents agree that clearer wording would be beneficial, noting that the Issues Paper commentary does not distinguish between the common procurement practice for tenders to include contract extensions, and tenders that do not.

For example, a tender specification that informs of the intention to enter into a five year contractual relationship on a 3 year + 2 year option basis, is valid where the consideration associated with the total contract period is also contemplated in the procurement process.

WALGA believes this is a matter of semantics; invoking a contract extension that is contemplated in the original tender specification and subsequent contract is not the same as a 'renewal'.

Additional Recommendations

Further matters raised through the sector consultation process follow:

Regulation 11(1) – Tender Threshold

- (1) Tenders are to be publicly invited according to the requirements of this Division before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$100 000 unless subregulation (2) states otherwise.*
- (2) states otherwise.*

WALGA Submission

1. Tender Threshold – Time Implications

While the need to tender for goods and services valued over \$100,000 is well understood, concern is expressed that recurrent expenditure of low value, high turnover items (i.e. stationery, office equipment consumables etc) is not time imposed and is therefore likely to exceed the tender threshold where expenditure with a single supplier occurs over an extensive period of time.

There is anecdotal evidence that Departmental advice informs that the ongoing engagement of a single supplier gives rise to a requirement to tender, regardless of the time it takes for the \$100,000 tender threshold to be triggered. The apparent 'retrospectivity' of a requirement to tender appears to be both unrealistic and unmanageable, and gives rise to additional sector concern of reputational risk should there be a finding of procurement non-compliance.

WALGA submits that the current tender threshold provisions be amended to provide definition that Regulation 11(1) only applies to the extent that "...the contract is, or is expected to be, more, or worth more, than \$100 000" must occur within a distinct timeframe of 3 years for recurrent expenditure with a single supplier. This will enable a Local Government to contemplate whether or not it is likely the tender threshold will be triggered prior to engaging with single suppliers within this timeframe.

2. Tender Threshold Amount

It is recommended the tender threshold be subject to review; it is suggested that an opportunity exists to tier tender threshold amounts to an existing value structure such as the Salaries and Allowances Local Government Band Classification for Chief Executive Officers, for example:

- Band 4 - \$250,000
- Band 3 - \$200,000
- Band 2 - \$150,000
- Band 1 - \$100,000

WALGA Submission

1. That Regulation 11(1) be amended to ensure the provision only applies within a 3 year timeframe for recurrent expenditure with a single supplier; and
2. That the tender threshold be subject to review.

5.4 Interim Submission to the Developing Northern Australia Green Paper (05-055-03-0002 PS)

By Paul Schollum, Policy Manager Economics

Recommendation

That the Association's interim submission in response to the Australian Government's Green Paper on Developing Northern Australia be endorsed.

In Brief

- The Australian Government recently released a 'Green Paper on Developing Northern Australia' and called for submissions to inform the development of a White Paper on the same topic.
- The Association's submission makes several recommendations in the interests of remote Local Governments.
- The submission also recommended a number of areas that should be considered in the White Paper, for example:
 - the need to apply approaches other than traditional cost benefit analysis in project selection;
 - the need to accurately measure and mitigate the impact of FIFO workforces on communities;
 - the value of the natural environment and biodiversity in northern Australia; and
 - strategies to increase Local Government capacity, particularly the removal of barriers to raising own-source revenue.

Attachments

Interim Submission to the Green Paper on Developing Northern Australia.

Relevance to Strategic / Business Plan

- Providing strong representation for Local Government
- Providing effective leadership for Local Government
- Building a positive profile for Local Government
- Enhancing the capacity of Local Government to deliver services

Policy Implications

A number of recommendations on the attached submission are based on previous State Council resolutions:

That the Association's interim submission in response to the Economic Regulation Authority's Microeconomic Reform Inquiry Draft Report be endorsed subject to the following change:

- *In ERA recommendation 26 add in part b, after "residential transfer duty" the words "and rural transfer duty".*

[The endorsed submission recommended that the State Government consider decreasing its reliance on Stamp duty on property transactions]

RESOLUTION 57.3/2014

That the Association advocate to the Federal Government for:

- 1. The following increases in the fixed component of the zone tax offset: Zone A, from \$338 to \$584; Zone B, from \$57 to \$99; Special Areas, from \$1173 to \$2028. The variable components of the zone tax offset (i.e., notional offsets) should be increased by the same proportion as the fixed components.*
- 2. Indexation of zone tax offsets to reflect changes in the Australian Consumer Price Index.*
- 3. Eligibility changes to ensure the zone tax offset only applies to permanent residents of the zones.*
- 4. A review of the zones so that they reflect a more contemporary definition of remoteness.*
- 5. A review of higher income earners' eligibility for the zone tax offset.*
- 6. Any savings that are made from better targeting of the zone tax offset should go towards further increasing the amount of the offset for those taxpayers who remain eligible.*

RESOLUTION 31.2/2014

That the Association's interim submission to the Productivity Commission's Draft Report on Public Infrastructure be endorsed. [The endorsed submission stated that the provision of Local Government infrastructure could be improved if the Commonwealth provided more general funding (rather than tied infrastructure grants)].

RESOLUTION 32.2/2014

That the Association's interim submission to the Productivity Commission's Geographic Labour Mobility Study be endorsed. [The endorsed submission recommended improving data on FIFO and other service populations]

RESOLUTION 10.1/2014

The attached submission also recommended removing barriers to Local Government revenue, such as: rating restrictions clauses in State Agreement Acts, legislative restrictions on fees and charges; and rating exemptions for Independent Living Units. All of which are long standing Association policies.

Budgetary Implications

Nil.

Background

Developing northern Australia is a key priority for the Australian Government and it intends to produce a White Paper that 'sets out a clear, well-defined and timely policy platform for realising the full economic potential of the north'. As part of its consultation process, the Government released a 'Green Paper on Developing Northern Australia' in June 2014 and called for submissions to inform the forthcoming White Paper.

The Government broadly defines northern Australia as: 'the parts of Australia north of the Tropic of Capricorn, spanning Western Australia, Northern Territory and Queensland; an area of approximately 3 million square kilometers with a population of around one million people'.

Comment

Because the Australian Government required submissions to be made by 8 August 2014, the Association prepared an interim submission, subject to State Council approval. The submission was relevant to a number of policy areas; therefore, all State Council co-chairs and the WALGA President were given the opportunity to provide input. Support for the interim submission was obtained.

The Association's interim submission mainly draws on previous advocacy and existing State Council positions. In many cases the submission argues for changes that would benefit remote Local Governments in general, rather than just those located in northern WA. Nonetheless, since northern WA has a high proportion of remote Local Governments, implementation of such changes would substantially benefit the region's Councils and communities.

The submission points out a number of aspects of development which received little or no coverage in the Green Paper, including:

- the need to apply approaches other than traditional cost benefit analysis in project selection;
- the advantages of untied grant funding for Local Governments;
- planning and adaptation for climate change;
- opportunities to use renewable energy sources and energy efficient streetlighting;
- planning waste services and infrastructure;
- the need to accurately measure and mitigate the impact of FIFO workforces on communities;
- the value of the natural environment and biodiversity in northern Australia; and
- the need to reform governance structures for remote Australia.

Accordingly, the submission recommends that the above points are addressed by the White Paper. Additionally, the submission recommends that the White Paper consider options for improving Native Title processes as well as infrastructure, service delivery and governance in Aboriginal communities.

The submission also makes some recommendations on Federal and State tax reforms that would assist development of northern Australia:

- increase zone tax offsets to assist development in remote areas;
- consider abolishing stamp duties on property transfers, since they act as a disincentive for workers to relocate to growth areas such as northern Australia; and
- review fringe benefits tax arrangements to encourage accommodation of workers in existing communities rather than FIFO camps.

The submission also questions the Government's reliance on free trade agreements and expresses concern regarding investor state dispute settlement (ISDS) provisions typically contained in such agreements. Potentially, ISDS provisions could enable a foreign investor to challenge legislation set at any level of Government in Australia if the investor believes the legislation diminishes their financial return on investment. For example, under the terms of Australia's trade agreement with Hong Kong, Philip Morris Asia is currently seeking damages from the Australian Government due to the implementation of the *Tobacco Plain Packaging Act 2011* and associated regulations.

The Government has made many indications that it is philosophically committed to the principle of subsidiarity. This principle states that responsibility for a function should lie with the lowest level of government possible, since this allows flexible approaches to improving outcomes. The Association's submission states that if the Australian Government wants this concept to apply to Local Governments, then it needs to investigate strategies to increase Local Government capacity, particularly the removal of barriers to raising own-source revenue.



Western Australian Local Government Association

WALGA interim submission to the Green Paper on Northern Australia – AUGUST 2014

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1. Executive summary

This submission presents a number of recommendations that should be considered in the Government's White Paper on developing northern Australia. A key focus for the Western Australian Local Government Association (WALGA or 'the Association') is ensuring northern Australia's economic growth is sustainable and that local communities benefit from the region's development.

Northern WA is already a significant contributor to the State and national economies. For example, in 2010-11 the combined output of the Pilbara and Kimberley regions accounted for 9.5 per cent of WA's Gross State Product. This result is particularly impressive considering that, at the time of the 2011 Census, the combined population of the Pilbara and Kimberley regions was 94,688 (4.2 per cent of the total WA population).

The Association believes improved policies at all levels of government could lead to even better outcomes. This includes ensuring local communities share in the benefits of the mining boom and economic growth comes from a diverse range of industries. It is also important that social and environmental indicators of well-being are considered alongside economic measures.

The Association's specific recommendations for the forthcoming White Paper are grouped under the following headings: Infrastructure; Land and Water; Business, Trade and Investment; and Governance.

Infrastructure

Infrastructure policy should consider the need to apply approaches other than traditional cost-benefit analysis in northern Australia. There is also a need to reform funding arrangements for Local Government infrastructure so that communities can be empowered to make their own decisions and find their own solutions for local infrastructure issues. The Australian Government's White Paper should include more detail on environmental issues such as climate change, waste management and renewable energy opportunities. Additionally, it is important that the White Paper provides strategies for assessing and mitigating the impact of FIFO and other long distance working arrangements on communities in northern Australia.

WALGA recommendations:

1. The White Paper should develop some alternative (to traditional cost benefit analysis) analytical methodologies or frameworks that will provide a holistic competitive assessment of projects when applied to remote regions such as northern Australia.
2. The White Paper should discuss the benefits of Commonwealth funding to northern Australian Local Governments, including the merits of untied funding as opposed to tied funding.
3. The White Paper should include more detail about how the region will plan for and adapt to the increased risk of extreme weather events and changing climate.
4. Explore and outline opportunities to incorporate greater use of renewable energy sources (increased renewable technology on community facilities as well as identifying potential options for mass energy generation through large scale solar PV plant).
5. Explore the opportunity of LED streetlighting in remote areas (to reduce energy costs, energy usage, maintenance and incidents of vandalism).

6. The White Paper should include consideration of the need to effectively plan waste infrastructure and services in the development of northern Australia.
7. The White Paper should present strategies for improving the evidence base and statistics on temporary and service populations in Australia.
8. Temporary and service populations should be considered by each jurisdiction's Local Government Grants Commission when determining FAGs allocations.

Land and Water

More consideration should be given to the environmental and social aspects of development to ensure northern Australia grows sustainably and remains a place where people want to live and visit. Strategies to improve development opportunities in the region's Aboriginal communities are also an important consideration. Initiatives to decrease waiting periods for Native Title processes would further contribute to developing northern Australia.

WALGA recommendations:

9. Give greater consideration to the natural environment of northern Australia throughout the White Paper.
10. Include native biodiversity as one of the policy directions.
11. The White Paper should consider options for improving infrastructure, service delivery and governance in Aboriginal communities.
12. Investigate initiatives that would improve the timeliness of Native Title processes.

Business, trade and investment

The Association believes that creating special economic zones in northern Australia is not an appropriate strategy for developing the region. Instead, current tax settings should be reviewed to provide greater incentives to work and live in remote areas. This should include reviewing zone tax offsets and fringe benefits tax. Additionally, the Australian Government should investigate measures to encourage the States and Territories to abolish stamp duty, which currently acts as a disincentive for workers to relocate to growth regions such as northern WA. Reconsidering the Government's current free trade policies, particularly the over-reliance on free trade agreements, would also be beneficial.

WALGA recommendations:

13. The White Paper should recommend a major review of the zone tax offset, including:
 - a) A one-off increase in the zone tax offsets which applies the increase in the Australian CPI since 1993.
 - b) Regular annual indexation of the zone tax offsets into the future.
 - c) Eligibility changes to ensure the zone tax offset only applies to permanent residents of the zones.
 - d) A review of the zones so that they reflect a more contemporary definition of remoteness.
 - e) A review of higher income earners' eligibility for the zone tax offset.
 - f) Any savings that are made from better targeting of the zone tax offset should go towards further increasing the amount of the offset for those taxpayers who remain eligible.

14. The Federal Government should consider options for encouraging the States to abolish stamp duties on property transfers.
15. The Federal Government should review current fringe benefits tax arrangements, particularly those arrangements that distort the accommodation choices for employers with project sites located near established communities.
16. Rather than promoting free trade agreements, the White Paper should investigate the benefits of other trade policies for the development of northern Australia.
17. The Australian Government should not sign any future free trade agreements that include investor state dispute settlement provisions.

Governance

The principle of subsidiarity states that responsibility for a function should lie 'with the lowest level of government possible, allowing flexible approaches to improving outcomes'. The White Paper should consider what measures can be initiated at higher levels of government to increase Local Governments' capacity to apply the concept of subsidiarity. In particular, barriers to increasing own-source revenue for Local Governments need to be removed. Additionally, reforms to governance arrangements in remote Australia should be considered to help Local Governments and communities find local solutions to issues in their district.

WALGA recommendations:

18. The White Paper should discuss strategies for increasing Local Governments' capacity to apply the concept of subsidiarity, including removing the impediments to greater Local Government financial sustainability.
19. The Federal Government should review governance arrangements for remote Australia.

2. Introduction

The Western Australian Local Government Association (WALGA or 'the Association') is the united voice of Local Government in Western Australia. The Association is an independent, membership-based group representing and supporting the work and interests of all 138 mainland Local Governments in Western Australia, plus the Indian Ocean territories of Christmas Island and Cocos (Keeling) Islands.

The Association provides an essential voice for 1,249 elected members and approximately 24,900 Local Government employees as well as over 2 million constituents of Local Governments in Western Australia. The Association also provides professional advice and offers services that provide financial benefits to the Local Governments and the communities they serve.

The Association is grateful to the Australian Government for the opportunity to provide a submission in response to the 'Green Paper on Developing Northern Australia'. Local Governments throughout Western Australia have an interest in developing the north of the State and support reforms and initiatives that would realise the potential of this region. The Association has a particular interest in measures that would assist the capacity of Local Governments in northern WA. Many Local Governments in this region face the challenges of operating in a high cost environment but having a limited capacity to raise revenue in their district.

While the remoteness and climate of northern WA are challenges, the region has nonetheless already demonstrated its economic potential. For example, in 2010-11 the combined output of the Pilbara and Kimberley regions accounted for 9.5 per cent of WA's Gross State Product. This result is particularly impressive considering that, at the time of the 2011 Census, the combined population of the Pilbara and Kimberley regions was 94,688 (4.2 per cent of the total WA population)¹.

The Australian Government's Green Paper set six broad policy directions for northern Australia. This submission focuses on the Green Paper's policy directions that are of key interest and importance to the Local Government sector. The submission provides the Association's recommendations in respect to:

- Infrastructure;
- Land and water;
- Business, trade and investment; and
- Governance.

Due to meeting schedules this submission has not yet been endorsed by the Association's State Council. The Australian Government will be informed of any changes to the Association's submission following consideration by the Council.

¹ Pilbara Development Commission (2012), *Pilbara Regional Economy Version 2*.

3. Infrastructure

3.1 Appropriate selection of major infrastructure projects

A recent Productivity Commission Inquiry into public infrastructure highlighted the importance of appropriate cost benefit analysis as a tool for selecting and prioritising projects². The Association agrees with this finding but also believes conventional cost benefit analysis often has some limitations when applied to remote areas. This is particularly applicable to regions such as northern WA, which is relatively sparsely populated and has communities that are far away from major population centres.

The Association believes that when considering projects in northern WA, Governments should consider equitable access to services and infrastructure as well as wider social and community benefits alongside traditional cost benefit analysis. For example, the provision of quality infrastructure in northern Australia would help to sustain remote communities and will be necessary to achieve the Federal Government's general goal of developing the region. It would also address equity considerations by ensuring that people outside major towns and cities have access to a reasonable standard of infrastructure. Such benefits should be considered alongside the economic benefits that cost benefit analysis generally focusses on.

Furthermore, due to the remoteness and isolation of communities in northern WA, the benefits of transport infrastructure need special consideration. For example, many remote airports would not achieve commercially viable rates of return on investment. However, because these airports provide connections to major centres and access to essential services, Local Governments consider the ownership of such facilities to be vital for their communities. In WA the State Government recognises the importance of regional airports by grant support through the Regional Airports Development Scheme (RADS). Future support for regional airports through such measures will be essential for the social and economic development of communities in northern WA.

Similar arguments concerning the wider social and community benefits of infrastructure apply to roads and bridges. Additionally, there needs to be a more long term view of road investment that takes the climate of northern WA into account. For example, in the Pilbara and Kimberley regions, wet season rains regularly cause damage to roads resulting in substantial annual maintenance costs. While upgrading these roads to withstand such conditions would require significant upfront investment, this would probably lead to overall savings in the long run due to greatly reduced maintenance requirements. Similarly, up-front investment in upgrading single lane roads into dual lane bridges would provide benefits in the long term through: reduced accident costs, shorter travel times and potentially reduced freight costs (since there may be less weight restrictions on a dual lane bridge).

WALGA recommendation:

1. The White Paper should develop some alternative (to traditional cost benefit analysis) analytical methodologies or frameworks that will provide a holistic competitive assessment of projects when applied to remote regions such as northern Australia.

3.2 Reforms to funding for Local Government infrastructure

The Association suggests reforms to Commonwealth funding for Local Government infrastructure would be an important development initiative for northern Australia. These reforms would benefit

² Productivity Commission (2014), *Public Infrastructure*. Retrieved from http://www.pc.gov.au/data/assets/pdf_file/0003/137280/infrastructure-volume1.pdf.

regional Local Governments throughout Australia, but would particularly benefit those in northern Australia where there is a high dependence on grant funding from the Commonwealth.

A key problem with Commonwealth infrastructure grant programs to Local Governments is that there is often little certainty attached to this funding; programs often only run for a short period and eligibility for grants may be limited. Even the long running Roads to Recovery program is only guaranteed until 2018-19 (assuming the future ratification of the *Land Transport Infrastructure Amendment Bill 2014*).

A 2012 report by Ernst and Young on Local Government infrastructure outlined the difficulties that result from this uncertainty:

- It is difficult to appropriately budget for grant revenue, since assumptions need to be made about the probability, level and timing of receipts.
- Some otherwise lower priority projects may end up being pursued ahead of others due to the availability of grant funding.
- Some grants are only made available for projects which are 'shovel ready' – this can result in Local Governments investing in significant pre-construction work without the guarantee of funding³.

A further difficulty is that that grant funding often requires financial co-contributions that are beyond the capacity of remote Local Governments. This distorts the project selection process since projects where co-funding can be sourced will be favoured over projects that may have delivered greater net benefits to the community.

Most Commonwealth infrastructure funding for Local Governments is in the form of 'tied' grants, i.e., the funding is provided for a specific purpose and the recipient of the funding is accountable to the provider. The Commonwealth also provides Local Governments with untied general funding in the form of Financial Assistance Grants (FAGs). Although FAGs funding comes from the Commonwealth, the payments are made 'through' the States via Local Government Grants Commissions (LGGCs).

Financial Assistance Grants consist of two components: General Purpose Grants (GPGs) and Identified Local Road Grants (ILRGs). ILRGs are provided to Local Governments according to their road network's relative needs, as assessed by their jurisdiction's LGGC. Although ILRGs are provided for road infrastructure, the untied nature of the grants means that Local Governments can allocate the funds to any purpose.

Looking at the overall pool of Commonwealth payments to Local Governments, the Association believes there is a case for increasing the proportion of untied funding. Indeed, Local Governments and their Associations across Australia have long argued for an increase in general funding in the form of FAGs. The provision of more untied funding will be a more cost-effective method for the Commonwealth Government to assist Local Governments in providing infrastructure for the following reasons:

- Increased general revenue and greater certainty of funding would improve Local Governments' ability to prioritise and select projects.
- Projects would be more likely to be selected based on community preferences and priorities, rather than the availability of grant funding.

³ Ernst and Young (2012), *Strong Foundations for Sustainable Local Infrastructure*. Retrieved from <http://www.regional.gov.au/local/lqifr/files/20120622-strong-foundations.pdf>.

- Rationalising the number of grants schemes would lead to administrative savings for Local Governments and the Commonwealth.

Considering the benefits that FAGs provide to remote Local Governments, the Federal Government's decision, as announced in the 2014-15 budget, to freeze indexation of FAGs payments from 2014-15 to 2016-17 is disappointing for the sector. Local Governments in major urban areas in WA typically have a high fiscal capacity and may be able to pass the impact of the indexation freeze onto ratepayers. However, this is not the case in northern WA where Local Government fiscal capacity is often low due to low populations and the high costs of remoteness.

This low fiscal capacity means FAGs are a particularly important source of funding for northern WA Local Governments. For example, in 2012-13 FAGs represented 30.8 per cent of revenue for the Shire of Derby West-Kimberley. FAGs also made up a substantial proportion of revenue for the Shires of Halls Creek (16.7 per cent) and Wyndham-East Kimberley (15.6 per cent). The Government's decision to freeze FAGs payments could therefore be considered counterproductive in the context of developing northern Australia.

WALGA recommendation:

2. The White Paper should discuss the benefits of Commonwealth funding to northern Australian Local Governments, including the merits of untied funding as opposed to tied funding.

3.3 Climate change adaptation

The Green Paper acknowledges increased numbers of 'extreme hot days' and increased coastal inundation, yet does not fully discuss how these will be considered in future planning. For example, an increased number of hot days may mean more hospitalisations. However, there is little evidence that this has been considered in future planning for health care facilities.

Further, informed investment decisions now may provide a better return on investment. For example road material that has a higher temperature threshold may have lower maintenance costs and a longer lifecycle with respect to climate change impacts. There is an opportunity to manage climate change risks through wise infrastructure investment and planning decisions.

WALGA recommendation:

3. The White Paper should include more detail about how the region will plan for and adapt to the increased risk of extreme weather events and changing climate.

3.4 Renewable energy opportunities

The Green Paper acknowledges the use of renewable energy. However, it does not fully explore many of the opportunities available. In planning for future development, especially in remote regions, consideration should be given to opportunities for energy production in situ. Worldwide, the use of renewable energy is increasing – for example, approximately 31 per cent of Germany's energy use now comes from renewable sources.

Large-scale photovoltaic are being installed in other parts of Australia. For example, a utility scale

solar farm was recently built in Geraldton, WA⁴. There is an opportunity to generate electricity from renewable sources, especially in some of the more remote areas. The use of renewables in such locations should become an increasingly cost-effective option as renewable options become cheaper and more efficient. In contrast, investment in extending access to traditional electricity market grids is likely to be an expensive option.

WALGA recommendations:

4. Explore and outline opportunities to incorporate greater use of renewable energy sources (increased renewable technology on community facilities as well as identifying potential options for mass energy generation through large scale solar PV plant).

5. Explore the opportunity of LED streetlighting in remote areas (to reduce energy costs, energy usage, maintenance and incidents of vandalism).

3.5 Waste management

Waste management is a utility and should be considered in the same way that access to water and electricity are highlighted in the Green Paper. Development and population growth in northern Australia will lead to extra waste being generated. However, Local Governments in the region will not necessarily be resourced to take this additional waste. This is particularly the case for increased tourist activity, since tourists contribute to the waste generated in an area but do not contribute to the Local Government's rates base.

Any development strategy for northern Australia should clearly identify how waste generated from the range of activities will be managed. The construction, tourism and agriculture industries all produce distinct waste streams. A sound appreciation of this range of waste streams is required to ensure effective infrastructure planning can be undertaken and a positive economic outcome achieved.

A good example of effective planning is the WA Waste Authority's current project on the future of waste management in the Pilbara-Broome area. The Waste Authority collected data on the waste generated and is now developing (in conjunction with the Pilbara Development Commission) a series of investment packages for the region.

WALGA recommendation:

6. The White Paper should include consideration of the need to effectively plan waste infrastructure and services in the development of northern Australia.

3.6 Impact of the FIFO workforce

In a recent research report on labour mobility within Australia, the Productivity Commission noted some of the concerns regarding the negative impacts on community amenity caused by the use of long distance commuting. Some of the specific concerns included:

- Pressure on community infrastructure to cope with long distance commuters;
- Local Government grant funding models do not consider long distance commuters in their

⁴ Australia's first utility-scale solar farm officially opened in WA (2012, October 12) *Renew Economy*. Retrieved from <http://reneweconomy.com.au/2012/australias-first-utility-scale-solar-farm-officially-opened-in-wa-70785>

assessments;

- Difficulty in creating a sense of community;
- Increased alcohol and drug use;
- Increased pressure on medical services; and,
- Impacts on housing affordability in mining regions⁵.

These problems have all been encountered to some extent in mining communities across northern WA. Pressure on community infrastructure is a particularly important issue as many communities have significant differences between resident and service populations as a result of large FIFO (fly-in, fly-out) or DIDO (drive-in, drive-out) workforces.

While it is difficult to have a definitive picture of service populations in Australian communities due to the lack of appropriate statistics, data from the 2011 Census can roughly indicate the impact long distance commuting can have on population numbers. The following table compares 'place of enumeration' counts (i.e., counts of where people were located on Census night) with the usual resident population in selected northern WA Local Government Areas with significant mining activity:

Table 3.1 Selected LGAs by difference in POE count and RP (2011 Census)

Local Government Area	Place of enumeration count (POE)	Resident Population (RP)	Difference between POE and RP
Roebourne (S)	29,968	22,899	7,069
East Pilbara (S)	17,148	11,950	5,198
Ashburton (S)	15,057	10,001	5,056
Wyndham-East Kimberley (S)	11,914	7,800	4,114
Port Hedland (T)	18,552	15,046	3,506

Mining communities have found that such differences between service and resident populations can significantly affect the cost of providing infrastructure such as roads, airports, water and sewerage services, and community facilities. The Productivity Commission recognised these additional costs in its study of labour mobility and recommended that:

The Australian Government via the Commonwealth Grants Commission should investigate the effects of temporary or service populations on service delivery by local governments and the implications for funding allocations.⁶

The inclusion of information on temporary and service populations in grant allocation methodologies will require the development of appropriate data sources – the Productivity Commission's research found that there are gaps in the measurement of such populations. The Association agrees with this finding and has previously made a submission to the Australian Bureau of Statistics seeking the addition of a topic on FIFO and other long distance commuting work practices in the 2016 Census.

The Association also agrees with the 2013 Federal Parliamentary inquiry into the use of FIFO, which found that there was a 'dearth of empirical evidence about the real impact of a FIFO workforce on regional communities'⁷. As such, the inquiry made the following recommendation:

⁵ Productivity Commission (2014). *Geographic Labour Mobility*. Retrieved from http://www.pc.gov.au/__data/assets/pdf_file/0005/136193/labour-mobility.pdf

⁶ Ibid.

The Committee recommends that the Commonwealth Government fund the Australian Bureau of Statistics to establish a cross-jurisdictional working group to develop and implement a method for the accurate measurement of:

- the extent of fly-in, fly-out/drive-in, drive-out workforce practices in the resource sector; and
- service populations of resource communities.⁸

WALGA recommendations:

7. The White Paper should present strategies for improving the evidence base and statistics on temporary and service populations in Australia.

8. Temporary and service populations should be considered by each jurisdiction's Local Government Grants Commission when determining FAGs allocations.

4. Land and Water

4.1 Valuing biodiversity and ecosystem health

The Green Paper has a heavy focus on the economic benefits of water and land. More consideration should be given to environmental and social aspects of development to ensure northern Australia grows sustainably and remains a place where people want to live and visit.

Biodiversity and ecosystem health should also be considered at this strategic stage of the planning process. By not including ecosystem health and biodiversity in the policy directions, there is the risk of creating a depleted future environment. This in turn may impact tourism, and people could become less interested in moving to the region. For example, the Green Paper states '[m]uch of northern Australia's natural resources, such as land and water, are currently underutilised' (p.27). While this may be true, it is also important that native flora and fauna's use of water and land is considered in plans for future resource use. Resource use, such as water, should be examined as a total and not just the human use aspects, when planning for expansion.

WALGA recommendations:

9. Give greater consideration to the natural environment of northern Australia throughout the White Paper.

10. Include native biodiversity as one of the policy directions.

4.2 Indigenous land and native title issues

There are 287 discrete remote Aboriginal communities in Western Australia, the majority of which are located within northern WA. These communities are characterised by small populations, limited infrastructure and remote locations. Local Governments in WA, unlike their Northern Territory counterparts, do not deliver services to remote communities, but provide a number of services within their boundaries including towns to residents, workers, and tourists alike.

⁷ The Parliament of the Commonwealth of Australia (2013), *Cancer of the bush or salvation for our cities? Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia*. Retrieved from http://www.aph.gov.au/parliamentary_business/committees/house_of_representatives_committees?url=ra/fifodido/report/fullreport.pdf

⁸ Ibid.

The governance capacity within remote Aboriginal communities is a major concern, and is not explored in the Green Paper. A number of community corporations have dissolved in recent years, making engagement with communities, and opportunities for growth, limited. Many stakeholders find the lack of governance capacity within communities difficult to further development and economic opportunities, and will continue to be an issue for any future advancement agenda.

Affordable housing is a serious issue in northern Australia, particularly in regard to housing staff and making living in remote locations attractive. Long waiting periods in relation to Native Title Determination can exacerbate the issue. The Association would therefore support reducing times for determining Native Title to provide more assurance around land available for future housing, and for the siting of essential infrastructure such as landfills.

WALGA recommendation:

11. The White Paper should consider options for improving infrastructure, service delivery and governance in Aboriginal communities.

12. Investigate initiatives that would improve the timeliness of Native Title processes.

5. Business, trade and investment

5.1 Special Economic Zones

The Green Paper notes that there is 'interest in special economic zones covering parts or all of northern Australia' (p.55). Special economic zones (SEZs) are regions within a country that are subject to different business laws, such as less stringent regulation and lower levels of taxation.

The Association does not support the creation of distinct SEZs in northern Australia or an SEZ covering all of northern Australia. Special economic zones may have a useful role in encouraging trade and investment in regions of developing countries where existing Government institutions are not suited to dealing with free market conditions. However, Australia is already a mature and open economy with high levels of trade and foreign investment. Compared to developing countries, Government institutions perform efficiently, are free from corruption and provide an environment conducive to investment – sovereign risk is generally considered to be low by foreign and domestic investors.

SEZs often feature lower taxation regimes within their designated areas. In Australia this could include exemptions or concessions on State taxes such as payroll tax and stamp duties and Federal taxes such as company tax. The problem with this approach is that it then increases the taxation burden for taxpayers outside the SEZ and compromises the ability of Governments to raise revenue (existing tax concessions and exemptions in Australia are already a significant factor in the increasingly challenging Budget situation for the Federal and State Governments)⁹.

SEZs can also lead to inefficient outcomes since the employees and investment that is attracted by the low tax rates in the SEZs may have been used more productively elsewhere in the economy. A further disadvantage is that State and Federal Governments would determine the regions that would receive the preferential SEZ treatment. This is problematic because Governments often have had a poor record in 'picking winners' to support on an industry basis, so similar problems might be

⁹ A recent study by the IMF indicated that Australia has the highest rate of tax expenditures in the world (tax expenditures are defined as government revenue foregone due to differential or preferential treatment of specific activities or regions). See: International Monetary Fund (2014), *Reforming Tax Expenditures in Italy: What, Why, and How?*

expected to occur in determining the location of SEZs. Furthermore, Government assistance is often removed as priorities change, resulting in painful adjustment periods for workers and communities, as is currently occurring in Australia's car manufacturing industry.

A recent Productivity Commission publication referred to a broad range of research studies that found a number of disadvantages with SEZs. For example:

- The OECD found that SEZs are 'suboptimal policy' compared to general economic reform to improve the business environment and their use as a regional development tool 'has often turned out costly'.
- The New South Wales Parliament Legislative Assembly Committee on Economic Development reported on the viability of special economic zones for promoting growth, employment and investment in regional New South Wales – it found persuasive arguments that zones 'disadvantage neighbouring regions, ... detract from effective competition and may promote inefficiency'.¹⁰

While the Association does not support the creation of SEZs in northern Australia, there are a number of other regional development strategies that can be used. These are more general assistance and development measures and are outlined elsewhere in this submission.

5.2 Zone tax offsets

As stated in the previous section the Association does not support the idea of discriminatory Federal and State tax rates between different specific regions in WA. However, the Association does recognise the potential of zone tax offsets (ZTOs) for assisting regional development in remote areas of Australia as well as recognising the higher living costs incurred by taxpayers in those areas.

The nominal level of the zone A, zone B and special area ZTOs has not been increased since 1993. This has led to a number of suggestions to review these amounts. For example, the Parliamentary FIFO inquiry recommended that the Commonwealth review the ZTO to ensure 'that it provides reasonable acknowledgement of the cost of living in remote Australia'¹¹. Similarly, the WA State Government's submission to the 'Australia's Future Tax System' review (the Henry review) noted the value of the ZTO had eroded over time and should be reviewed¹².

The Association believes the ZTO should be increased by the same rate as the change in the Australian CPI since 1993. Therefore, the ZTOs (and the associated notional offsets) should be increased by 73%¹³. Furthermore, the ZTO should then be indexed to the CPI to prevent inflation from eroding the real value of the offsets in future years.

Other reforms are also necessary to ensure the ZTO is a well-targeted form of assistance. The 2013 Federal Parliamentary inquiry into the use of FIFO argued that FIFO workers generally spend money and invest in the areas where their families reside, not the areas where they work. The

¹⁰ Productivity Commission (2014). *Trade and Assistance Review 2012-13*. Retrieved from: http://www.pc.gov.au/data/assets/pdf_file/0007/137788/trade-assistance-review-2012-13.pdf

¹¹ The Parliament of the Commonwealth of Australia (2013), *Cancer of the bush or salvation for our cities? Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia*.

¹² Government of Western Australia (2009), *Western Australian Government Submission to the Review of Australia's Future Tax System*. Retrieved from http://www.treasury.wa.gov.au/cms/uploadedFiles/Treasury/Publications/wa_government_submission_review_of_australias_future_tax_system_may2009.pdf?n=6280

¹³ Australian Bureau of Statistics (2014), *Consumer Price Index, Australia, Jun 2014*, Cat. no. 6401.0, Retrieved from <http://abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6401.0Jun%202014?OpenDocument>

inquiry's final report concluded that it is a misuse of the ZTO 'to support workers and their families who incur little or none of the additional costs of living in the zones'¹⁴. Subsequently, the inquiry recommended that 'the Commonwealth Government review the Zone Tax Offset arrangements to ensure that they are only claimable by permanent residents of a zone or special area'¹⁵. The Association supports this recommendation.

The areas where the ZTO applies also need to be revised. The Henry review stated that the zones were not determined by any modern concept of remoteness. The review noted that the remoteness of an area does not remain fixed; an area's remoteness can change over time due to changes in the distribution of population, industry and transport infrastructure. Accordingly, the Henry review recommended that the ZTO 'should be reviewed, with a view to providing assistance based on contemporary measures of remoteness'¹⁶.

The Association agrees with the Henry review that the current zone boundaries are an anachronism and should be reviewed. For example, the residents of Newman (population 5,478) are likely to face a higher cost of living and less access to services than those in Darwin (population 120,586)¹⁷. However, the same Zone A offset applies to both areas.

A final consideration is that higher income earners generally have a greater capacity to deal with higher costs and less access to services than other taxpayers. Therefore, it may be appropriate for the amount of the ZTO to be 'phased out' as income increases. Indeed, the same occurs for a number of Commonwealth assistance measures such as the rebate on private health insurance and the Child Care Benefit. The Association therefore recommends that the Commonwealth review the eligibility of high income earners for the ZTO. The Association also suggests that any such savings made through better targeting of the ZTO should go towards increasing the amount of the ZTO for those taxpayers who remain eligible.

WALGA recommendation:

13. The White Paper should recommend a major review of the zone tax offset, including:

- a) A one-off increase in the zone tax offsets which applies the increase in the Australian CPI since 1993.
- b) Regular annual indexation of the zone tax offsets into the future.
- c) Eligibility changes to ensure the zone tax offset only applies to permanent residents of the zones.
- d) A review of the zones so that they reflect a more contemporary definition of remoteness.
- e) A review of higher income earners' eligibility for the zone tax offset.
- f) Any savings that are made from better targeting of the zone tax offset should go towards further increasing the amount of the offset for those taxpayers who remain eligible.

¹⁴ The Parliament of the Commonwealth of Australia (2013), *Cancer of the bush or salvation for our cities? Fly-in, fly-out and drive-in, drive-out workforce practices in Regional Australia*.

¹⁵ Ibid.

¹⁶ Treasury (2010), *Australia's Future Tax System: Report to the Treasurer, Part Two: Detailed Analysis*, Vol. 2, Retrieved from http://www.taxreview.treasury.gov.au/content/downloads/final_report_part_2/AFTS_Final_Report_Part_2_Vol_2_Consolidated.pdf.

¹⁷ Source: ABS 2011 Census

5.3 Other taxation reform

Several reviews commissioned by State and Federal Governments have suggested there would be substantial economic gains from reforming property taxes. For example, the Henry review recommended that State Governments phase out stamp duties on land transfers and replace this revenue with broad based land taxes¹⁸. The WA Economic Regulation Authority recently recommended the State Government consider reducing or abolishing residential transfer duty and making greater use of efficient taxes such as land tax¹⁹.

The Productivity Commission recently stated:

replacing stamp duties with a more efficient form of taxation, such as a broad based land tax, ... [would] improve flexibility and efficiency in the housing market. A more flexible housing market will also support geographic labour mobility, allowing more workers to move to areas with better employment opportunities²⁰.

These suggested reforms would be important for the development of northern Australia, because current stamp duty regimes act as a disincentive for workers to relocate to the region. In the ACT, significant tax reform is already taking place – stamp duties are being phased out over the next 20 years and municipal rates are being increased in their place²¹. The White Paper should consider how the Federal Government can encourage more jurisdictions to reform their property tax regime.

The Federal Parliamentary inquiry into the use of FIFO indicated that fringe benefits tax (FBT) is another tax that could be reformed with potential benefits for regions such as northern Australia²². Under current arrangements, employers' use of work camps is exempt from FBT, but using housing in existing towns is subject to FBT. This means FBT has encouraged employers to use FIFO rather than locating workers in regional communities.

The Association acknowledges that the FBT exemption for work camps is reasonable for particularly remote project sites or for the construction phase of projects. In contrast, operational workforces located near existing towns should not be encouraged, through the tax exemption, to be located in camps. Indeed, this practice is detrimental to the development of mining regions as it discourages workers from participating in community life and spending money in local towns.

WALGA recommendation:

14. The Federal Government should consider options for encouraging the States to abolish stamp duties on property transfers.

15. The Federal Government should review current fringe benefits tax arrangements, particularly those arrangements that distort the accommodation choices for employers with project sites located near established communities.

¹⁸ Treasury (2010), op. cit.

¹⁹ Economic Regulation Authority (2014). *Inquiry into Microeconomic Reform in Western Australia*. Retrieved from <http://www.erawa.com.au/cproot/12491/2/Final%20Report%20-%20Inquiry%20into%20Microeconomic%20Reform%20in%20Western%20Australia.PDF>.

²⁰ Productivity Commission (2014). *Geographic Labour Mobility*.

²¹ Because there are no Local Governments in the ACT, municipal rates are effectively a combination of a land tax for the Territory Government and traditional Local Government rates.

²² The Parliament of the Commonwealth of Australia (2013), op. cit.

5.4 Free Trade Agreements

The Green Paper suggests market liberalisation through bilateral and regional free trade agreements as a means of northern Australia realising its full potential. Similarly, the pre-2013 election paper on developing northern Australia stated that the ‘the benefits of trade are indisputable’²³. Economists generally support the idea that increasing free trade (i.e., by removing impediments to free trade) delivers immense benefits. However, economists also typically question the benefits of bilateral and regional free trade agreements. For example, the Productivity Commission states:

There are contrasting comparative economic benefits of trade liberalisation. Bilateral and regional trade agreements are often seen as valuable reform initiatives in their own right. In practice, they are generally not the most effective way to improve the welfare of nations, where preference should be given to unilateral action to reduce or eliminate trade barriers, or to comprehensive global reform. Negotiation and compliance costs associated with preferential agreements (including detailed and complex rules of origin) and the potential for diversion of trade from lower cost sources of supply are consequences of bilateral agreements. Australia suffers from reduced market access where other nations gain preferential bilateral trade access. Pursuing more such agreements can make it difficult to pursue the better course, as tariffs and other trade-impeding devices are ‘reserved’ as negotiating coinage for continuing rounds of future bilateral negotiations.²⁴

The Productivity Commission’s comments suggest that the Government’s focus on free trade agreements is misplaced and is not the optimum strategy for developing northern Australia or expanding trade opportunities for the country as a whole. Although not necessarily popular, unilateral tariff reductions and the removal of unnecessarily restrictive trade barriers would reduce input costs for businesses throughout Australia. They would also decrease prices for consumers, leading to an increase in spending in the economy.

There may also be benefits in moving the Department of Foreign Affairs and Trade’s focus away from free trade agreements. Instead the Department could dedicate resources to other objectives including promoting export goods and foreign investment opportunities in regions such as northern Australia.

A further concern with free trade agreements is the lack of transparency in the negotiation of regional agreements, such as the proposed Trans-Pacific Partnership (TPP). The Productivity Commission states:

There is also a risk that specific provisions within these agreements including those relating to intellectual property, investor state dispute settlement and product-specific rules of origin will impose net costs on trading partner economies. These concerns have been heightened by a lack of transparency of the actual provisions being negotiated; which would matter less if — following negotiation — there was a transparent, arms-length process of assessment that preceded political commitments being made. Currently, there is not.²⁵

The Association agrees with the Productivity Commission that the TPP should be independently assessed before the Government makes a decision to accept the agreement.

²³ The Coalition (2013). *The Coalition’s 2030 Vision for Developing Northern Australia*. Retrieved from <http://lpaweb-static.s3.amazonaws.com/Policies/NorthernAustralia.pdf>.

²⁴ Productivity Commission (2014). *Trade and Assistance Review 2012-13*.

²⁵ Ibid.

The Association is particularly concerned at the potential inclusion of investor state dispute settlement (ISDS) provisions in the TPP. These provisions 'grant foreign investors the right to access an international tribunal if they believe actions taken by a host government [at any level, including Local Government] are in breach of commitments made in a Free Trade Agreement (FTA) or an investment treaty'.²⁶

In practice, ISDS provisions often provide foreign investors with an avenue for challenging national, state or local laws and policies. In doing so, these provisions confer greater legal rights on foreign owned businesses than those available to domestic businesses. Furthermore, the ability for foreign investors to make such legal challenges directly conflicts with the sovereign right of Australian Governments to make their own laws and set their own social, health and environmental policies. For example, under the terms of Australia's trade agreement with Hong Kong, Philip Morris Asia is currently seeking damages from the Australian Government due to implementation of the *Tobacco Plain Packaging Act 2011* and associated regulations.

The Association believes ISDS provisions should not be included in future free trade agreements, particularly the TPP. Instead, WA Local Governments believe that foreign and domestic businesses within their districts should be treated equally and should be subject to Australian laws.

WALGA recommendations:

16. Rather than promoting free trade agreements, the White Paper should investigate the benefits of other trade policies for the development of northern Australia.

17. The Australian Government should not sign any future free trade agreements that include investor state dispute settlement provisions.

6. Governance

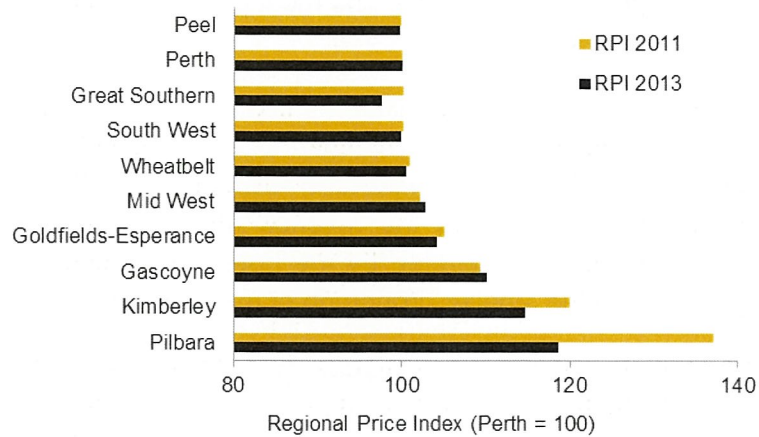
6.1 Local Government capacity

The Green Paper says local organisations such as Local Governments play a key role in northern Australia's development. The Green Paper also states '[l]ocal communities are best placed to find solutions to local problems' (p.65). The Association agrees, but Local Governments in north Western Australia face a number of challenges that compromise their ability to find local solutions.

As with many areas of rural and regional Australia, Local Governments in northern WA face the high costs of remoteness. The following graph shows that while price pressures in the north have eased somewhat, the Kimberley and Pilbara regions continue to have the highest cost of living in WA:

²⁶ Department of Foreign Affairs and Trade (2014). *Frequently Asked Questions on Investor-State Dispute Settlement (ISDS)*. Retrieved from <https://www.dfat.gov.au/fta/isds-faq.html>

Figure 6.1 WA Regional Price Index 2011 and 2013



Source: WA Department of Regional Development

While costs are higher than in the rest of WA, many Local Governments in the north also have a low capacity to raise rates revenue. Often this is due to a combination of low population and high levels of socio-economic disadvantage. Therefore, it is unlikely that Local Governments in northern WA would be able to significantly increase revenue from property rates. Indeed, in 2008, the Productivity Commission found that rural and remote Local Governments were already drawing heavily on their fiscal capacities and had little potential to increase their own-source revenue.²⁷

A further financial challenge for Local Governments in northern WA is cost shifting from other levels of government. The 2003 'Hawker report' found that while Federal and particularly State Governments expected Local Governments to undertake more functions, little or no funding was provided to match the increased responsibilities.²⁸ In remote areas Local Governments are often the service provider of last resort and must fill the gaps left by other levels of government. Typically, this includes funding services that are essential to their communities, such as emergency and medical services.

Although most rural and remote Local Governments will continue to depend on transfers from other levels of government, some measures can be taken to reduce their reliance on such grants. For example, Local Governments in northern WA are often restricted in rating major resources projects, largely as a legacy of a pre-FIFO era where mining firms constructed 'company towns' located in the vicinity of project sites. These arrangements were prescribed in State Agreement Acts, which are essentially contracts between the State Government and proponents of major resources projects that are ratified by the State Parliament.

Most mining company towns have long been 'normalised' as Local Governments and State Government utility providers have assumed responsibility for services and infrastructure. However, due to a combination of public sector inertia and the apparent desire of successive State Governments to appease the mining sector, the rating restrictions remain.

Other legislated exemptions from the rates base also constrain Local Government revenue in WA. Section 6.26(2)(g) of the *Local Government Act 1995* provides that 'land used exclusively for charitable purposes' is exempt from Local Government rates. Exemptions under this section of the

²⁷ Productivity Commission 2008, *Assessing Local Government Revenue Raising Capacity*. Retrieved from <http://www.pc.gov.au/projects/study/local-government/docs/report>.

²⁸ House of Representatives Standing Committee on Economics, Finance and Public Administration (2003), *Rates and Taxes: A Fair Share for Responsible Local Government*.

Act have extended beyond the original intention and provide rating exemptions for land used by not-for-profit organisations for profitable purposes. The most prominent example of this is the exemption provided to Independent Living Units (ILUs).

ILUs are separate dwellings, usually in retirement villages, and residents often manage their own affairs without any health, nursing, personal or other forms of support provided by the owner of the village. The not-for-profit sector is an important, although not the only, developer of such accommodation. As the population ages the revenue forgone from conversion of existing rate paying land to ILU accommodation operated by the not-for-profit sector is expected to grow and place an increasing burden on the smaller proportion of the population who do pay rates.

Local Governments' ability to raise revenue is also compromised by State legislated restrictions on fees and charges. These restrictions apply to a wide range of Local Government services and generally set fees and charges below the cost of providing the applicable service. This denies Local Governments the opportunity for efficient cost recovery and also leads to unfair and inequitable outcomes in the community, since all ratepayers end up subsidising the choices of some ratepayers.

The Green Paper discusses the importance of applying the principle of subsidiarity, i.e., the idea that 'responsibility lies with the lowest level of government possible, allowing flexible approaches to improving outcomes' (p.41). If this principle is to be applied in practice Local Governments will need: (1) appropriate support from other levels of government and (2) the removal of impediments to raising own source revenue.

WALGA recommendation:

18. The White Paper should discuss strategies for increasing Local Governments' capacity to apply the concept of subsidiarity, including removing the impediments to greater Local Government financial sustainability.

6.2 Governance models for northern Australia

Recent research has questioned the effectiveness of current governance arrangements for remote Australia. A 2012 report by Desert Knowledge Australia and the 2013 Federal Parliamentary inquiry into the use of FIFO both proposed that the Federal Government investigate a more appropriate form of governance for remote Australia.^{29,30} On a related note, Ernst and Young questioned the effectiveness of regional governance structures in general and recommended that '[a]ll tiers of government should work together to rationalise and align the regional structures which currently exist'.³¹

Desert Knowledge Australia's proposal was informed by the following concerns:

- It is not clear who, if anyone, is setting the priorities for remote Australia and what those priorities are.
- The current arrangements—comprising three tiers of government and a series of ad hoc regional arrangements—appear to be incapable of resolving both the priorities and the contests that need to take place around these arrangements.

²⁹ Desert Knowledge Australia (2012), *Fixing the hole in Australia's heartland: How government needs to work in Regional Australia*. Retrieved from <http://www.desertknowledge.com.au/Files/Fixing-the-hole-in-Australia-s-Heartland.aspx>.

³⁰ The Parliament of the Commonwealth of Australia (2013), op. cit.

³¹ Ernst and Young (2012), *Strong Foundations for Sustainable Local Infrastructure*.

- The structure and configuration of institutions across remote Australia are therefore largely not 'custom-built' or fit for their particular purpose.
- Consideration of economic circumstances is crucial in establishing priorities in remote Australia and the private sector has been more successful in working through these issues than has government.
- Failure to innovate is most marked in the public sector.³²

The Association agrees with these findings, particularly the need for greater innovation and custom (rather than 'one-size-fits-all') solutions to local problems. As a consequence, the Association also supports the need for a review of current governance structures in remote Australia.

WALGA recommendation:

19. The Federal Government should review governance arrangements for remote Australia.

³² Desert Knowledge Australia (2012), op. cit.

7. Conclusions

Throughout this submission the Association has identified a number of recommendations that should be considered in the Government's forthcoming White Paper on northern Australia. Implementation of these measures would ensure northern Australia's economic growth is sustainable and local communities benefit from the region's development.

Infrastructure policy should consider the need to apply approaches other than traditional cost-benefit analysis in northern Australia. There is also a need to reform funding arrangements for Local Government infrastructure so that communities can be empowered to make their own decisions and find their own solutions for local infrastructure issues. The Australian Government's White Paper should include more detail on environmental issues such as climate change, waste management and renewable energy opportunities. It is also important that the White Paper provide strategies for assessing and mitigating the impact of FIFO and other long distance working arrangements on communities in northern Australia.

WALGA recommendations:

1. The White Paper should develop some alternative (to traditional cost benefit analysis) analytical methodologies or frameworks that will provide a holistic competitive assessment of projects when applied to remote regions such as northern Australia.
2. The White Paper should discuss the benefits of Commonwealth funding to northern Australian Local Governments, including the merits of untied funding as opposed to tied funding.
3. The White Paper should include more detail about how the region will plan for and adapt to the increased risk of extreme weather events and changing climate.
4. Explore and outline opportunities to incorporate greater use of renewable energy sources (increased renewable technology on community facilities as well as identifying potential options for mass energy generation through large scale solar PV plant).
5. Explore the opportunity of LED streetlighting in remote areas (to reduce energy costs, energy usage, maintenance and incidents of vandalism).
6. The White Paper should include consideration of the need to effectively plan waste infrastructure and services in the development of northern Australia.
7. The White Paper should present strategies for improving the evidence base and statistics on temporary and service populations in Australia.
8. Temporary and service populations should be considered by each jurisdiction's Local Government Grants Commission when determining FAGs allocations.

The Association suggests more consideration should be given to the environmental and social aspects of development to ensure northern Australia grows sustainably and remains a place where people want to live and visit. Strategies to improve development opportunities in the region's Aboriginal communities are also an important consideration. Initiatives to decrease waiting periods for Native Title processes would further contribute to developing northern Australia.

WALGA recommendations:

9. Give greater consideration to the natural environment of northern Australia throughout the White Paper.

10. Include native biodiversity as one of the policy directions.
11. The White Paper should consider options for improving infrastructure, service delivery and governance in Aboriginal communities.
12. Investigate initiatives that would improve the timeliness of Native Title processes.

The Association believes that creating special economic zones in northern Australia is not an appropriate strategy for developing the region. Instead, current tax settings should be reviewed to provide greater incentives to work and live in remote areas. This should include reviewing zone tax offsets and fringe benefits tax. Additionally, the Australian Government should investigate measures to encourage the States and Territories to abolish stamp duty, which currently acts as a disincentive for workers to relocate to growth regions such as northern WA. Reconsidering the Government's current free trade policies, particularly the over-reliance on free trade agreements, would also be beneficial.

WALGA recommendations:

13. The White Paper should recommend a major review of the zone tax offset, including:
 - g) A one-off increase in the zone tax offsets which applies the increase in the Australian CPI since 1993.
 - h) Regular annual indexation of the zone tax offsets into the future.
 - i) Eligibility changes to ensure the zone tax offset only applies to permanent residents of the zones.
 - j) A review of the zones so that they reflect a more contemporary definition of remoteness.
 - k) A review of higher income earners' eligibility for the zone tax offset.
 - l) Any savings that are made from better targeting of the zone tax offset should go towards further increasing the amount of the offset for those taxpayers who remain eligible.
14. The Federal Government should consider options for encouraging the States to abolish stamp duties on property transfers.
15. The Federal Government should review current fringe benefits tax arrangements, particularly those arrangements that distort the accommodation choices for employers with project sites located near established communities.
16. Rather than promoting free trade agreements, the White Paper should investigate the benefits of other trade policies for the development of northern Australia.
17. The Australian Government should not sign any future free trade agreements that include investor state dispute settlement provisions.

The principle of subsidiarity states that responsibility for a function should lie 'with the lowest level of government possible, allowing flexible approaches to improving outcomes'. The White Paper should consider what measures can be initiated at higher levels of government to increase Local Governments' capacity to apply the concept of subsidiarity. In particular, barriers to increasing own-source revenue for Local Governments need to be removed. Additionally, reforms to governance arrangements in remote Australia should be considered to help Local Governments and communities find local solutions to issues in their district.

WALGA recommendations:

18. The White Paper should discuss strategies for increasing Local Governments' capacity to apply the concept of subsidiarity, including removing the impediments to greater Local Government financial sustainability.

19. The Federal Government should review governance arrangements for remote Australia.

5.5 Housing for the Aged: Understanding the Issues (05-036-03-0020 CG)

By Christopher Green, Planning Coordinator Reform and Improvement

Recommendation

That State Council endorse the discussion paper ‘Aged Housing: Understanding the Issues’ and;

- 1. Support the development of Local Government guidance and tools to assist in the preparation of local housing strategies as part of the Association’s Planning Improvement Program; and**
- 2. Investigate potential residential property tax reforms that may improve the efficiency of the housing market.**

In Brief

At the request of the Metropolitan Mayors Policy Forum, the Association has prepared a paper examining the issues concerning the ‘aged housing’ and the ageing of the population. In summary, the paper found that;

- From the baseline year of 2012, the number of people aged 65 and over within WA will increase by 50% by 2023, double by 2032 and treble by 2049.
- The overwhelming majority of older Australians, 96.5% of all those aged 55 and older, live in private dwellings and only a very small minority of people live in specialized residential aged care accommodation.
- Large numbers of the population aged over 50 downsize, however in doing so they face a number of barriers. Primarily these barriers include finding suitable alternative accommodation but there are also a number of financial disincentives, most notably stamp duty.
- In response to these challenges posed by the ageing of the population, the paper recommends that the Association examines the development of Local Government guidance and tools to assist in the preparation of local housing strategies; and investigates residential property tax reform to improve the efficiency of the housing market.

Attachment

Aged Housing, Understanding the Issues

Relevance to Strategic / Business Plan

- Providing effective leadership for Local Government
- Enhancing the capacity of Local Government to deliver services

Policy Implications

Consistent with State Council Resolution 9.1./2014:

- 1. That the strategies and solutions outlined in WALGA’s Affordable Housing: Opportunities for Local Government - Understanding the Local Context & Exploring the Solutions Paper are endorsed;*
- 2. That the findings and solutions in the Paper be used as the basis for further policy development and future advocacy, on behalf of the sector, to the State Government; and*
- 3. That the Association provides information and/or seminars on the potential solutions outlined in the Paper to Local Government officers and elected members so they may gain a better*

understanding of the opportunities for Local Government to influence the delivery of more affordable housing.

Budgetary Implications

Nil

Background

Following on from the Association's previous papers examining affordable housing issues, the Metropolitan Mayors Policy Forum requested that the Association prepare a paper examining the issues concerning the ageing of the State's population and 'aged housing'. The paper examines the demographic trends affecting Western Australia and possible options available to Local Governments to respond to the housing demands brought about by these changes.

In summary, the paper highlights the fact WA is at the cusp of experiencing significant demographic change with the number of persons aged 65 and over predicted to increase by 50% by 2023, double by 2031 and treble by 2049. Whilst there are a wide variety of housing options available to those aged over 55, the paper found that the overwhelming majority of older Australians live in owner occupied housing. 96.5% of all those aged 55 and older, live in private dwellings and whilst this does decline slightly with age, owner occupied housing remains high with 80.6% of those aged 85 and over residing in their own home.

Nevertheless, whilst remaining in homes that they own, older Australians have shown a tendency to 'downsize', moving from larger homes and into smaller homes, with the likelihood of a households downsizing increases with age. Yet despite the tendency of many older persons to downsize, there are a number of barriers which prevent them from doing so more easily. Primarily these barriers include finding suitable alternative accommodation within their local communities but there also a number of financial disincentives, most notably stamp duty, which prevent downsizing.

In responding to these challenges, although Local Governments do not have legislative responsibility for the provision of housing, the sector plays an important regulatory role, influencing the supply and type of land as well as the type of housing stock available particularly through land use planning controls. Therefore Local Governments are encouraged to develop housing strategies to enable their planning schemes to respond to local needs. Nevertheless, given that the majority of older persons wish to remain within their own homes and within the local community, the primary focus for the majority of Local Governments is likely to be encouraging greater diversity in the housing stock and in particular, increasing the supply of smaller homes.

Comment

The lack of diversity in WA's housing stock and the limited supply of smaller homes, coupled with the financial disincentives which discourage 'downsizing', pose the two biggest challenges facing the State in light of its rapid demographic shift and the significant increase in the number of aged persons forecast across the State.

Given that both of these challenges are also key issues facing the supply of affordable housing, the Association recommends that these issues and possible solutions are examined in greater detail as part its affordable housing work.

As such it is recommended that the Association seeks to;

- Examine the development of Local Government guidance and tools to assist in the preparation of local housing strategies
- Investigates residential property tax reform to improve the efficiency of the housing market.



Aged Housing

Understanding the Issues

August 2014

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Useful definitions

Key Terms

Adaptable Housing	Is that which accommodates lifestyle changes without the need to demolish or substantially modify the existing structure and services. It is an extension of the concept of 'Universal Housing', being easily adapted to become 'universally accessible' when required.
Affordable Housing	Is the cost of a home, whether purchased with a mortgage or rented, that is affordable to households on low to moderate incomes, enabling the costs of other basic long-term living needs to be met. The Department of Housing definition is that housing costs should be less than 30 per cent of household income for occupants in the bottom 40 per cent of household incomes.
Community Housing	Are usually independent, not-for-profit organisations that provide affordable housing and special needs homes (for rent or to purchase).
Housing Stress	<p>Generic term to denote the negative impacts for households with insufficient income to secure adequate housing. It can also refer to other factors such as over-crowding and insecurity.</p> <p>The condition of households (in the bottom 40 per cent of income distribution) paying more than 30 per cent of their gross income on mortgage or rental repayments.</p>
Low Cost Housing	Low cost housing is housing that is priced for either sale or rent at a rate generally below that of the market. However, it may not necessarily be 'affordable' to low or moderate income earners. It simply relates to relative price of housing.
Shared Ownership (or Shared Equity)	<p>Means that the home buyer purchases a property in conjunction with another body, so there are effectively two or more owners.</p> <p>The objective of this arrangement is to minimise overall costs for the buyer. For example in WA, the Department of Housing may purchase 20 per cent of the property, which means the home buyer is only responsible for total repayments on 80 per cent of the property.</p>
Social Housing	Rental housing that is provided and/or managed by government or non-government organisations, including public and community housing.
Special Needs Housing	Housing that is designed for those with particular needs such as the elderly and disabled.

EXECUTIVE SUMMARY

The Australian Bureau of Statistics (ABS) predict that by 2022, in Western Australia there will be 454,726 persons aged 65 and over, an increase of 50% from the 2012 population base. By 2030 the number of people within this age group is predicted to have doubled and trebled by 2046. Currently, 23% of population are aged 55 and over, and 18% aged 65 and over, but the aging of the population will mean that by 2050, 30% of the population will be aged 55 and over and 24% aged 65 and over. The aging of the population will pose big challenges for all tiers of government, including ensuring that the built environment including the housing stock is appropriate to needs of the community.

Nevertheless, it is important to recognise that the growth in population aged over 65 will not be uniform across the State. Whilst the majority of the growth in the actual number of persons aged 65 and over is expected to be within WALGA's Metropolitan Zones where the number of people aged 65 and over is expected to increase by 205,405 in the 20 year period beginning from 2006. Nevertheless, the growth in population aged over 65 will not be uniform across the State. The WA Tomorrow population forecasts indicate that there will be a number of growth 'hot spots' such as the Peel Zone which will see the percentage of the population aged 65 and older increase from 18% in 2006 to 26% by 2026. By 2026, WA Tomorrow forecast that across a total of six WALGA zones, at least one in five persons will be aged 65 or over. The Great Southern and Great Eastern Country Zones will see the greatest population shifts with increases of 9% in the percentage of people aged 65 and over.

With regards to housing, the 2006 census revealed that the overwhelming majority of older Australians, 96.5% of all those aged 55 and older live in private dwellings and only a very small minority of people live in specialised residential aged care accommodation. Even amongst those aged 75-84, 93.9% live in private dwellings and whilst this reduces with age, the vast majority of people aged 85 and over, 80.6%, live in private households.³³ Further, a wide range of independent research has found that older people want to remain in their own homes, close to family and friends and the community services with which they are familiar. They value access to reliable and affordable transport, health care and community care services.

Whilst wishing to remain living in their own homes, large numbers of the population aged over 50 downsize. AHURI estimate that approximately 9% of the population aged over 50 had downsized in the 5 years between 2006 and 2011³⁴ with the tendency to 'downsize' increasing with age. However, despite the desire of many to downsize and move into more suitable accommodation locally, older persons encounter many barriers to downsizing, most notably the lack of suitable accommodation available locally. Compared to the rest of Australia, there is a little diversity in the housing stock across the Perth Metropolitan Region and the whole of WA. Across the state almost half of all homes have 4 or more bedrooms and 81% of all homes have at least three bedrooms. As well as the lack of suitable accommodation, under the current policy regime there are a number financial disincentives to selling property and downsizing most notably stamp duty which is estimated to typically absorb 8-10% of the housing equity released. As a result of these barriers to downsizing and the fact that household sizes decrease with age, large numbers of homes occupied by older persons are significantly under occupied. This raises legitimate questions about whether the stock of housing and housing land is being used most efficiently.

³³ ABS Census 2006

³⁴ Judd, B et al (2014) *Downsizing Amongst Older Australians* AHURI Final Report No. 214

In responding to these challenges, although Local Governments do not have legislative responsibility for the provision of housing, the sector plays an important regulatory role, influencing the supply and type of land as well as the type of housing stock available particularly through land use planning controls. Therefore Local Governments are encouraged to develop housing strategies to enable their planning schemes to respond to local needs. Nevertheless, given that the majority of older persons wish to remain within their own homes and within the local community, the primary focus for the majority of Local Governments is likely to be encouraging greater diversity in the housing stock and in particular, increasing the supply of smaller homes.

1. INTRODUCTION

1.1 Background

According to the Australian Bureau of Statistics (ABS), people aged 65 and over are Australia's fastest growing age group. The growth rate for the older ages was 3.7 per cent over the last year, compared to 1.4 per cent for the working age population, and 1.7 per cent for children. The number of people aged 65 and over has increased from 11.6 per cent of the population (or 2.1 million people) in 1993 to 14.4 per cent (or 3.3 million people) in 2013.³⁵ Like most developed countries across the world, Australia's ageing population is attributed to lower fertility rate as well as an increase in life expectancy.³⁶

Given the challenges that are being brought about by the ageing of the population, the Association has been tasked by WALGA State Council's Metropolitan Mayors Policy forum to prepare an 'aged housing paper'.

1.2 Structure of this Report

The paper is split into three broad sections. The first section seeks to define aged housing and identify the various components of aged housing as well as identifying the various government responsibilities towards aged housing provision. The second section explores 'the aging population' and the demographic changes across the Perth Metropolitan Region and Western Australia. The third section provides an overview of possible response to issues concerning the provision of 'aged housing'. A summary of the reports main findings together with recommendations are set in out in the final section.

1.3 What is Aged Housing?

The definition of an 'aged' person or a 'senior' varies significantly. The State Government's 'WA Seniors Cards' are available to those aged 60 years or more, the ABS considers people in the 'older age group' to be aged 65 years or more, the common retirement age, whilst the Strata Titles Act 1985, contains provisions relating 'retired persons' which includes people aged 55 or over.

The difficulty in accurately defining aged housing is further confused by the complexity of the aged care housing provider sector which includes a diverse array of accommodation options, providers, both commercial and not for profit, together with the multitude of funding sources. There is also a haze within which community-care and wider housing services overlap.

Despite the complexities in the aged housing sector and the disparities in the definition of an aged person, for the purpose of this paper, aged persons are considered to be those aged 55 and over in line with the definitions contained in the Strata Titles Act. At 55 years of age a number of housing options become available, a summary of these housing types is set out by table 1.

³⁵ ABS Media Release 227/2013 17 December 2013. Viewed 21/2/2014
www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/3101.0Media%20Release1Jun%202013?opendocument&tabname=Summary&pr odno=3101.0&issue=Jun%202013&num=&view=

³⁶ ABS (2013) Feature Article 1: Population By Age & Sex, Australia, States & Territories Viewed 21/2/2014
www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/3101.0Feature%20Article1Jun%202013?opendocument&tabname=Summary&pr odno=3101.0&issue=Jun%202013&num=&view=

Table 1. Housing Options available to those aged over 55.

	Retirement village	Residential park	Strata Title	Renting	Boarding & Lodging	Residential Aged Care
Type of structure/ Premises	Includes units and serviced apartments for 55s and over, retired and spouse/partner. May use many names, including 'lifestyle village'.	Includes mixed-use parks and lifestyle villages for over 45s. May use many names, including 'lifestyle village'.	Includes strata schemes for over 55s.	Includes private rentals and social housing (public and community housing).	Includes licensed lodging houses and private arrangements.	Includes hostels and nursing homes with high or low care.
Ownership Types	Can purchase a lease, rent or buy a strata unit.	Can buy or rent the premises. Land is always leased.	Can purchase or lease property.	Rental. Tenants pay rent for exclusive possession of premises.	Rental. May have exclusive occupation of own room and share common areas.	Rental. Requires an Aged Care Assessment Team (ACAT) assessment to determine eligibility.
Conditions	Rights and responsibilities depend on individual agreements.	Structure must be relocatable.	A number of individual ownership/ common property scenarios exist.	A tenancy agreement gives either a fixed or periodic term and sets out the conditions of the tenancy.	Rent may include meals or just room. Rights and responsibilities depend upon individual agreements.	May be charged care fees and accommodation bond. May receive government subsidy.
Legislation	Retirement Villages Act 1992	Residential Parks (Long-stay Tenants) Act 2006	Strata Titles Act 1985	Residential Tenancies Act 1987	Covered by common law on contracts.	Aged Care Act 1997 (Cth) if government funded

Source: Department of Commerce ³⁷

³⁷ Department of Commerce Viewed 18/3/2014
www.commerce.wa.gov.au/consumerprotection/content/Property_renting/Over_55s/index.htm

1.4 Government Responsibilities

The Commonwealth of Australian Governments (COAG) National Affordable Housing Agreement sets out the aspiration objective that all Australians shall *“have access to affordable, safe and sustainable housing that contributes to social and economic participation.”*³⁸ In order to achieve this objective, a number of responsibilities for each of the states and territories are identified. A summary of these responsibilities is set out in table 2.

Table 2. National Affordable Housing Agreement, Government Responsibilities

Level of Government	Responsibilities
Commonwealth	<ul style="list-style-type: none"> ▪ leadership for national housing and homelessness policy including Indigenous housing policy; ▪ income support and rental subsidies; ▪ financial sector regulations and Commonwealth taxation settings that influence housing affordability; ▪ competition policy relating to housing and buildings
States and Territories	<ul style="list-style-type: none"> ▪ land use, supply and urban planning and development policy ▪ housing-related financial support and services for renters and home buyers ▪ housing-related State and Territory taxes and charges that influence housing affordability; ▪ infrastructure policy and services associated with residential development; ▪ tenancy and not-for-profit housing sector legislation and regulation;
Local Government	<ul style="list-style-type: none"> ▪ building approval processes; ▪ local urban planning and development approval processes; ▪ rates and charges that influence housing affordability.

Source: COAG

In addition to these responsibilities, the agreement includes a series of reform and policy directions which amongst others, includes:

- seeking the creation of mixed communities that promote social and economic opportunities by reducing concentrations of disadvantage that exist in some social housing estates;
- enhancing the capacity and growth of the not-for-profit housing sector, supported by a nationally consistent provider and regulatory framework;
- planning reform for greater efficiency in the supply of housing;
- improving supply of land for new dwellings identified through audits of Commonwealth, State and Territory surplus land; and
- increasing capacity to match new housing supply with underlying demand, including as a result of work undertaken by the National Housing Supply Council.

³⁸ Council of Australian Governments (2009) *National Affordable Housing Agreement*

There are numerous areas of local government that are involved in planning and adapting infrastructure and services that enable the needs of the population to be met. As the population ages, community preferences will evolve and there are likely to be increasing expectations that Local Government will accommodate these changing needs.

The main functions that will need to adapt are expected to be: community infrastructure, community services such as home and community care, land use planning, housing and leisure and cultural activities.

Community Infrastructure - The development of age-friendly infrastructure will be essential if older people are allowed to remain active and independent. However, Local Government will face increasing pressures relating to the suitability of infrastructure, much of which was built without particular consideration for ageing populations. Particularly, the planning, design and building of environments for older people, in both the public and private domain, will need to be considered at all stages of the planning process.

Aged care / Home and Community Care services - While the majority of older people are, and perceive themselves as being, in good health, they want to be able to access affordable and quality housing and aged care services, that are located close to family, should the need arise. Some Local Government authorities will experience an increase in the demand for aged care services, which may include meals programs, in home support, respite and allied health services and social support activities. Pressures may not only be demand related, but there may be an emerging trend in the shortage of healthcare professionals in some Local Government areas.

Health promotion programs - Health promotion is vital for encouraging healthy ageing, as it not only improves the health of the community, but also has the potential to reduce the health and care costs of older people. Health promotion activities aimed at older people encourage them to exercise regularly, eat well, develop and maintain social networks and access activities in their local community. The increased promotion of health education, campaigns and programs which are targeted and appropriate for older people, will be important as Australia's population continues to age. The quandary for local government, as demand for these programs increases, will be how these programs are funded in the future.

Community facilities – Local Government will face a change in demand for certain types of community facilities, meaning close monitoring of the allocation of funds across the various categories of sporting and leisure facilities and how they keep the region attractive for all age cohorts, thereby avoiding a cycle of decline.

Older people are also involved in the community as active members of clubs: a large Melbourne survey reported, for example, that one-third of men and one-quarter of women aged 55-75 years belonged to a sporting club.³⁹ An older Australia is likely to benefit the art sector since growing numbers of older people could result in an increase in audience numbers. Older people attend musical concerts, theatres and art galleries more frequently than younger people; they read more and visit libraries more often. According to social surveys of time use, people over 65 years visit libraries five times more per year on average than do younger people.

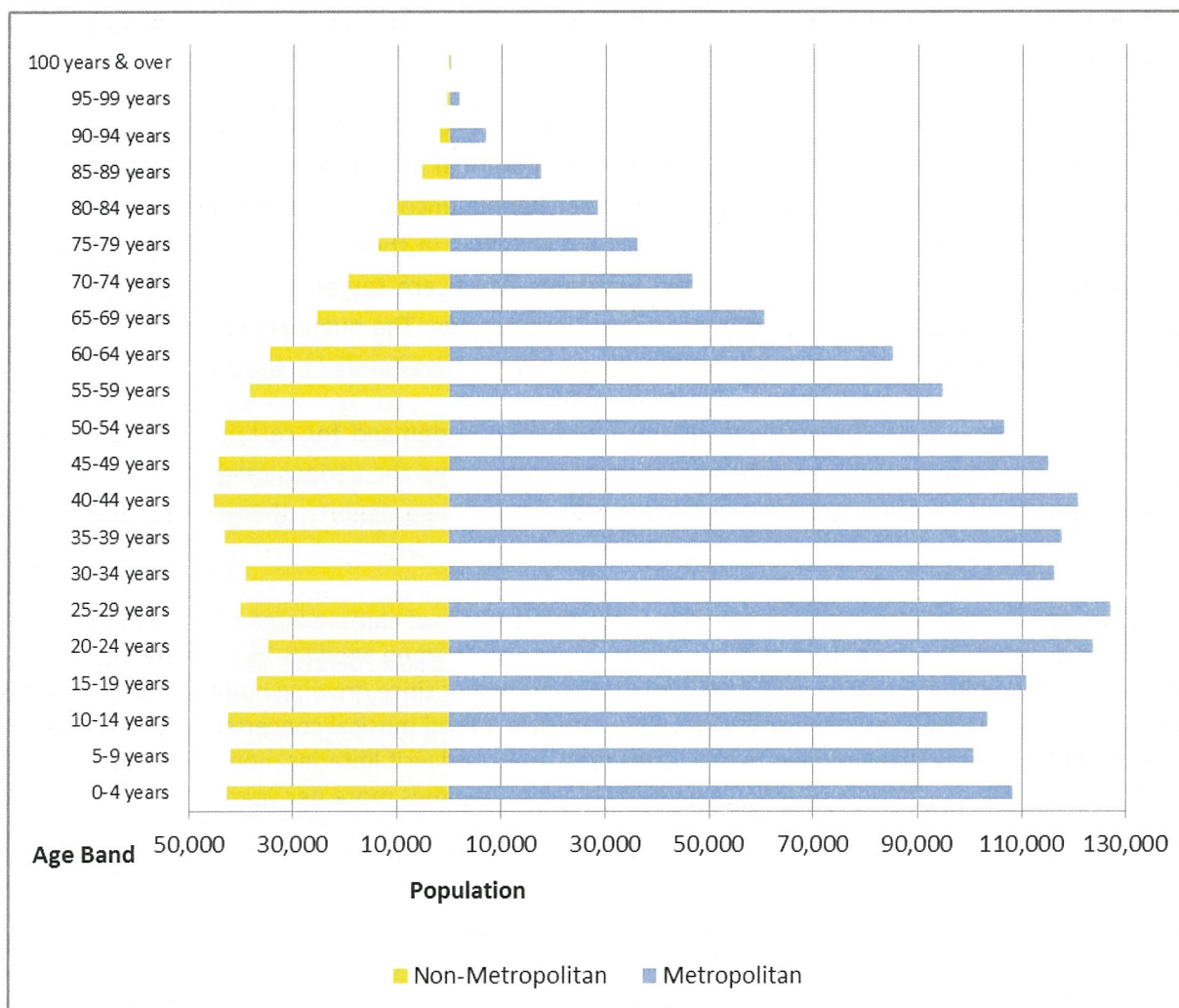
³⁹ Howe, A. & Donath, S. (1997), *Wellbeing and Outlook on Ageing: A Study of Attitudes of Australians Aged 55 to 75*, National Ageing Research Institute

2. UNDERSTANDING THE CONTEXT

2.1 Demographic Trends

The existing population pyramid for Western Australia shows that relative to the rest of the population there are currently few persons aged 65 or over. Below this age grouping, the population pyramid swells, with almost double the number of people aged 60-64 (120,000) as those aged 70-74 (66,000). This, coupled with Australia's low mortality rate, provides a clear signal that the number of people aged over 65 years in WA is likely to significantly increase in the coming years. Across the rest of the age bands below the age of 55-59 years old, the size of the State's population is largely consistent with approximately 150,000 persons in each age band. The population pyramid also shows that across most age bands, the balance between the State's metropolitan and non-metropolitan population is fairly consistent with the Metropolitan region's population generally around 2.5 times the size of that of the non-metropolitan region. However the Metropolitan region has a higher proportion of adults aged 20-24, 25-29, and 30-34, with a ratio of 3.6, 3.2 and 3 times that of the non-metropolitan population for these age groups.

Figure 1. Western Australia Population Pyramid by Region, 2011

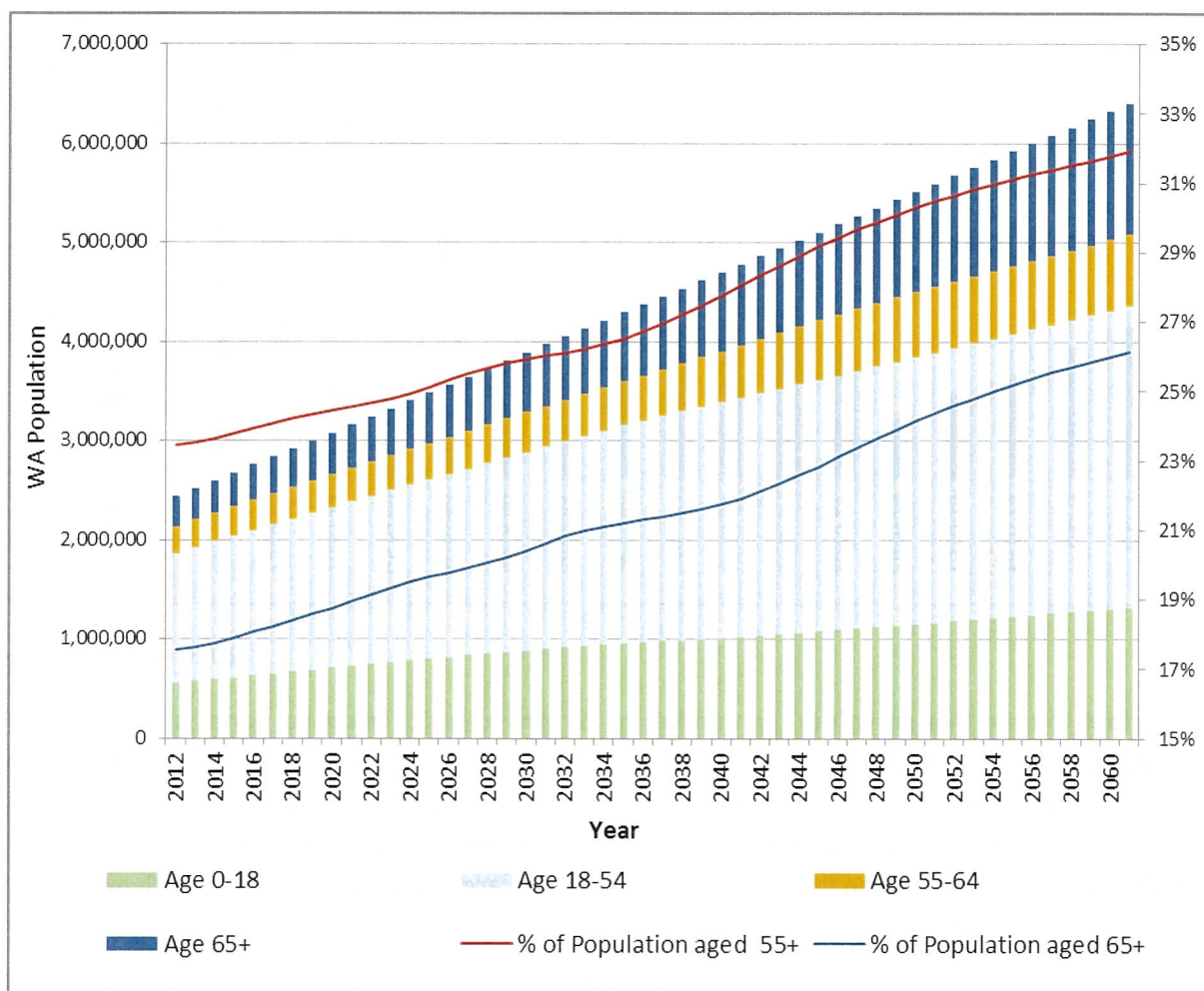


Source: ABS Census 2011

The ABS population forecasts for Western Australia predict that by 2022, the number of persons aged 65 and over will increase by 50% from the 2012 population base of 300,890 to total 454,726. By 2030 the number of people within this age group is predicted to have doubled and trebled by 2046. By comparison, for these same periods the total population is predicted to grow much more reservedly at 67% and 123% respectively. Similarly, the ABS predicts that the number of people aged 55 and over will increase by 50% in 2024, double by 2035, and treble by 2051.

The differential rates in growth rates between those in the older cohorts and the total population mean that the percentage of the population aged 65 and over will increase from 18% in 2012 to 21% in 2032 and to 26% by 2061. Meanwhile the percentage of people aged 55 and over will increase from 24% in 2012 to 26% in 2032 and to 32% in 2061.⁴⁰

Figure 2. ABS Population Forecast for Western Australia



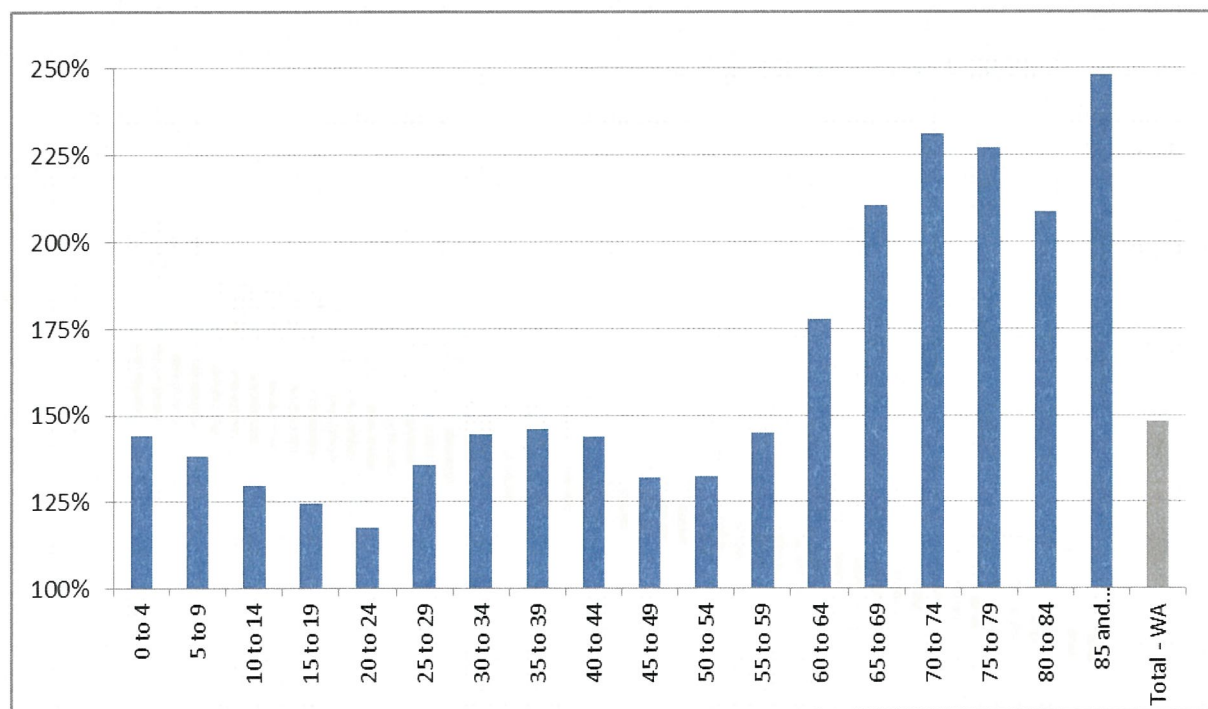
Source: ABS Time Series, 3222.0

The scale with which the population is forecast to grow and demographically shift should not be underestimated. The Western Australia Planning Commission's (WAPC) WA Tomorrow Population Report No.7, 2006 to 2026 mid growth forecast predicts that the population of the Western Australia is anticipated to grow by approximately 50% to a population of 3 million by 2026. The majority of the population growth forecast by WA Tomorrow is predicted to be within the outer areas of the Perth Metropolitan region.

⁴⁰ ABS (2013) Population Projections, Australia 3222.0

In relation to age, WA Tomorrow ⁴¹ sets out population forecasts comparable with those of the ABS, with WA Tomorrow predicting the number of people aged 55 and over to nearly double from 465,400 in 2006 to 894,800 in 2026. During the same time period, WA Tomorrow forecasts that the number of people aged 65 and over will increase by 123% to a total of 539,685 persons by 2026. Amongst those aged over 65, the largest will be in the number of people aged 85 and over which is forecast to see a 248% increase. This increase means that across WA, the proportion of the population aged 65 or over will increase from approximately 12% to 18% by 2026. However, again, Figure 3 shows how the growth in the population aged over 60, and in particular those aged over 70, is predicted to far exceed the growth of WA's total population.

Figure 3. Western Australia Population Change by Age Group 2006-2026



Source WAPC, WA Tomorrow

It is important to note that growth in the number of persons aged 65 or above, is not uniform across the state. Some Local Governments are predicted to experience a greater increase in the numbers of people aged over 65 than others. The WA Tomorrow, population predictions forecast that by 2026 the largest concentrations of persons aged 65 or above will be located within Stirling, Wanneroo, Mandurah, Joondalup and Rockingham. Combined, these five Local Governments will account for 36% of the growth in the number of persons aged 65 or over within WA.

Although for many Local Governments the growth in the absolute number of persons aged 65 and above may be relatively small when compared to the absolute growth anticipated for other Local Governments; the growth forecast for the over 65 age group will represent a very significant population demographic shift. Indeed the WA Tomorrow forecasts predict that by 2026, 20 Local Governments will have populations whereby more than 25% of all residents are aged 65 or above.

A breakdown of the areas with the highest levels of aged based population growth is set out in Appendix 1.

⁴¹ WAPC (2012) Western Australia Tomorrow, Population Report No.7, 2006 to 2026

Table 3 shows that there is significant difference in the growth of those aged 65 and over across WA at the regional level. The majority of the growth in the number of persons aged 65 and over is expected to be within WALGA's Metropolitan Zones where the number of people within this age group is increase by 205,405 by 2026 from 2006, whilst during the same period there is predicted to be an increase of 92,535 persons across the country zones.

The largest growth in the number of persons aged 65 and over is predicted to occur within the Peel Country Zone where the population of this cohort is predicted to more than quadruple. This growth will see the population percentage of those aged 65 and over within the Zone increase from 18% to 26%. By 2026, WA Tomorrow forecast that across a total of six WALGA zones, at least one in five persons will be aged 65 or over. The Great Southern and Great Eastern Country Zones will see the greatest population shifts with increases of 9% in the percentage of people aged 65 and over.

Table 3. Growth in the number of persons aged 65 and over by WALGA zone

WALGA Zone	% of Population Aged 65+ 2006	% of Population Aged 65+ 2026	Additional Persons Added 65+ 2026	% Growth in numbers aged 65+
Avon-Midland Country Zone	13%	21%	6,005	223%
Central Country Zone	14%	20%	1,410	149%
Gascoyne Country Zone	11%	13%	10	101%
Goldfields Esperance C. Zone	7%	12%	3,565	197%
Great Eastern Country Zone	13%	22%	500	125%
Great Southern Country Zone	14%	23%	8,135	200%
Kimberley Country Zone	5%	9%	2,235	249%
Murchison Country Zone	7%	12%	-10	95%
Northern Country Zone	12%	18%	6,565	215%
Peel Country Zone	18%	26%	36,085	322%
Pilbara Country Zone	2%	5%	1,615	262%
South West Country Zone	12%	19%	26,420	249%
Central Metropolitan Zone	14%	20%	19,975	209%
East Metropolitan Zone	12%	17%	35,250	205%
North Metropolitan Zone	11%	16%	61,280	219%
South Metropolitan Zone	13%	18%	48,020	219%
South-East Metropolitan Zone	11%	17%	40,520	222%
Western Australia	12%	18%	297,580	223%

Source WAPC, WA Tomorrow

One of the key outcomes of the ageing of the population is predicted increase in the number of people with disabilities. Between 2006 and 2026 the number of people with disabilities in Western Australia is expected to increase by more than 210,000. People may have a disability at any age however the likelihood of having a disability increases as people get older. According to ABS data, 51 per cent of Western Australians over 60 years of age have a disability.⁴²

⁴² Disability Services Commission 'Disability Access and Inclusion Plans Resource Manual for Local Government' www.disability.wa.gov.au/Global/Publications/Understanding%20disability/Built%20environment/daip_manual-localat_govt.pdf Viewed 17/3/2014

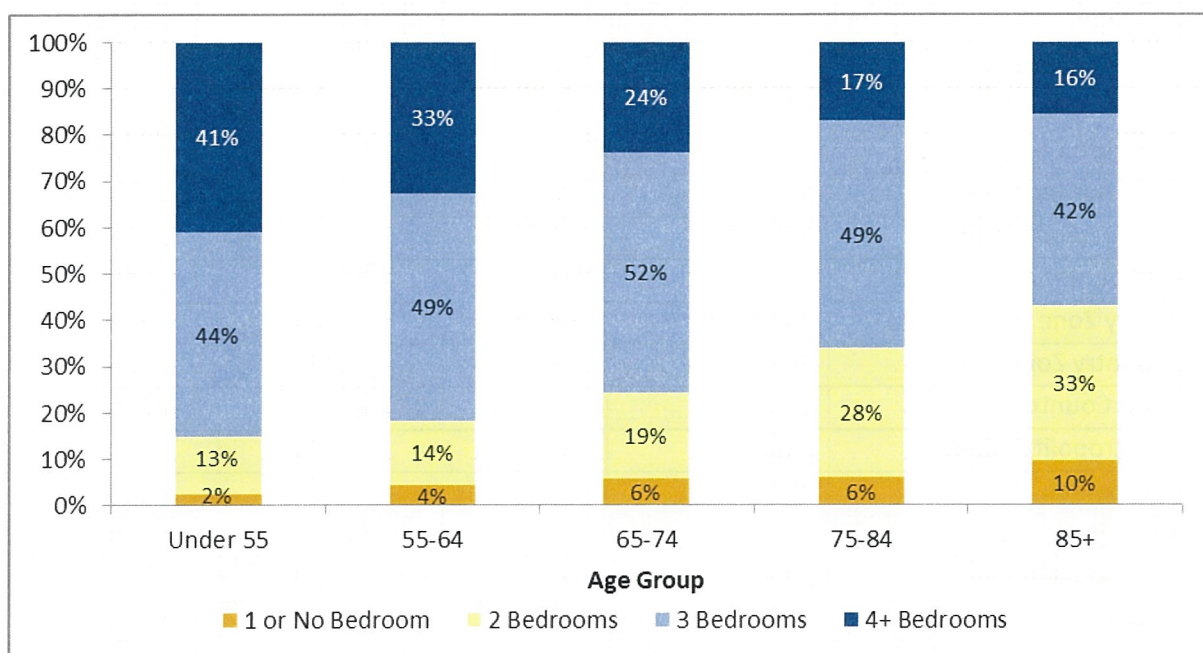
2.2 Aged Person's Housing Profile

The 2006 census revealed that the overwhelming majority of older Australians, 96.5% of those aged 55 and older live in private dwellings with a very small minority living in specialised residential aged care accommodation. Even amongst those aged 75-84, 93.9% live in private dwellings however whilst this reduces quite significantly for those aged 85 and over, the vast majority of people within this age group, 80.6%, still live in private households.⁴³

Whilst the majority of Australians aged 55 and older live in 3 bedroom dwellings, there is a clear trend towards living in smaller homes as people get older. As figure 4 shows, the portion of people living in dwellings with four or more bedrooms falls from 41% of those aged under 55 to just 17% of those aged 75-84 and 15.5% of those aged 85 and older. At the same time, the proportion of people living in 2 bedroom dwellings doubles from 14% of those 55-64, to 28% of those aged 75-84 and further increases amongst those aged 85 and over.

Using Census data, AHURI estimate that approximately 9% of the population aged over 50 had downsized in the 5 years between 2006 and 2011, or 50% of all movers aged over 50 (within the 5 year period).⁴⁴

Figure 4: Persons in private dwellings by number of bedrooms



Source: ABS 2006 Census 1% sample file (Note: Excludes 'Not Stated' and 'Not Applicable')

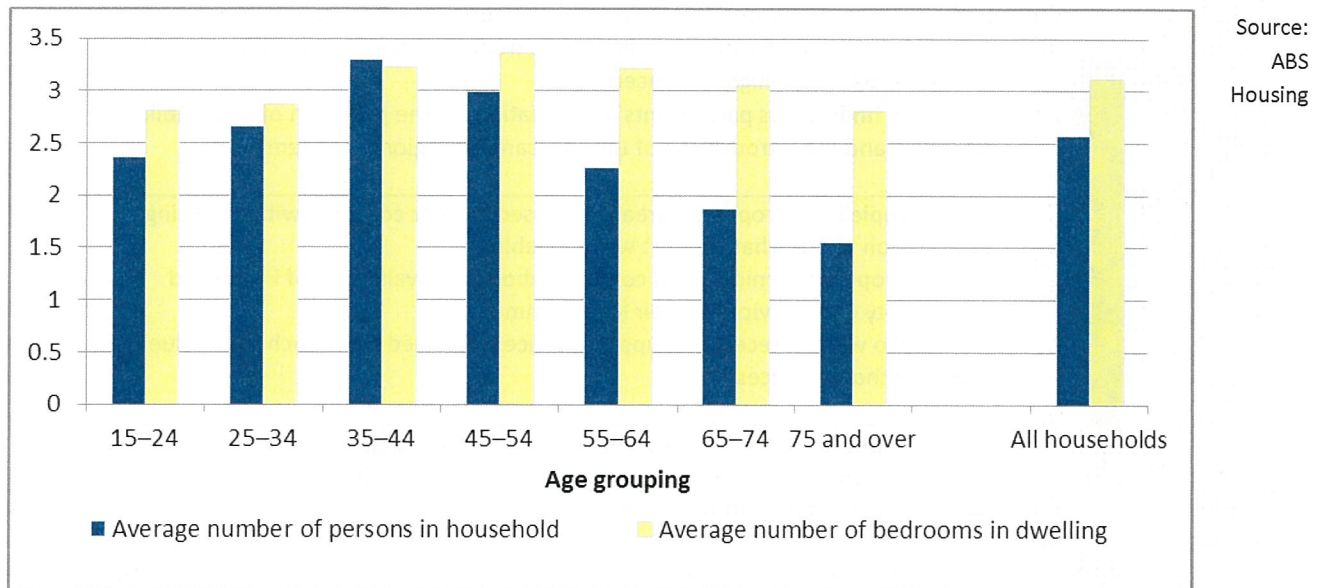
More recent evidence also shows that people tend to 'downsize' as they get older. Figure 5 shows that Australians aged 45-54 live in a dwelling with an average of 3.36 bedrooms. This falls quite significantly to an average of 3.05 bedrooms for those aged 65-74 and 2.81 bedrooms for those aged 75 and over. However, the average number of persons per household falls far more dramatically as people age, falling from 2.27 persons per household for those aged 55-64 to 1.56 persons for those aged 75 and over. As such, the disparity between the number of persons per household and the average number of bedrooms increases with age, so much so that on average, those aged 65 and over live, in a property with two spare bedrooms.

⁴³ ABS Census 2006

⁴⁴ Judd, B et al (2014) *Downsizing Amongst Older Australians* AHURI Final Report No. 214

The under-occupation of housing by many older Australians raises legitimate questions about whether the housing stock is being best utilised, particular in the context of the wider housing affordability issues.

Figure 5. Average Number of persons per household and average number of bedrooms per dwelling 2011-12



Occupancy and Costs 4130.0 2011-12

2.3 Aged Person's Housing Needs

A number of Local Governments in Western Australia received funding from the Department for Communities to research and develop an age-friendly approach to their community planning. The intention 'Age Friendly Community' pilot study was to gather information and develop findings that could be translated into the planning process and used to develop seniors' specific strategies

In summary, the research found that older people enjoy living in their local area and are keen to assist in making improvements to their environment. The primary concerns of elderly people are focused around transport, health and housing.

The findings of the Age Friendly Community Pilots are consistent with research undertaken elsewhere. The ABS contends that *"most older people want to remain in their own homes as long as possible – close to family and friends, and the shops, churches and activities, with which they are familiar"*.⁴⁵ Whilst the Australian Association of Social Workers (AASW) notes that *"the core housing attributes valued by older renters are autonomy, security, social connectivity, amenity, adaptability, and affordability"*.⁴⁶ Similar research in New South Wales found that the majority of older people want to age in place and most do not want to relocate to age-specific or care facilities. Therefore it is important to ensure that communities contain a diversity of affordable housing options across all accommodation types including, single, grouped or multiple dwellings.⁴⁷

⁴⁵ ABS (2010) Year Book Australia 2009-10

⁴⁶ Australian Association of Social Workers (2013) *Ageing In Australia* www.aasw.asn.au/document/item/4356 Viewed 17/3/2014

⁴⁷ Bridge, C., et al. (2008), *The Costs And Benefits of Using Private Housing as the Home Base for Care for Older People: Secondary Data Analysis*. AHURI Final Report No. 115

Table 4. Aged Person's needs, Aged Friendly Community Pilot results

Issue	Response
Transport	<ul style="list-style-type: none"> ▪ The need for greater access to reliable and affordable transport was highlighted in most of the reports. • In the metropolitan areas the infrequency of buses and the need for more parking were cited as major frustrations. In non-metropolitan areas, it was the lack of public transport that rated highest concern. • A positive finding was participants' appreciation for the provision of free public transport and the introduction of the fuel card for regional residents.
Health Services	<ul style="list-style-type: none"> ▪ Older people in metropolitan areas expressed greater concerns with accessing information about what support was available. ▪ Non-metropolitan seniors cited concerns about the availability of Home and Community Care services in their local community. ▪ Those who were in receipt of support services indicated how much they valued and relied on those services.
Housing	<ul style="list-style-type: none"> ▪ Older people reported that they enjoyed living where they were. ▪ They also reported they were concerned that they may not be able to remain in their own homes or in their locality as they age.
Communication & Information	<ul style="list-style-type: none"> ▪ Seniors wanted better access to technology so they could access information about local services, events and impending natural disasters.

Source: WALGA

Whilst the overwhelming majority of older persons live in homes they own, AHURI research has indicated that many older persons living in aged specific dwellings find it difficult to access suitable accommodation. From a sample of 800 living in age specific accommodation, a third of residents found it difficult or very difficult to find their current housing, further when consideration is given to the fact this poll did not include those who have yet to access age specific accommodation the true figure may be much higher. The research also found that declining health and a desire for a more supportive and secure environment that was less physically demanding were reasons for moving into aged accommodation.⁴⁸

Further research undertaken in NSW found that older people favoured housing in small clusters of units, in or close to towns (or for aboriginal people, in a specified section of their community). Access to good public transport was a key issue and the reason why many considered living in, or close to towns. In some areas high-rise units are acceptable, providing that they include a lift with a generator to cover potential power failure and adequate security parking and access. Most older, single persons would prefer a single bedroom unit with a larger living space rather than a two bed unit with a smaller living area.⁴⁹

2.4 Aged Housing Providers Perspectives

In undertaking a study concerning aged-specific housing, AHURI surveyed a total of 48 aged housing providers, of which 25% were WA based, to ascertain the views of the sector. Whilst there is great diversity in the purpose (commercial and not for profit) scale and focus in aged care housing providers, the study uncovered a number of consistent issues across the community housing sector including;

⁴⁸ Bridge et al (2011) *Age-specific Housing and Care for Low to Moderate Income Older People*. AHURI Final Report No.174

⁴⁹ Southern Cross University (2006) *Investigating Models of Affordable Housing for Older People and People with Disabilities in the Mid North Coast Region of New South Wales*

- Much of the current stock of age-specific housing is dated and not particularly suitable.
- The sector experiences frustrations in navigating the planning system and some communities which are resistant to change.
- The regulatory system is complex. Whilst some regulation is needed to protect consumers, inappropriate regulation may both reduce the ability of the sector to innovate as well as discourage potential providers.
- A number of not-for-profit providers are pursuing a strategy in which their commercial initiatives are used to subsidise their initiatives for lower-income households.
- There is considerable activity in the rental market with some targeting of lower-income households but demand in this area is also considerable and providers are struggling to keep up.⁵⁰

2.5 Over 55's Public Housing Stock in WA

Approximately 30% of the State's public housing stock is designated and designed for applicants aged 55 and over.⁵¹ Some 60% of this stock is 2-bedroom and 40 per cent 1-bedroom. Much older persons' housing stock is single storey, cluster housing, often 12-20 units and reserved for seniors only. The State Government's housing stock includes some high rise accommodation in city or near-city areas designated for older people and also some for a mix of groups including older people.⁵²

The Housing Authority's waiting list for social housing provides useful insights into demand by seniors for a range of dwelling types. Applicants on the waiting list are either housed in public housing or by community housing providers. Table 5 shows that the majority of housing demand of those on the list is for single bedroom dwellings, with a total of 2,776 of the 3,981 persons aged 55 and over on the list, 70% wanting a single bedroom property. Furthermore, 90% of all demand from persons aged 55 and over on the Housing Authority's list is for a one or two bedroom dwelling. The Department contends that of all those aged 55 and older on the waiting list, 286 applicants (7%) are considered to be priority for a variety of reasons including such as physical or mental health issues, are homeless or fleeing domestic violence.

According to the Department of Housing, there are approximately 3,760 public housing properties vacated annually that become available to housing applicants. On average, 250 of these vacancies are created as a result of the tenant moving to an aged care facility with 400 vacancies arising due to the death of the tenant.

⁵⁰ Bridge et al (2011) *Age-specific housing and Care for Low to Moderate Income Older People*. AHURI Final Report No.174

⁵¹ Department of Housing (2010) *Affordable Housing Strategy 2010-2020 Opening Doors to Affordable Housing*

⁵² Jones, A et al (2007) *Rental housing provision for lower-income older Australians* AHURI Final Report No. 98

Table 5. All waitlist applications by a main applicant aged 55 years & older by housing type (September 2013)

	Family Homes					Pensioner Unit		Single Tennant		Total
House Size (no. bedrooms)	2	3	4	5	6	1	2	1	2	
Metro										
55 - 64 years	206	168	56	19	7	900	84	87	1	1,528
65 - 79 years	111	51	9	3	1	982	153	5	0	1,315
80 +	10	5	2	0	0	144	30	0	0	191
Metro Total	327	224	67	22	8	2,026	267	92	1	3,034
Country										
55 - 64 years	59	36	11	0	2	303	41	77	5	534
65 - 79 years	22	12	2	0	0	255	86	13	1	391
80 +	2	0	0	0	0	10	10	0	0	22
Country Total	83	48	13	0	2	568	137	90	6	947
WA Total	410	272	80	22	10	2,594	404	182	7	3,981

Source: Department of Housing

2.6 Housing Stock & Affordability

As table 6 shows, across the Perth Metropolitan Region and the rest of Western Australia, there is a wide spread lack of housing diversity compared to the rest of Australia. Across the Metropolitan Region and the entire state, over 81% of all homes have at least 3 or more bedrooms. Furthermore, homes in WA are considerably larger than homes found elsewhere across Australia, with 43.5% of Perth homes, and 42% of WA homes having 4 or more bedrooms compared to the nation average of just 30%.

Table 6. Dwelling Sizes Perth and Western Australia

Number of bedrooms (Occupied private dwellings)	Greater Perth*		Western Australia		Australia	
None (includes bedsitters)	1,643	0.3%	2,868	0.4%	42,160	0.5%
1 bedroom	21,348	3.4%	28,193	3.6%	363,129	4.7%
2 bedrooms	81,476	13%	103,373	13%	1,481,577	19%
3 bedrooms	239,974	38.3%	312,043	39.3%	3,379,930	44%
4 or more bedrooms	272,588	43.5%	333,932	42%	2,350,132	30%
Number of bedrooms not stated	10,065	1.6%	13,751	1.7%	143,394	1.8%
Average number of bedrooms per dwelling	3.3		3.3		3.1	
Average number of people per household	2.6		2.6		2.6	

Source ABS 2011 Census

Note * Greater Capital City Statistical Area (Perth Metropolitan Region including Mandurah)

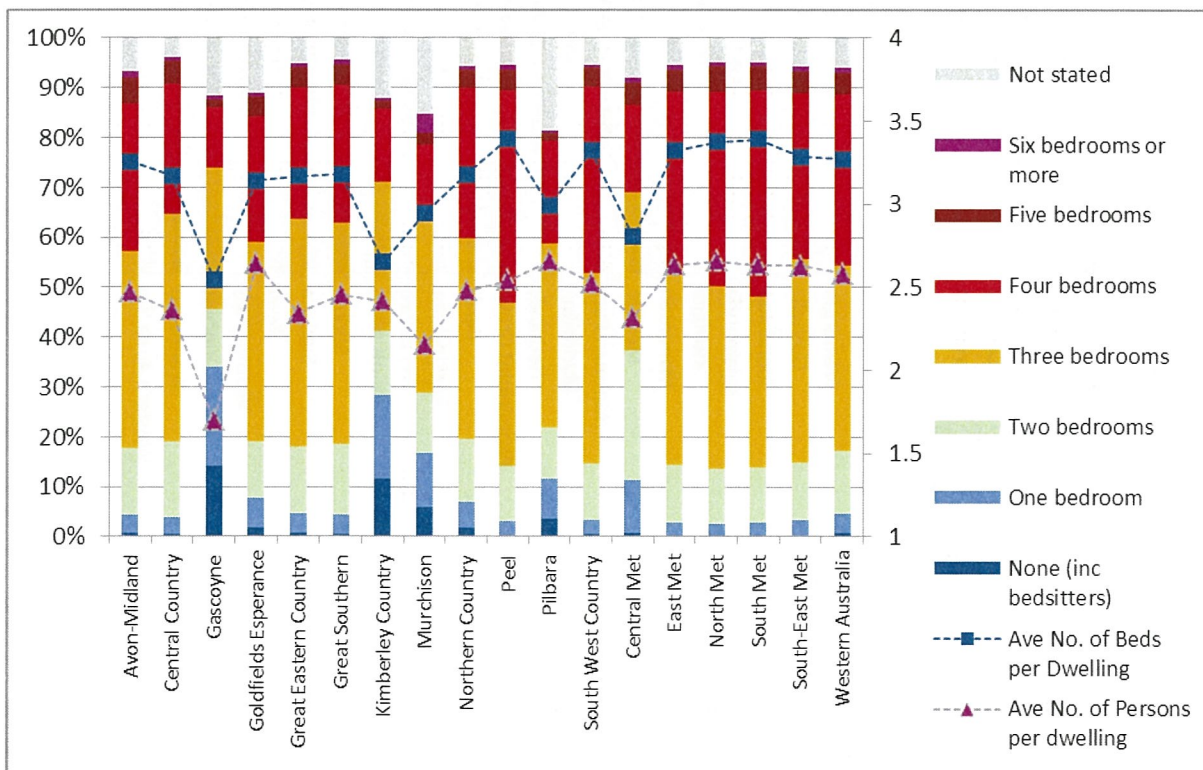
Despite the lack of one or two bedroom homes within the Greater Perth Region, some 24% of all households are single person households. Further, the number of single person households is expected to significantly increase given recent trends for smaller households as a result of lifestyle choices together with the growth forecast in the number of people aged 65 and over.

Both table 6 and Figure 6 show that across WA, the housing stock is dominated by three and four bedroom homes, which combined account for more 80% of the housing stock. Figure 6 shows that for the housing stock mix within each WALGA Zone is largely consistent with that of the State average. Nevertheless, there are a few notable exceptions, namely the Murchison, Kimberley and Gascoyne Zones where the percentage of smaller dwellings is much higher than the state wide average. However, it is important to note that the total number of homes within these Zones is relatively small.

Figure 6 also shows that aside from the Central Metropolitan Zone, WALGA's Country Zones generally have a greater percentage of smaller homes, particularly two bedroom homes, within their housing stock than those Zones within the Metropolitan region. The Association's previous Affordable Housing Paper⁵³, in areas of the outer Metropolitan Region the housing stock was particularly dominated by larger homes and that in areas such as Armadale, Gosnells, Joondalup, Rockingham and Wanneroo, three and four bedroom homes account for over 85% of the housing stock whilst one and two bedroom dwellings account for less than 10% of homes in these areas. A similar pattern can be observed from figure 6 which shows that the Peel, North Metropolitan and South Metropolitan Zones have the greatest percentage of homes with four or more bedrooms, with approximately half of all homes having at least four bedrooms. Similarly the South West Country Zone also has a higher percentage of larger homes.

Across the State, the number of persons per dwelling remains largely consistent with the State average of 2.6 persons per dwelling, with the expectation of the Gascoyne, Murchison and Central Metropolitan Zones which all have a lower figure, most notably in the Gascoyne with 1.7 persons per dwelling. The Kimberley Zone has the smallest differential between the number of persons per dwelling (2.4) and the average number of bedrooms per dwelling (2.6) closely followed by the Pilbara. Meanwhile, the Peel Zone has the largest differential with 2.5 persons per dwelling, with an average dwelling size of 3.4 bedrooms.

Figure 6 Average Dwelling Size Western Australia



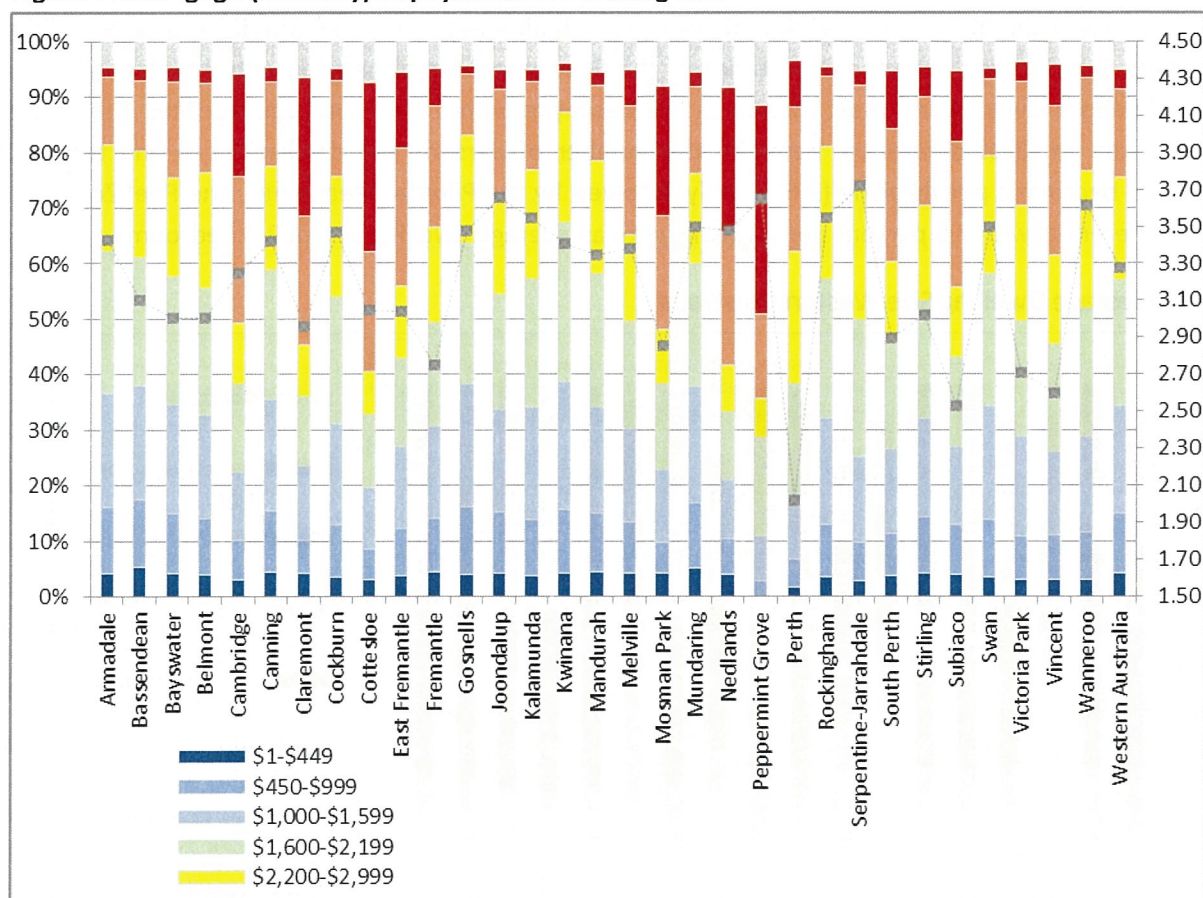
Source ABS 2011 Census of Population and Housing

⁵³ WALGA (2013) Affordable Housing, Understanding the Local Context & Exploring the Solutions

The need for greater diversity in the housing stock is supported by REIWA who contend that, in the central Perth Metropolitan Region in particular, many older residents would like to move into smaller, more appropriate accommodation, whilst wishing to remain in their local area.⁵⁴ Furthermore, a recent study prepared by the Grattan Institute for the Departments of Planning and Housing, found that 44% of people preferred a three bedroom dwelling and almost half of those initially preferred a four bedroom dwelling were willing to trade-off to a smaller, three bedroom dwelling. For all households, other than those amongst the top income earning groups, the primary decision factor was housing affordability, closely followed by location.⁵⁵

The importance of examining house sizes is that it relates directly to both the cost of purchasing a home and also the ongoing running costs of a home. Figure 7 shows the clear correlation between the monthly mortgage repayment amount and average dwelling sizes. Areas with higher average dwelling sizes generally also have higher average mortgage repayments. As such, in areas which are dominated by larger homes, older people are likely to have difficulty finding suitable smaller and therefore more affordable housing options locally. This restricts opportunities to 'downsize' and to release the equity held within property which many older persons may depend upon to fund their retirement.

Figure 7. Mortgage (Monthly) Repayments & Dwelling Size



Source: ABS 2011 Census of Population and Housing

As well as the lack of suitable housing available locally, there are a number financial disincentives to downsizing. The release of housing equity whether downsizing or leaving homeownership altogether,

⁵⁴ REIWA (2011) 'A diversity of housing is good for communities'

<http://reiwawviews.com.au/2011/08/housing-diversity-keeps-communities-together/> Viewed 3/10/2013

⁵⁵ State of Western Australia (2013) *The Housing We'd Choose: A study for Perth and Peel*

typically incurs costs in the form of increased taxes (Capital Gains Tax) and reduced benefits (primary home excluded from the means test), diminishing the sale proceeds and the attractiveness of housing equity withdraw. Table 7 sets out the key financial barriers to selling property and downsizing.

Table 7. Financial Disincentives to Downsizing

Item	Issue
Stamp Duty	Fees and stamp duties associated with moving are often cited as a major concern for older movers. ⁵⁶ Whilst most studies have highlighted the role that stamp plays in limiting the accessibility of housing to younger, first time buyers, it also deters those older home owners looking to downsize. An AHURI study found that revealed that typically older downsizers release an average \$200,000 and gave up 8-10% of their housing equity release to stamp duty. Further, the study found that the costs of downsizing are such that people defer downsizing until later in life and are often forced into downsizing as a result of an adverse life event such as separation, bereavement and ill health. ⁵⁷
Reduction in income support program entitlements	Proceeds from the sale of the primary home (with the exception of that reinvested in the purchase of a new home) is generally considered an assessable asset that may reduce income support entitlements (ISP). An AHURI study observed that of those receiving ISP, 61% of those downsizing, and 80% of those selling up would receive lower ISP payments. ²²
Transfer of housing wealth (gifting) on income support program entitlements	Such an occurrence may occur when an elderly person decides to move into an adult sibling's home, or into an aged care facility. However the decision to transfer a primary home for less than the market value before death may reduce an elderly home owner's ISP entitlement. For both singles and couples, the allowable disposal free area is \$10 000 and therefore the gifting of a home worth \$600,000 would generate \$590,000 in assessable assets.

2.7 Wealth amongst Older Australians

Australia's current approach to funding welfare in retirement is built around a relatively simple framework that comprises three basic elements, the Aged Pension, superannuation and voluntary savings;

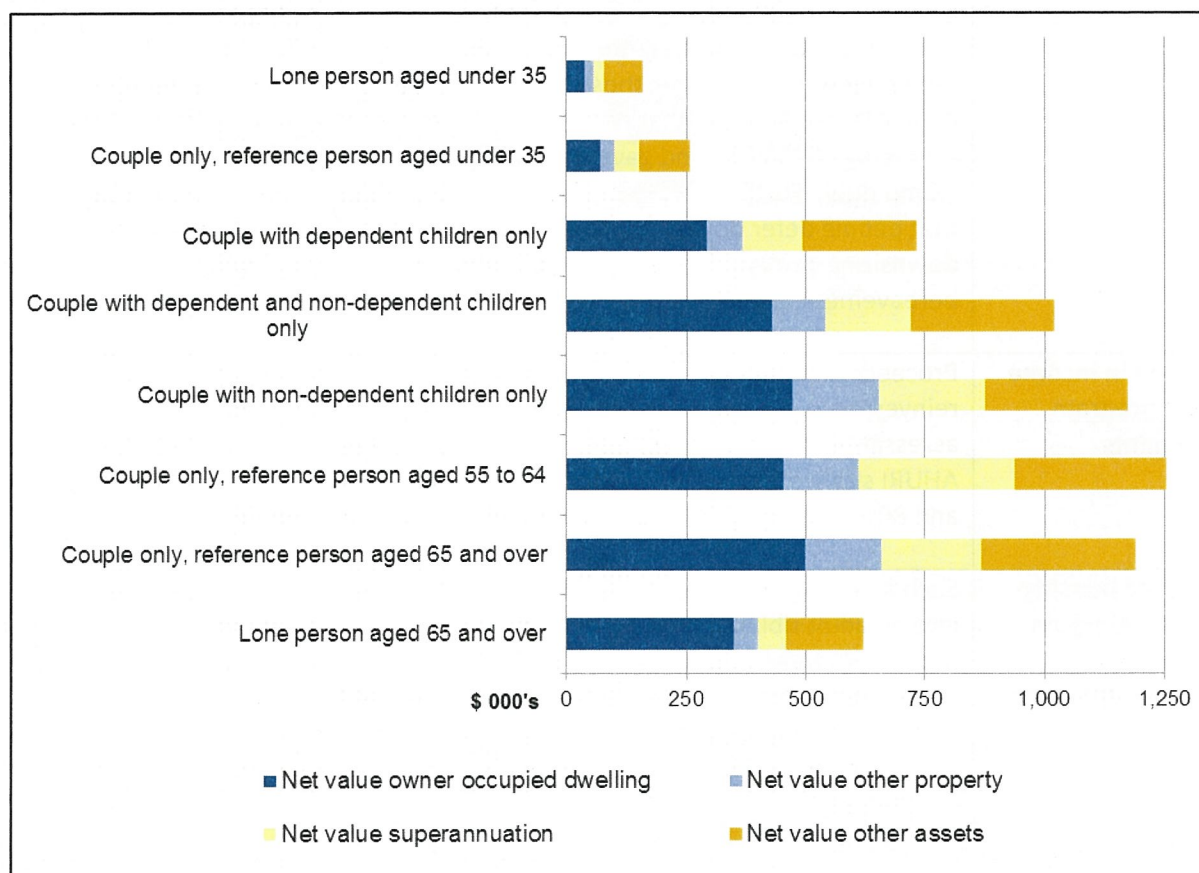
- The Age Pension was introduced in 1908 to provide a safety net for the elderly. Federally funded the Age Pension is means tested, based on current income and assets, not past contributions or previous earnings and available to those who qualify from the age of 65.
- The Superannuation Guarantee, compulsory employer superannuation contributions of 9.25% (increasing to 12%) of earnings to provide retirement savings. Not until 2042 will people retire having made superannuation contributions across their full working life (assumed to be 40 years).
- Voluntary superannuation savings, other forms of savings and investments – the most significant usually being home ownership.

⁵⁶ Judd, B et al (2014) *Downsizing Amongst Older Australians* AHURI Final Report No. 214

⁵⁷ Ong, R et al (2013) *Housing equity withdrawal: uses, risks, and barriers to alternative mechanisms in later life* AHURI Final Report No. 217

Older Australians are widely acknowledged as being generally wealthy, and particularly the 'baby boomer' generation. Figure 8 shows how the wealth of couples aged 55 to 64 and couples aged over 65, far exceeds that of a number of other 'life cycle groups', with the net value of assets of couples aged 55-64 totalling \$1,266,400 compared with \$735,100 for couples with dependent children. The chart also shows the couples aged 55 to 64, and 65 and over hold a diverse range of assets, with the owner occupied dwellings accounting for just 36% and 42% of their total assets.

Figure 8. Components of Household Net Wealth for Selected 'Life Cycle' Groups



Source: ABS, 6554.0 - Household Wealth and Wealth Distribution, Australia, 2011-12

In recognising their wealth, the Productivity Commission notes that baby boomers *"live in the wealthiest households in Australia, with each baby boomer in 2004 on average having a net worth of around \$381 000 compared to an average for all Australians of about \$292 500"*⁵⁸. Further, it is important to recognise that this 30% wealth gap is between baby boomers and the average Australian (which includes baby boomers) so the wealth gap between baby boomers and the rest of the population in reality is much greater. In addition, the land and property price boom experienced in WA in the last ten years is likely to further increase the wealth gap between baby boomers and younger Australians.

Nevertheless, the general wealth amongst the baby boomer generation masks a number of important points including;

- The average personal net worth of the wealthiest one-quarter of baby boomers is \$910 400, more than 13 times that of the least wealthy quartile of baby boomers who have an average personal net worth of \$68 300.

⁵⁸ Productivity Commission (2011) Caring for Older Australians

- Home ownership accounts for approximately 40% of the baby boomers current net worth.
- 40% of all 'single parent with children' baby boomers in the poorest wealth quartile.

The Productivity Commission predict that the increasing affluence of many within the elderly population as the baby boomers move into retirement over the next few years is likely to reduce levels of disability and increase the likelihood of people living in their own homes longer. This affluence is also likely to lead to increased demands for higher quality and more community care services supporting people in living their own homes.

Whilst there are significant levels of wealth amongst many within the older population, the distribution of the Age Pension is a considerable expense. The Aged Pension cost \$36 billion last financial year, accounting for almost 10% of the entire federal budget. In 2012, pension payments, up to a maximum of \$29,463 a year per couple, were paid out to 2.3 million people. Many public policy experts believe that the scheme is too expensive and the pension's eligibility rules are too generous. The Grattan Institute believe that 80% of families aged over 65 with \$1million in assets receive the pension or other welfare benefits with people deliberately structuring their financial affairs to receive the pension.⁵⁹ Peter Mair, a former Reserve Bank official suggests that many older Australian's are holding onto large cash reserves in order to gain access to the Age Pension and its associated benefits. As evidence of this, he highlights the fact that there is extraordinarily high number of \$100 notes in circulation (ten per person compared to the \$20 note's ratio of three per person).⁶⁰

Public policy towards older Australians largely assumes and relies upon high levels of home ownership to underpin older people's well-being. Owner-occupied housing currently receives favourable treatment in the Australian taxation system, with the home exempt from capital gains tax and means testing for the Aged Pension. Such favourable treatment recognises the special role that home ownership has in the Australian way of life. Yet at the same time, current government policy together with the public perception of home ownership is that it is an asset to fund lifestyle, accommodation and care choices in later life, underpinning self-funded retirement plans and user pay arrangements for residential and community care services. As a result, many older home owners experience competing pressures to use their housing assets to provide for the financing of retirement and long term health and accommodation costs.⁶¹ Another flaw with this approach towards retirement welfare is that it is built upon the assumption that investment in property will continue to yield high returns with property prices continuing to rise. Recent economic events have highlighted the risks associated with housing investment with evidence suggesting house price volatility is likely to continue.

The exemption of owner-occupied housing from the pension means test is particularly important for many older Australians, particularly those in lone person households, as owner-occupied housing forms a significant proportion of their net worth, providing a store of wealth that can provide financial security in retirement. Owner-occupied housing and investment property is also an important means of saving for working Australians. Even after the introduction of compulsory superannuation in 1992, housing has remained the largest investment asset for most Australian families.

Nevertheless, given the high levels of wealth of amongst many older Australians and the cost of distributing the Aged Pension, a number of researchers, advocacy groups and advisory bodies are questioning the

⁵⁹ The Australian Financial Review 10 March 2014 *The BMW Pensioners*

⁶⁰ Sydney Morning Herald 25 September, 2012. *Hoarding \$100s to Ensure a Pension*

⁶¹ Tilse, C, Setterlund, D, Wilson, J & Rosenman L (2005), 'Minding the money: a growing responsibility for informal carers', *Ageing & Society*, vol. 25

exemption of the family home from the Aged Pension means test. For example, the University of New South Wales' Social Policy Research Centre recently stated that:

*"in future years as superannuation schemes mature and the Australian aged enter retirement with a broader range of wealth holdings, it may be necessary to revisit the question of the special exclusion of the own home from the Age Pension asset test (placing a ceiling on the extent of own-home value would be the most obvious approach to moderating the current exclusion)".*⁶²

The Business Council of Australia recently suggested that in the interests of equity and the sustainability of the pension system, family homes of considerable value should be 'included in means testing for the age pension at a low notional value'.⁶³ Similarly the report on 'Australia's Future Tax System' (the Henry tax review) proposed changes to the Age Pension means test:

*"Owner-occupied housing would continue to be exempt from the proposed comprehensive means test base. However, to increase the fairness of the means test, a cap should be applied to the exemption. Only the amount above the cap would be included in the means test and subject to deeming. This would ensure that the means test exemption applies to housing that meets the primary role of providing shelter and other support. Beyond this point, housing can be considered like any other asset a person purchases with an expectation of generating a future return. The cap would ensure that the means test targets only housing of significant value. For example, it is estimated that a cap of \$1.2 million would currently mean that around 10,000 age pensioners' homes would be partially assessed under the means test."*⁶⁴

However, there is strong opposition to removing the family home from the means testing from a number of organisations representing older persons including groups such as National Seniors Australia and Older People Speak Out. It is also important to recognise that current means testing exemption enables many older Australians to 'age in place' and stay in their own homes and the communities they may have spent most of their lives in.

Another key issue associated with the aged pension is that whilst the State Government provides a Local Government rates rebate to pensioners, it does not provide a rebate for those living in housing provided by 'not for profit' providers, whether they qualify for the pension or not. Instead the State simply provides a Local Government rates exemption to 'not for profit' providers. For many Local Governments the loss in rates revenue is a significant challenge given that residents of these facilities are often more dependent on Local Government services and facilities than the majority of other rate payers. As such, whilst there may be opportunities for growth amongst the Community Housing sector, particularly in the delivery of housing for those aged 55; any growth in this sector should not be further detrimental to Local Government rates revenue base and limit Local Government ability to provide community services.

2.8 Home Ownership Rates

A critical issue associated with the current policy regime of founding retirement welfare upon the assumption of high levels of owner occupied housing, is that home ownership rates are dropping. Between 1996 and 2006, there was an 8% decline in outright home ownership to 35%. This period witnessed

⁶² Bradbury B. 2010, *Asset Rich, but Income Poor: Australian Housing Wealth and Retirement in an International Context*. Social Policy Research paper 41

⁶³ Business Council of Australia 2013, *Submission to the National Commission of Audit*. www.bca.com.au/publications/submission-to-the-national-commission-of-audit Viewed 1/4/14

⁶⁴ Treasury 2010, *Australia's Future Tax System: Report to the Treasurer, Part Two: Detailed Analysis*, Vol. 2

significant falls in home ownership amongst middle-upper income earning 25-44 year olds and low income 45-64 year olds, with the rate of home ownership 45-64 year olds stabilising with a marginal increase of 0.8%.⁶⁵ The decline in owner-occupied housing will potentially have significant implications for government if the existing welfare policy regime is continued. Therefore AHURI suggest that policy makers should consider positive measures to assist low income earners who do not own their own homes, supporting in particular, those aged between 45 and 64 but also adopting strategies to target the large numbers of mid to high earning 25-45 year olds who do not own their homes. Possible measures to achieve this include:

- Constructing more affordable homes through:
 - Increasing the supply of land.
 - A national policy for funding and delivering additional supply of affordable housing.
- Extending 'First Home Owner Schemes' to assist lower-income earners who may have previously been home owners but no longer are living in a home they own.
- Maintaining low stable interest rate lending to qualifying households.
- Expanding shared equity schemes.
- Higher taxes on second homes.⁶⁶

3 AGED HOUSING PROVISION, LOCAL GOVERNMENT RESPONSES

3.1 Local Government Responsibilities

For many, the primary role that Local Government can play in relation to provision of aged housing and affordable housing in general, is through land use planning and zoning controls. That is not to say that Local Governments are restricted to this role, the sector can also play an important part by ensuring the provision of adequate services and infrastructure supporting the needs of aged persons as well as the development of aged specific housing. For some Local Governments these support services and social infrastructure extends to the delivery of services such as home maintenance, respite care, domestic assistance, 'meals on wheels' and transport.

Although Local Governments do not have legislative responsibility for the provision of housing, the sector plays an important regulatory role, influencing the supply and type of land as well as the type of housing stock available, particularly through land use planning controls. The land-use planning framework in Western Australia is essentially a relatively simple framework. Planning decisions (including controls governing the release of land) are set within a hierarchy in which the overall strategic direction is set by the State Government with Local Governments retaining the responsible for planning their local communities "*by ensuring appropriate planning controls exists for land use and development*".⁶⁷

It is important to note that the *Planning and Development Act 2005*, does not provide any reference to the provision of housing, only that the purpose of the Act (s.3b) is to '*provide for an efficient and effective land use planning system in the State and promote the sustainable use and development of land in the State*'. As such the WAPC themselves suggests that "*the Act does not currently provide a sufficiently clear head of power for a local planning scheme to require consideration or delivery of affordable housing as a condition of*

⁶⁵ AHURI (2010) *Australia's Changing Patterns of Home Ownership* Research and Policy Bulletin: Issue 133

⁶⁶ Flood, J and Baker, E (2010) *Housing Implications Of Economic, Social, and Spatial Change* AHURI Final Report No. 150

⁶⁷ WAPC (2007) *An Introduction to the Western Australian Planning System*

development approval".⁶⁸ By extension, these same principles also apply to the provision of aged housing.

Provisions concerning the design of 'aged or dependent persons dwellings' are set out in *State Planning Policy 3.1 Residential Design Codes (R-Codes)*. The State Government offers no further guidance relating to design of age specific housing and no guidance concerning the supply of aged specific housing. Although *'Directions 2031 and Beyond'*, sets out general housing supply targets at the Local Government level for the Perth and Peel Regions it offers no specific targets in relation to the demand for aged housing. Further, the *Regional Planning and Infrastructure Frameworks* do not provide any housing targets and although they highlight the 'WA Tomorrow' population projections the Frameworks do not identify which of the five growth forecasts Local Governments should be planning for. Despite this lack of guidance, Local Governments are required to identify local housing needs through their Planning Schemes and the Department of Housing expects all Local Government to produce housing strategies informing local planning schemes of local housing needs.

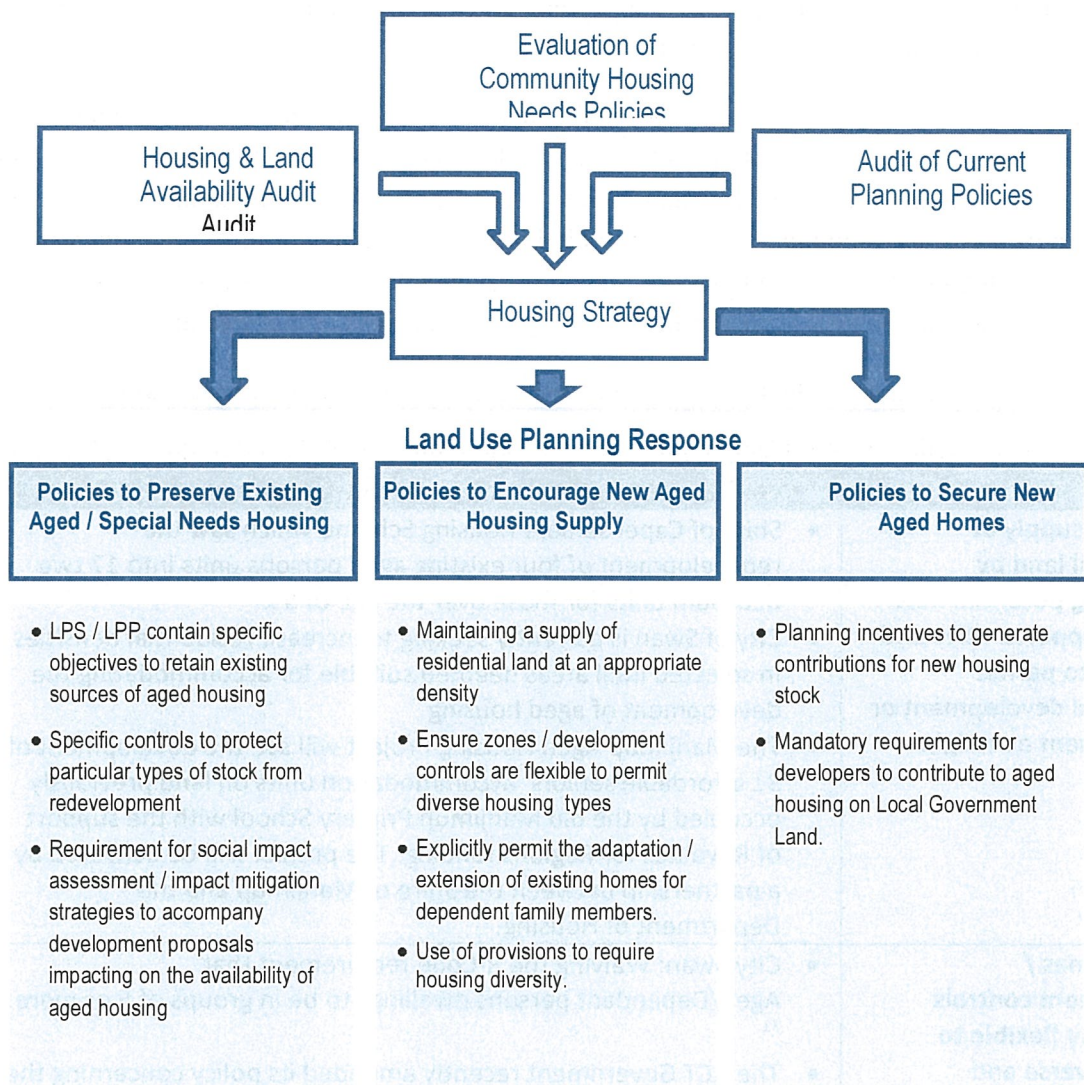
3.2 Local Housing Strategies

The Department of Housing's *'Affordable Housing Strategy 2010-2020, Opening Doors to Affordable Housing'* sets out the expectation that Local Governments will develop local housing strategies to help meet the State's Affordable Housing Strategy's aim of providing an additional 20,000 affordable homes by 2020. The strategy offers little guidance relevant to the provision of aged housing other than encouraging local housing strategies to include targets for affordable and diverse housing.

In order to develop an effective response to the issues concerning the provision of aged housing, and indeed affordable housing in general, the importance of fully understanding factors affecting housing supply and demand should not be underestimated. As WALGA's paper *Affordable Housing: Opportunities for Local Government Understanding the Local Context & Exploring the Solution*, identifies housing strategies should examine demographic trends, including population trends and age structure changes as part of the housing demand analysis. The land use planning response should reflect the outcomes of the demand and supply analysis. Possible options include developing policies and provisions to preserve specific types of the existing housing stock, encourage new affordable/aged housing and securing a new supply of affordable/aged housing. Figure 9, below, shows how housing strategies can be used to inform the land use planning response.

⁶⁸ WAPC (2013) Planning Provisions for Affordable Housing, Discussion Paper

Figure 9: Housing Strategy & Planning Provision Development Process



Adapted from the NSW Centre for Affordable Housing

3.3 Planning Scheme Provisions and Planning Policies

As discussed in section 3.1, the provisions of the Planning and Development Act are not considered to support mandatory requirements contribution towards aged housing. However the Department of Planning is currently considering the adoption of planning provisions for affordable housing that includes the application of mandatory requirements. Within the currently limitations of the planning framework, the focus will need to be on provision and policies to encourage the development of housing suitable for the needs of the older persons.

Section 2 highlighted that whilst aged persons typically prefer to stay in their own homes, a large proportion of aged persons downsize and those that do downsize, look to remain within their local community. This downsizing has resulted in strong demand for one and two bedroom dwellings amongst aged persons, as reflected by the fact that 70% of those all aged over 55 on the Department of Housing waiting list are seek a single bedroom property. Yet in contrast to these demand pressures, the housing stock within Perth and across WA is dominated by larger homes, with just 18% of all homes across the State having two or fewer bedrooms. As such, AHURI research has found that approximately 65% of downsizers had difficulty in finding

suitable housing and almost half encountered difficulties associated with the affordability of housing.⁶⁹ Therefore, opportunities to further diversify the housing stock and increase the number of single and two bedroom dwellings available should be encouraged.

Section 3.2 and figure 9 highlight the need for the land use planning response to aged housing provision to reflect the issues and challenges presented locally. Whilst local circumstances may mean that quite bespoke responses will need to be developed, the Association's second affordable housing paper⁷⁰ provides sets out a range of possible land use planning options to help improve the supply of affordable housing which can also be readily applied to help improve the supply of aged housing. A summary of possible planning responses for encouraging a new supply of aged housing and examples are included in table 8.

Table 8. Encouraging a new supply of aged housing, possible land use planning responses.

Option	Example
Facilitate supply of residential land by identifying potential new housing opportunities and rezoning to permit residential development or development at a higher density	<ul style="list-style-type: none"> • Shire of Capel Seniors Housing Scheme which saw the redevelopment of four existing aged persons units into 17 two bedroom units for those over the age of 55. • City of Swan is currently seeking to increase residential densities in selected infill areas deemed suitable for accommodating the development of aged housing. • The Manjimup Aged Housing Project will see the development of 31 affordable seniors' accommodation units on land previously occupied by the old Manjimup Primary School with the support of Royalties for Regions funding. The project will be delivered by a partnership between the Shire of Manjimup and the Department of Housing.
Ensure zones / development controls sufficiently flexible to permit diverse and affordable housing types	<ul style="list-style-type: none"> • City Swan: Waiving the R-Code requirement that Aged/Dependant persons dwellings to be in groups of 5 or more.⁷¹ • The ACT Government recently amended its policy concerning the 'Community Facility Zone', to allow the development of 'supportive housing'. This is defined as "the use of land for residential accommodation for persons in need of support, which is managed by a Territory approved organisation that provides a range of support services such as counselling, domestic assistance and personal care for residents as required... Housing may be provided in the form of self-contained dwellings." A similar approach could be adopted in WA through the amendments to the regional schemes to expanding the 'Public Purpose' Zone to support the development of aged related and special needs housing.

⁶⁹ Bruce, J (2011) *Downsizing amongst older Australians* AHURI Final Report No. 214

⁷⁰ WALGA (2013) *Affordable Housing: Opportunities for Local Government Understanding the Local Context & Exploring the Solution*

⁷¹ City of Swan Urban Housing Strategy

Explicitly permit the conversion / adaptation of existing housing for dependent family members or for seniors' "co-housing"	<ul style="list-style-type: none"> The City of Fremantle and City of Belmont amongst others have adopted planning provisions that permit the development of ancillary accommodation (granny flats) - The success of these provisions has been such that in August 2013, the Residential Design Codes ⁷² were amended to permit the development of an ancillary dwelling
Requirements for diverse housing forms (such as smaller and larger dwellings, adaptable or accessible dwellings, and dwellings appropriate for seniors)	<ul style="list-style-type: none"> The Multi Unit Housing Code incorporated a number of amendments into the R-Codes to help increase the diversity of the housing stock. These amendments include the removal of minimum site areas and a reduction in the minimum dwelling size to 40m².
Planning incentives Examples include: Dual residential coding / density bonuses, floorspace ratios, height limits, landscaping, parking or open space requirements.	<ul style="list-style-type: none"> City of Vincent which offers a 50% density bonus for single bedroom dwellings through a 33% reduction in the minimum site requirements for a single dwelling The City of Swan offers developers an increased density bonus, however in order to receive the bonus developments of more than four dwellings/lots must provide at least one Single Bedroom, Aged Persons/Dependant persons or Special Needs dwelling/lot. It is important to note that it is difficult to offer an incentive where the standards in a scheme are "performance based". In all cases, planning concessions are only appropriate when it can be demonstrated that the development will not compromise the overall planning standard or reduce local amenity. In NSW, Waverley Council addresses this issue by specifying strict design criteria and such provisions usually operate by calculating the financial value of the incentive and sharing this between the developer and council, which receives a financial or in kind contribution towards the provision of a specific housing types.⁷³
Mandatory requirements for developers to contribute to aged housing on Local Government Land.	<ul style="list-style-type: none"> Recently Local Governments including the City of Mandurah, City of Kwinana and the City of Fremantle have worked in partnership with Landcorp to redevelop vacant and under used land. These partnerships have helped to deliver a diverse mix of housing options.

3.4 Partnerships

To date there have been few examples of partnerships between Local Government and other sectors such as the community housing sector to provide age related housing options. Nevertheless, organisations such as the Landcorp and those within the community housing sector have a wide range of knowledge and expertise that could be utilised to provide aged specific housing. The Shire Capel's Seniors Housing Scheme provides one such example of a successful Local Government partnership, whereby the Shire transferred the management of land to Access Housing to support the redevelopment of four existing aged persons units to

⁷² WAPC (2013) State Planning Policy 3.1 Residential Design Codes

⁷³ NSW Centre for Affordable Housing *Planning Mechanism for Affordable housing*
www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Planning+Mechanism+s+for+Affordable+Housing/Planning+Mechanisms+for+Affordable+Housing.htm Viewed 7/4/2014

17 two bedroom units for the over 55's. A similar example is the City of Mandurah's *Recreation Drive*, a joint venture which see the development of 25 two bedroom villas for over 55's. The project will be a mix of social and affordable rental homes, as well as affordable home ownership.

Further guidance relating to the development of housing in partnerships with State Government agencies, the not for profit and private sectors is set out in the Associations second paper relating to affordable housing.

3.5 Housing and Community Design

For many senior persons, alongside housing affordability, the appropriateness of housing design is also a critical concern. Good design has the potential to increase the flexibility of the use of the building for all who use it, at whatever stage in their life. Therefore good, flexible housing design allows people to live in their homes longer and reduce the costs associated with refurbishment and / or having to relocate.

The Disability Services Commission contend that the vast majority of older people live independent and active lives with around two thirds in family households, usually with their partner. Just 3% people aged 65 and older live in retirement villages and most of those do so because their homes were not designed for them to 'age in place'. The vast majority of them would have preferred to stay in their previous homes. To help resolve this, the Disability Services Commission set up the Liveable Homes initiative with the aim of increasing the number of private and public homes in Western Australia built with universal access. Working in partnership with the housing industry the Liveable Homes initiative provides a range of advice and tools concerning housing design which are available on the liveable homes website, www.liveablehomes.net.au. Liveable homes are open-plan homes are easy to move around in, with the key features of a liveable home including, a wide, flat, level entry, wide doors and hallways and an easy to access toilet with strong walls.

Good design such not stop at the front door, section 2.3 highlighted the importance of having streets and neighbourhoods appropriately designed to support the needs of older persons. Therefore Local Governments are encouraged to ensure that their Local Planning Schemes provisions help facilitate the development of aged-friendly cities, towns and suburbs.

4 FINDINGS & RECOMMENDATIONS

4.1 Findings

It is clear that Western Australia is about to enter a period of significant demography change with a rapid increase in the number of older persons and an aging of the population. In ten years between 2012 and 2022, the number of persons aged over 65 is predicted to increase by 50%. The changing demographic will seek the current ratio of the number of persons aged over 65 within the overall population significantly increase from 18% to 24% by 2048.⁷⁴

At first glance, the shifting population demographic and the growth in the number of older persons, together with the wide variety of housing options available to those aged over 55 appears make the issues affecting complex and challenging. However, in examining these issues more closely, it is apparent that the housing issues and challenges facing older persons reflect much of those facing the wider population.

⁷⁴ ABS (2013) Population Projections, Australia 3222.0

The overwhelming majority of older Australians live in owner occupied housing. 95.5% of all those aged over 55 live in homes that they own and although levels of home ownership do decline slightly amongst the older age groups, it remains high. 80.6% of those aged 85 and over residing in their own home.⁷⁵ Nevertheless, whilst remaining in homes that they own, older Australians have shown a tendency to 'downsize', moving from larger homes and into smaller homes, with the likelihood of a households downsizing increases with age. The high turnover in the housing stock amongst the older section of the population is noted by AHURI who estimated that between 2006 and 2011 9% of people aged over 50 downsized during that period.⁷⁶

Yet despite the tendency amongst many older persons to downsize, there are a number of barriers which prevent them from doing so more easily. The primary barrier to those seeking to downsize is the lack of suitable housing available locally. Across Western Australia there is little diversity in the housing stock. Almost half of all homes in the State have four or more bedrooms with smaller, one and two bedroom homes accounting for just 17% of the total occupied housing stock. Any lack in number of smaller homes available locally prevents older persons 'ageing in place' and remaining within their communities, close to family, friends and the community facilities that they have become accustomed to. Secondly, there are a number of financial disincentives to releasing housing equity through downsizing and moving into a smaller home. The most notable of these is stamp duty which is estimated to typically absorb between 8-10% of the housing equity released. Combined with the fact that average household size decreases with age, the barriers which prevent older households from downsizing mean that across the State large numbers of homes occupied by older persons are significantly under occupied. This raises legitimate questions about whether the State's housing stock is being used most efficiently.

⁷⁵ ABS Census 2006

⁷⁶ Judd, B et al (2014) *Downsizing Amongst Older Australians* AHURI Final Report No. 214

4.2 Recommendations

As this report has highlighted, the lack of diversity in WA's housing stock and the limited supply of smaller homes, coupled with the financial disincentives which discourage 'downsizing' pose the two biggest challenges facing the State in light of its rapid demographic shift and the significant increase in the number of age persons forecast across the State.


Given that both of these challenges are also key issues facing the supply of affordable housing, the Association recommends that these issues and possible solutions are examined in greater detail as part its affordable housing work. As such it is recommended that the Association seeks to;

- Examine the development of Local Government guidance and tools to support the development of local housing strategies
- Investigates residential property tax reform to improve the efficiency of the housing market.

Appendix 1 Ageing Population: Local Government Figures

Local Governments with a population increase of greater than 1,500 for those aged 65 and over.

Local Government	Population 65+ 2006	Population 65+ 2026	Population 65+ % Increase	Total LG Population 2006	Total LG Population 2026	POP % 65+ 2006	POP % 65+ 2026	% of State Increase
Wanneroo	10,120	38,300	278%	115,920	277,900	9%	14%	9%
Mandurah	12,220	37,500	207%	59,520	130,300	21%	29%	8%
Rockingham	10,600	30,000	183%	87,900	173,100	12%	17%	7%
Joondalup	13,800	30,400	120%	158,000	188,400	9%	16%	6%
Stirling	27,500	44,000	60%	186,500	236,200	15%	19%	6%
Swan	8,130	24,200	198%	97,230	176,200	8%	14%	5%
Gosnells	8,860	20,240	128%	95,660	139,240	9%	15%	4%
Cockburn	7,700	18,260	137%	78,200	131,260	10%	14%	4%
Armadale	5,830	15,350	163%	52,930	93,550	11%	16%	3%
Melville	14,700	24,100	64%	99,000	104,200	15%	23%	3%
Canning	8,850	17,560	98%	81,650	105,760	11%	17%	3%
Busselton	4,060	11,750	189%	26,850	55,350	15%	21%	3%
Perth	1,165	8,090	594%	12,570	46,200	9%	18%	2%
Bayswater	8,400	14,280	70%	58,600	67,680	14%	21%	2%
Victoria Park	4,430	10,260	132%	29,480	42,690	15%	24%	2%
Murray	2,210	7,920	258%	12,620	29,420	18%	27%	2%
Albany	5,320	10,570	99%	33,510	45,250	16%	23%	2%
South Perth	5,350	10,430	95%	40,810	49,670	13%	21%	2%
Kalamunda	6,080	11,100	83%	51,780	62,400	12%	18%	2%
Greater Geraldton	4,090	8,990	120%	36,060	52,190	11%	17%	2%
Serpentine-Jarrahdale	1,150	5,720	397%	13,370	38,490	9%	15%	2%
Kwinana	2,420	6,810	181%	24,240	52,110	10%	13%	1%
Bunbury	4,390	8,280	89%	31,490	38,880	14%	21%	1%
Harvey	2,140	5,930	177%	20,600	34,270	10%	17%	1%
Mundaring	4,030	7,680	91%	36,540	45,560	11%	17%	1%
Fremantle	4,040	7,650	89%	26,330	33,900	15%	23%	1%
Belmont	4,870	8,290	70%	31,920	41,530	15%	20%	1%
Dardanup	1,165	3,890	234%	10,945	23,040	11%	17%	1%
Capel	750	3,175	323%	10,740	25,945	7%	12%	1%
Vincent	3,540	5,940	68%	29,530	37,240	12%	16%	1%
Subiaco	2,090	4,480	114%	17,490	22,580	12%	20%	1%
Cambridge	3,850	6,240	62%	25,120	30,870	15%	20%	1%
Nedlands	3,330	5,690	71%	21,790	22,990	15%	25%	1%
Augusta-Margaret River	1,265	3,300	161%	11,135	17,160	11%	19%	1%
Northam	1,420	3,150	122%	10,400	14,810	14%	21%	1%
Denmark	765	2,310	202%	4,850	7,685	16%	30%	1%
WA: Total	242,105	539,685	123%	2,064,735	3,059,445	12%	18%	100%

 Denotes Local Government where the proportion of persons aged 65 and over accounts for at least 20% of the total population in 2026.

Source WAPC, WA Tomorrow

6. MATTERS FOR NOTING / INFORMATION

6.1 Local Road Crash Report 2012 and Local Road Crash Map Book 2008-2012 (06-057-01-0001 MWS)

By Mal Shervill, Policy Officer Road Safety

Recommendation

That the inaugural Local Road Crash Reports; and the Local Road Crash Map Books be noted.

In Brief

- The inaugural Local Road Crash Report and Local Road Crash Map Book for each Regional Road Group are available in the members section of the RoadWise website.
- The documents are dedicated to the local road network – crash statistics for state roads and state/local road intersections are not included.
- The Crash Reports and Crash Map Books provide valuable road crash information for Local Governments to evaluate and make informed decisions regarding the road safety performance of their local road network.

Attachment

Nil.

Relevance to Strategic / Business Plan

- Providing strong representation for Local Government
- Providing effective leadership for Local Government
- Building a positive profile for Local Government
- Enhancing the capacity of Local Government to deliver services

Background

In April 2008, State Council resolved to recommend to the Minister for Community Safety a package of initiatives relating to the proposed *Towards Zero Road Safety Strategy*. The resolution related to safe road use; safe roads and roadsides; safe speeds; safe vehicles; and additional research and evaluation projects.

In March 2009 Parliament adopted the *Towards Zero Road Safety Strategy to Reduce Road Trauma in Western Australia 2008-2020*, which set a target of reducing the number of people killed and seriously injured over the life of the strategy by 11,000.

The Local Government sector has a key role to play in the *Towards Zero* road safety strategy as it is currently responsible for 88% of the road network in Western Australia. WALGA has long advocated for road safety data reporting specific to the local road network to provide the Local Government sector with clear information about its road safety challenges and opportunities for focused improvement

In 2010 WALGA produced a Discussion Paper advocating for road safety indicators to be presented in a format to support Local Government decision making at a strategic and operational level; and

enable Councils to monitor the safety performance of their road networks. This prompted discussions with the Office of Road Safety and Main Roads WA to identify indicators and reporting format for the local road network.

Parallel to these discussions, WALGA was involved in negotiating a new State Funds to Local Government Agreement, which provided an opportunity to establish road crash data sharing arrangements for the local road network.

In 2011 WALGA produced another Discussion Paper recommending the Office of Road Safety, Main Roads WA and WALGA present an agenda item outlining Local Government road safety indicator requirements and associated matters to the Road Safety Council and the State Road Funds to Local Government Advisory Committee.

The State Road Funds to Local Government Agreement 2011/12-2015/16 was endorsed by the State Government that identified and provided funds for "The provision and analysis of crash statistics and road safety data for the Regional Road Groups."

This funding enabled WALGA to partner with Urban Modeling Solutions and produce the inaugural Local Road Crash Reports and Local Road Crash Map Books for each Regional Road Group. The Reports and Crash Map Books provide valuable road crash information for Local Governments to evaluate and make informed decisions regarding the road safety performance of their local road network.

Road crash data for 2013 was not used in the Crash Reports or Crash Map Books as this data is still subject to verification and may change due to police investigation, coronial inquiry, or upgrade of injuries.

The production of future Crash Reports and Crash Map Books is subject to funding.

Local Road Crash Report

The Local Road Crash Reports are based on Regional Road Group boundaries and are dedicated to the local road network. Crash statistics from State roads and state/local road intersections are not included. Each report provides:

- Road crash statistics and analysis for 2012; and
- Ten year trend crash statistics and analysis from 2003 to 2012 for serious crashes resulting in people being killed or seriously injured.

The structure of each Local Road Crash Report is:

1. State level data for regional comparison
Statistical summaries of serious crashes and people killed or seriously injured (KSI) on local roads are provided at the State level to enable a regional comparison. (A *serious crash* is defined as a crash with at least one KSI).
2. Regional level data
Statistical summaries of local road crashes and KSI on local roads are provided at the regional level to enable a Local Government comparison.
3. Towards Zero relevant data
KSI summaries from 2003 to 2012 are provided for the local road network against the four cornerstones of *Towards Zero* – Safe Roads and Roadsides, Safe Speeds, Safe Road Use, and Safe Vehicles.
4. Demographic data
KSI summaries for gender and age from 2003 to 2012 are provided for the local road network.
5. Local Government summaries

Tables, graphs and analysis are provided for Crash Location and Road Manager; KSI trend 2003-2012; Crash Nature; Road User Type and Road Manager; Road User Behaviour; and Vulnerable Road Users.

Local Road Crash Map Book

The Local Road Crash Map Books are also based on Regional Road Groups and are dedicated to the local road network. They provide serious crash locations from 2008 to 2012 for each Local Government.

The categories of serious crashes mapped are: Alcohol; Road User Behaviour; Inattention; Crash Nature; Seatbelts; Speed; Vehicle type; and Vulnerable Road Users.

Comment

The Local Road Crash Reports and Local Road Crash Map Books fill a gap in road crash reporting in Western Australia. Various agencies produce road crash reports, which are a mixture of data for state/national roads, local roads and private roads. While these reports are useful, they fail to provide a pure view of the safety performance of the local road network. The absence of a crash report focused solely on local roads has restricted Local Governments understanding of the road safety problem on their local road network.

The Local Road Crash Reports and Local Road Crash Map Books will provide meaningful road crash information for roads owned and managed by Local Government. These reports will assist Regional Road Groups and Local Governments to:

- Monitor road safety trends and performance on local roads;
- Raise the profile of Local Government's role in road safety;
- Support the implementation of *Towards Zero* by Local Government;
- Provide evidence and the basis for advocacy efforts for existing and new road safety programs;
- Identify areas for more research and action on the local road network such as network planning; works programs; asset management; behavioural interventions; and planning and engineering countermeasures; and
- Improve the appreciation and understanding of our road safety partners, of the task required of Local Governments to deliver road safety outcomes.

The Crash Reports will inform road safety partners of Local Government, particularly dedicated groups, such as, RoadWise Committees; Road Safety Committees; and Industry Road Safety Alliance Committees. The data and analysis contained in the Crash Reports will assist (RoadWise) Road Safety Advisors to advise these groups of road safety priorities enabling them to focus their efforts accordingly.

The Crash Map Books identify serious crash locations within each Local Government area from 2008 to 2012, which will provide a solid basis for decision-making on remedial interventions; funding applications; etc.

The Crash Reports and Crash Map Books are available in the members section of the RoadWise website at www.roadwise.asn.au. A Member Registration Form was sent to the Chief Executive Officer of each Local Government under a covering letter inviting them to download the Crash Report and Crash Map Book for their respective Regional Road Group.

6.2 Release of Microeconomic Reform Inquiry Final Report (05-100-03-0001 PS)

By Paul Schollum, Policy Manager Economics

Recommendation

That the Association notes the release of the Economic Regulation Authority's Microeconomic Reform Inquiry Final Report.

In Brief

- In 2013, the Economic Regulation Authority (ERA) was asked by the State Treasurer to investigate potential reforms that would improve WA's economic performance.
- The Final Report of the ERA's Microeconomic Reform Inquiry was tabled in Parliament on 28 July 2014.
- The Association made an interim submission in response to the ERA's Draft Report in May 2014. Note that the Association also previously made submissions to the Inquiry's Issues Paper and Discussion Paper.
- The ERA's key recommendations to the State Government included:
 - proactively manage the Royalties for Regions annual expenditure limit;
 - consider divesting Keystart and conduct reviews of housing affordability policy;
 - conduct a trial of congestion charging in the Perth CBD; and
 - consider reforms to State taxes, including broadening the base of land tax.

Attachments

Nil

Relevance to Strategic / Business Plan

- Providing strong representation for Local Government
- Providing effective leadership for Local Government
- Building a positive profile for Local Government
- Enhancing the capacity of Local Government to deliver services

Policy Implications

State Council has previously made the following resolutions regarding the ERA's microeconomic reform inquiry:

That the Association's interim submission in response to the Economic Regulation Authority's Microeconomic Reform Inquiry Draft Report be endorsed subject to the following change:

- *In ERA recommendation 26 add in part b, after "residential transfer duty" the words "and rural transfer duty".*

RESOLUTION 57.3/2014 (July 2014)

That the Association's interim submission and addendum to the interim submission to the ERA inquiry into microeconomic reform be endorsed with the following additional comments:

*1. Funding and Utilisation of Infrastructure
Access to the Electricity Grid.*

Current Western Power Policy does not allow access to the electricity grid other than for domestic users with PV cells getting feed in access. There are businesses in the State ready to build renewable energy supplies, however they cannot secure customers for their power due to lack of access to the grid.

The reasons given are related to power smoothing required when several small feeds enter the grid. There is a system called Ancillary Services, which takes care of such situations.

Access to the South West Integrated Grid (SWIG) should be made available to renewable energy generators at a fee for use basis.

2. The suggestion that the ERA consider privatising the service delivery function of the Water Corporation be deleted from the submission.

RESOLUTION 6.1/2014 (March 2014)

- 1. That State Council note the Association's input to the ERA inquiry into microeconomic reform and the Association's advocacy on Local Government's fee and charge setting regime.*
- 2. Further correspondence be submitted to the ERA on the following;*
 - a) Strengthen the comments around native vegetation clearing exemptions; and*
 - b) Raising issues with the rail access regime*

RESOLUTION 283.5/2013 (December 2013)

Background

In 2013, the Economic Regulation Authority (ERA) was asked by the State Treasurer to investigate potential reforms that would improve WA's economic performance. The ERA is the State's independent economic regulator and one of its key roles is regulating and monitoring 'natural monopoly' type sectors, such as the electricity, water, gas and rail industries. The ERA also has an advisory role which includes undertaking inquiries requested by the State Government.

The Final Report of the ERA's Microeconomic Reform Inquiry was presented to the Treasurer in June 2014 and then publicly released in July 2014. The recommendations of the Final Report included:

- The Royalties for Regions annual expenditure limit should be proactively managed and governance measures for the scheme should be enforced and reviewed periodically.
- Explore options for the potential divestment of Keystart (Keystart is a State Government enterprise that provides home loans to Western Australians who are unable to secure financing from the private sector)
- Conduct reviews of: State and Local Government regulation of dwelling construction and residential land development; and housing affordability and the effectiveness of current policies.
- A process should be developed for unsolicited infrastructure proposals from the private sector.
- There should be a trial of congestion charging in the Perth CBD.
- A number of processes should be introduced to reduce the costs of complying with regulation.
- The State Government should consider reforms to State taxes, including broadening the base of land tax.

- Gradually implement fully cost-reflective electricity tariffs.
- Abolish the State's domestic gas reservation policy, which requires proponents of new gas projects to set aside 15 per cent of reserves to supply the WA domestic market.
- The report also recommended deregulation of retail trading hours, taxis and the potato growing industry.

Comment

The Association made a submission to the ERA's microeconomic reform inquiry in May 2014 in response to the inquiry's Draft Report.

This submission provided support (or qualified support) for the Draft Report's recommendations on the following topics: unsolicited infrastructure proposals; congestion charging; reducing the cost of complying with regulation; and state taxation reform. The Draft Report recommendations on these topics were essentially unchanged in the ERA's subsequent Final Report.

Royalties for Regions (RFR)

The ERA's Draft Report recommended:

- The Royalties for Regions legislation should be repealed.

In the Final Report this recommendation was changed to:

- The Royalties for Regions annual expenditure limit should be proactively managed and governance measures for the scheme should be enforced and reviewed periodically.

The Association's submission in response to the Draft Report argued that RFR had secured vital funding for regional WA and that the legislation should not be repealed. The ERA also received a number of submissions from Local Governments which pointed out that RFR had funded a number of local projects and had significantly improved funding for regional areas.

In the inquiry's Final Report the ERA stated it had amended the recommendation mainly because of the State Government's introduction of a \$1 billion annual expenditure cap on RFR (implemented as part of the 2014-15 State budget). This addressed one of the ERA's original concerns about RFR – that it reduced budget flexibility for the State Government because, prior to the expenditure cap, 25 per cent of royalties was hypothecated to the RFR program.

Keystart

The Draft Report recommended:

- Keystart should be abolished.

In the Final Report this recommendation was changed to:

- Explore options for the potential divestment of Keystart and conduct reviews of:
 - State and Local Government regulation of dwelling construction and residential land development; and
 - housing affordability and the effectiveness of current policies.

In the Draft Report submission, the Association argued that Keystart improves access to home ownership for lower income earners and ensures these benefits are shared throughout the community. Therefore, Government involvement in the housing market, through Keystart, is justified

on the basis of sound social policy. This has been particularly important during the last ten years, as housing affordability in WA has declined considerably.

However, the ERA's Final Report stated that Keystart was unlikely to have increased home ownership amongst low income households. The ERA stated this was because the housing market in WA has supply constraints. Therefore, when Keystart assists one household to purchase a home, another buyer is unsuccessful (since there are a limited number of homes to purchase). The ERA felt reforms to increase housing supply would have a greater impact on housing affordability than demand-oriented schemes such as Keystart. Consequently, the ERA recommended that the State Government further investigate the effects of its current housing policies.

6.3 Report Municipal Waste Advisory Council (MWAC) (01-006-03-0008 RNB)

By Rebecca Brown, Manager, Waste & Recycling

Recommendation

That the resolutions of the Municipal Waste Advisory Council at its 18 June 2014 meeting be noted.

In Brief

This item covers the key outcomes of the Municipal Waste Advisory Council meeting held on 18 June 2014.

Attachment

Nil.

Relevance to Strategic / Business Plan

- Providing strong representation for Local Government
- Providing effective leadership for Local Government
- Building a positive profile for Local Government
- Enhancing the capacity of Local Government to deliver services

Background

Under previous arrangements, the Municipal Waste Advisory Council has reported to each Western Australian Local Government Association meeting following its meetings. Minutes were submitted for noting consistent with the delegated authority bestowed on the Municipal Waste Advisory Council.

The Municipal Waste Advisory Council is seeking State Council noting of the resolutions from the **18 June 2014** meeting, consistent with the delegated authority granted to the Municipal Waste Advisory Council to deal with waste management issues.

Copies of specific items and further supporting information are available on request from Municipal Waste Advisory Council staff.

Comment

The key issues considered at the meeting held on **18 June 2014** included:

Product Stewardship Discussion Paper

MWAC has developed a Discussion Paper that details different Product Stewardship Scheme structures, identifies and evaluates current Schemes and characterises the attributes of a successful Scheme. The Discussion Paper is intended to start a conversation on the way Product Stewardship has developed in Australia. The majority of Schemes are operating on a voluntary basis, predominately focusing on end-of-life considerations.

A key finding of the Paper is that there is a mismatch between industry and Local Governments expectations of how Product Stewardship Schemes should be designed, and what type of outcomes they should deliver. To clarify, Local Governments are interested in activities that directly intervene, providing improved market outlets for materials and ultimately, reduced costs. Industry is driven by other factors when pursuing Product Stewardship, such as the triple bottom line, and the impact of government intervention on business activities.

When engaging with industry and government in the development of Product Stewardship Schemes, Local Government needs to have a clear position on what outcomes are necessary for a Scheme to be supported.

The Municipal Waste Advisory Council discussed membership of the Australian Packaging Covenant and the various issues which had been raised, including those of governance, funding and ability to influence packaging design. For further information contact the Manager, Waste and Recycling.

MUNICIPAL WASTE ADVISORY COUNCIL MOTION

That the Municipal Waste Advisory Council:

1. Endorse the Discussion Paper on Australian Product Stewardship Schemes; and
2. Actively pursue opportunities to more directly engage with the various Product Stewardship Scheme providers.

Waste Avoidance and Resource Recovery Levy Increase

The Government has announced plans to increase the Waste Avoidance and Resource Recovery (WARR) Levy. Officers have expressed concerns that the rationale and background information which was used to determine the increase (and its quantum) had not been fully provided. With the Levy rise, there is an increased need for regulation to ensure that illegal dumping does not increase and that waste from the metropolitan area does not start to be landfilled in other areas. The suggested approach is to write to the Waste Authority and Environment Minister seeking clarity on these matters.

MUNICIPAL WASTE ADVISORY COUNCIL MOTION

That the Municipal Waste Advisory Council write to:

1. The Waste Authority seeking clarification of the rationale and background information which informed the Levy increase; and
2. The Environment Minister highlighting:
 - a. The importance of increased State Government enforcement activities to address the potential for illegal dumping and waste from the metropolitan area being landfilled (without paying the Levy) in the non-metropolitan areas;
 - b. The need for additional funding for Local Government to undertake enforcement activities; and

A request for a Levy exemption for materials which have been illegally dumped and Local Government has to clean up.

7. ORGANISATIONAL REPORTS

7.1 Key Activity Reports

7.1.1 Report on Key Activities, Environment and Waste Unit (01-006-03-0017 MJB)

By Mark Batty, Executive Manager Environment & Waste

Recommendation

That the Key Activity Report from the Environment and Waste Unit to the September State Council meeting be noted.

The following provides an outline of the key activities of Environment and Waste since the last State Council meeting.

Environment Policy

Improvements and forward planning

The Environment Policy Unit is reviewing its current work procedures to ensure the highest standard of customer service is continually being delivered to member Local Governments. The Team is investigating options such as:

- New technology options to better engage with regional Local Governments;
- More frequent opportunities for Local Governments to attend specialist environmental presentations and workshops;
- Improved ability to network and share information between Local Governments; and
- Greater access to capacity building tools and information.

The Association will be testing the proposed improvements with focus groups from the sector. Once the improvements are finalised, they will be rolled out to Local Government.

Stakeholder meetings

Team members are attending various stakeholder meetings, to ensure Local Government is represented, and to collect information relevant to the sector. The information collected is being distributed through the Association's normal communication channels. Meetings of interest this round include the Swan River Trust's Urban Users Group; the Water Corporation's Industry Reference Group; the Department of Sport and Recreation's Green Space Alliance, and the Department of Agriculture and Food WA's Stable Fly Regulatory Reference Group.

Grant Assessment

The Association participates on a variety of assessment panels for State Government Grants. Currently, the Environment Policy Team is assessing grant applications to the Department of Planning's Coast West Grants, and the State NRM Office's Community Grants Program. Local Government across Western Australia have submitted applications to both of these funding programs, with a myriad of innovative and inspirational projects.

Climate Change

MACC Tool Launch and Demonstration

WALGA has partnered with Greensense, to develop a Marginal Abatement Cost Curve (MACC) Tool, and two supporting guidelines; Project Managers Guide to reducing Greenhouse Gas Emissions and Guidelines for developing a Marginal Abatement Cost Curve (MACC). The launch of this project was held at 11.30am on Thursday 7th August at the Perth Convention and Exhibition Centre.

Federal Climate Change Policies

On the 17th July 2014, the Carbon Tax Repeal Legislation passed through both houses of Parliament. The Bills that were a part of this package are now law. As a result, no new carbon tax liabilities will be incurred from 1 July 2014. Liable entities must still meet their carbon price obligations for the 2013/14 financial year.

The Carbon Farming Initiative Amendment Bill 2014 (Cth) has yet to be voted on in the Upper House. If this legislation is passed by the Senate, it aims to establish the Emission Reduction Fund by expanding and streamlining the existing Carbon Farming Initiative, and providing for the Clean Energy Regulator to purchase emission reductions from qualifying projects.

To access a more detailed summary of current federal climate change policies and the implications for Local Governments, please visit the relevant page of WALGA's Climate Change Management Toolkit - <http://www.walgaclimatechange.com.au/announcements/implications-of-the-carbon-tax-repeal-legislation>

Local Government Climate Change Declaration

33 Local Governments from across WA have now signed up to the Local Government Climate Change Declaration. This means that within WA, 1.37 million people are represented by a Local Authority that has committed to develop locally appropriate climate change management actions. WALGA is working to increase the number of Declarations signed as it provides a strong advocacy tool for WALGA and an opportunity for Local Governments to showcase their leadership across the sector.

For more information on any of these articles please contact Climate Change Coordinator, Caroline Perks on 9213 2049 or at cperks@walga.asn.au.

Local Biodiversity Program

Environmental Planning Tool Demonstrations

Following the Natural Area Managers Forum held on 30 June 2014 at the Shire of Mundaring, two additional sessions were held, one in Toodyay and one in Bunbury. The purpose of these demonstration sessions was to show the application of the Local Biodiversity Program's Environmental Planning Tool in natural area management. Teik Oh, Local Biodiversity Program's GIS expert demonstrated new functionalities that allow users to plan, map, and record and monitor their natural area management activities.

Environmental Planning Tool Update

In late August, the latest update of the on-line Environmental Planning Tool has been released, including several new datasets and update to numerous existing data layers using the latest version provided by data custodians. To reflect the changes to the funding arrangements for the continuation of this service in the 2014/2015 financial year, login options have been modified to limit access to subscribing users. Access for casual use subject to a fee has been introduced.

Subscribing users will have access to continued support and should contact Sonia Lamond, Biodiversity and Sustainability Project Officer, on 9213 2065 or email to slamond@walga.asn.au.

Biodiversity Milestone Awards

Nine Local Governments have been recognised for their progress in the local biodiversity conservation planning process at the 2014 Local Government Convention. The Hon Albert Jacobs MLA, Minister for Environment; Heritage presented the Biodiversity Milestone Awards on 6 August at the Perth Convention Centre.

Four Local Governments received an Award for adopting a final Local Biodiversity Strategy with an Action Plan; including the Cities of Greater Geraldton and Mandurah and Shires of Chapman Valley and Murray. Shire of Mundaring received an award for adopting a Local Planning Strategy and Local Planning Scheme Amendments that provide for local biodiversity conservation. Shire of Chittering was recognised for releasing for public comment a Draft Local Planning Strategy with new provisions for local biodiversity conservation based on the objectives of the Shire's Local Biodiversity Strategy. Shire of Serpentine-Jarrahdale received an award for adopting a detailed Local Biodiversity Action Plan. Shires of Northam and Augusta-Margaret River have been recognised for initial resource identification to develop a local biodiversity strategy.

Changes to the Local Biodiversity Program

Due to the lack of funding opportunities, the ability to provide the full range of services delivered by the Local Biodiversity Program has been significantly impacted post August 2014. The Association has subsequently undertaken an evaluation of the program to determine the elements to maintain, given the financial constraints facing the Program.

The Program's Environmental Planning Tool and the Natural Area Managers Forums will continue to be delivered from within WALGA, under fee-for-service subscription models for the 2014/15 financial year. Regrettably, the Association will not be able to assist the sector with the development and implementation of local biodiversity strategies in the foreseeable future.

Effective as of 1st September, the following changes were made: Sonia Lamond, former Local Biodiversity Program's Projects Officer will provide support to the Environmental Planning Tool under a fee for service model, organise and lead the Natural Area Managers Forums and pick up the sustainability endeavours that the Association continues to provide to our members.

Unfortunately however, the employment contract for Renata Zelinova, Manager Local Biodiversity Program could not be renewed, and accordingly Renata finished with WALGA on Friday 29th August 2014.

Coastal Management

WAMSI Blueprint for Marine Science 2050 released for comment

The Western Australian Marine Science Institute (WAMSI) has released its *Blueprint for Marine Science 2050* for public comment. The *Blueprint* is an important initiative that will help determine the focus on the marine research and capability that is important to the future of Western Australia.

The *Blueprint* will be a prioritisation of the key knowledge and capability gaps that, if addressed, will support new industries, aid existing industries and communities adapt to changing ocean, and help Governments conserve our precious environments and species.

When finished, the *Blueprint* will be a document that is supported across industry, government and the research sector, and will outline the areas of research that will have the greatest impact, and benefit to Australia. It is therefore recommended that coastal local governments take a keen interest in the development of the *Blueprint*. A key area of focus for Local Government will be the availability of near shore bathymetric data at a resolution required for coastal vulnerability assessment and planning at the local level. More information, including how to make a submission is at <http://www.wamsi.org.au/a-blueprint-marine-science#1>

7.1.2 Report on Key Activities, Governance and Strategy (01-006-03-0007 TB)

By Tony Brown, Executive Manager Governance & Strategy

Recommendation

That the Key Activity Report from the Governance and Strategy Unit to the September State Council meeting be noted.

The following provides an outline of the key activities of Governance and Strategy since the last State Council meeting:

Governance

Waste Local Law

WALGA has progressed the development of a new proforma Waste Local Law, assisted by WALGA preferred supplier McLeod's Lawyers who were selected to provide legal drafting services.

A final draft has been prepared and will now be scrutinised by the Joint Standing Committee on Delegated Legislation to ensure it is compliant with the local law-making head of power contained in the Waste Avoidance and Resource Recovery Act 2007. The final version will be made freely available to all Local Governments once approved.

Training

Emergency Management ELearning

AIIMS Awareness is the latest eLearning opportunity launched by WALGA to provide high quality, tailored and accessible emergency management education for all Local Government emergency management personnel.

The *AIIMS Awareness* program provides participants with an overview of the principles and processes underpinning the Australasian Inter-Service Incident Management System (AIIMS) and forms part of WALGA's introductory eLearning training in Emergency Management.

These introductory courses are recommended prerequisites to the Advanced Fundamentals training made up of 'Participate in Local Government Emergency Management Preparation' and 'Manage Recovery Activities in Local Government'.

Further information on this and other WALGA Emergency Management training is available at walgatraining.com.au or by contacting the Training Team on 9213 2098.

Employee Relations

4 year review of the Local Government Industry Award 2010

The Fair Work Commission (FWC) is required to undertake a 4 year review of all modern awards (including the Local Government Industry Award 2010) in accordance with section 156 of the *Fair Work Act 2009*.

WALGA Employee Relations has been advocating on behalf of the local government sector during this review. WALGA Employee Relations has partnered with other State and Territory Local Government Associations during the review proceedings.

WALGA has advocated on behalf of the Local Government sector in respect of the following issues to this point in the 4 year review process:

- Cashing out of annual leave;
- Direction to take annual leave where accrued leave is excessive;
- District allowance; and
- Annual leave loading on termination.

WALGA Employee Relations will continue to seek feedback from the sector, and advocate on their behalf, when further issues arise during the 4 year review process.

Reform & Strategy

Metropolitan Local Government Reform

The Association is continuing to advocate for and support Local Governments during the implementation of Metropolitan Local Government Reform.

Key activities include:

- The establishment of a Discussion Group for Project Directors/Officers;
- Participation on two MetRIC sub-committees:
 - i. Human Resources; and
 - ii. Transfer of Assets and Liabilities.
- Continued advocacy relating to State Government funding for the implementation of reform, which will be enhanced once details are known regarding which proposals will be progressed; and
- Ongoing management of the Local Government Reform Toolkit.

7.1.3 Report on Key Activities, Infrastructure (05-001-02-0003 ID)

By Ian Duncan, Executive Manager Infrastructure

Recommendation

That the report from the Infrastructure Unit for September 2014 be noted.

The following report outlines key activities of the Infrastructure Unit since the last State Council meeting:

Roads

Calculating the Cost of Road Wear on Local Roads

The impact of heavy vehicles on road life is greater for roads that were not designed and constructed for this purpose, which is the case for many Local Government roads. Local Governments have been seeking a method to calculate the marginal cost associated with an industry transport task so that they can negotiate fair recompense.

WALGA assisted by ARRB, have developed a methodology whereby the cost of road wear associated with a particular industry task can be calculated by multiplying the equivalent standard axles by an applicable marginal cost. The final phase of this project comprises the production of a user guide which will include a catalogue of marginal costs applicable to a range of WA road types and loading scenarios. The user guide is scheduled for completion by December 2014.

Condition Survey of the Local Government Road Network

An aggregated Road Condition Index (RCI) has been developed to evaluate the state of the Local Government road network. The RCI comprises three separate indices that represent different components of the pavement. These are the structural condition index, surface condition index and the edge condition index. The indices are calculated using individual road condition survey data. A report on the RCI formulation is available on the WALGA website.

This index has been applied to the survey condition data in the ROMAN II database, producing some interesting and powerful information. This is now being further developed to support Regional Road Groups better understand their road networks.

Funding

State Road Funds to Local Government Agreement

The 2014/15 Local Roads Program is expected to have been finalised prior to the September State Council meeting. This will reflect the reduced "expenditure limit" announced by the State Government in the Mid-Year Budget Review. Preliminary planning has commenced to support negotiation of a new Agreement.

Western Australian Natural Disaster Relief and Recovery Arrangements

Staff from WALGA and LGIS met with the Commissioners undertaking an Inquiry into Natural Disaster Funding Arrangements and attended a Roundtable with the Commission in Melbourne. The Association has been strongly advocating for changes to enable Local Governments to recover the costs of utilising day labour in recovery and reconstruction and addressing barriers to reconstructing assets to a more disaster resilient standard. Submissions also seek to demonstrate the need to and benefits of funding disaster mitigation activities at the local level.

It is anticipated that public hearings will be held following the release of a draft report later in the year.

Commodity Routes Supplementary Fund

Local Governments have been invited to submit applications for funding in 2015/16 to upgrade roads servicing significant freight tasks. The closing date for submissions is 19 September 2014.

Urban and Regional Transport

Grain Freight

WALGA provided a written submission and gave evidence to the Legislative Assembly Economics and Industry Standing Committee Inquiry into the Management of the Freight Rail Network in Western Australia. The Committee is expected to report to Parliament on 14 August 2014. Its terms of reference examine whether the current lease arrangements and management of the Western Australian freight rail network, comprising Tier 1, Tier 2 and Tier 3 lines facilitate or hamper State development. The Freight and Logistics Council is considering initiating a study relating to optimising the use of the road network for the movement of grain. CBH and Brookfield Rail have (separately) met with many Local Governments and the Local Government Grain Infrastructure Group. Further discussions regarding preferred pathways and RAV access reviews following road works are being arranged by the Department of Transport for August.

State Aviation Strategy

As part of the State Aviation Strategy the Department of Transport have released a 'Review of Regulated Regular Public Transport Air Routes in Western Australia'. The position paper is open for public consultation until 31 October 2014. The review considers the future aviation needs of both regional communities and the State by proposing a new regulatory approach to intrastate RPT air services beyond February 2016, when the current regulatory arrangements between the State Government and airlines cease. The review covers eight RPT air routes from Perth to Learmonth (Exmouth), Albany, Esperance, Coral Coast, Northern Goldfields and Derby (Curtin). The position paper also reviews the State Government's regulatory approach to charter air services.

Development of a Partnership Agreement for the Funding and Management of Bus Stop Infrastructure

During 2012 and 2013 WALGA held several workshops with Local Government representatives to develop a partnership agreement between the Public Transport Authority and Local Government for the funding and management of bus stop infrastructure. A draft agreement was submitted to the PTA in June 2013. In January 2014 the PTA responded with substantial amendments to the proposed agreement. WALGA met with Local Government representatives on 7 May to discuss the PTA response. On 11 June 2014 WALGA met with the Director General Department of Transport to appeal the scope of the amendments to the agreement. A further proposal by the PTA was produced on 24 June 2014 and WALGA has provided feedback for consideration.

Guidelines for the preparation of Local Government Bike Network Plans

WALGA is collaborating with the Department of Transport to prepare guidelines for the preparation of Local Government Bike Network Plans. Consulting engineers, Parsons Brinckerhoff have been appointed to perform the work. Local Governments were invited provide feedback through a questionnaire to determine the elements of Bike Network Plans. The feedback is currently being reviewed and compiled by Parsons Brinckerhoff in the preparation of the guidelines.

Road Safety

Regional Run-off Road Crash Program and Urban Intersection Crash Program

WALGA has re-submitted project plans to the Road Safety Council for the Regional Run-off Road Crash Program and the Urban Intersection Crash Program for 2015-2016 for \$8M and \$2M respectively. These programs were due to commence in 2014/2015 and Local Governments had submitted applications totalling \$8.915m; however they were not funded in the 2014/2015 State Government budget. These important programs will enable Local Governments to apply Safe

System treatments to identified local road lengths and intersections given that 63% of all crashes occurred on the local road network from 2003 to 2012.

Road/Rail Interface Agreements

On 1 February 2014 relevant sections of the *Rail Safety Act 2010* became law requiring Local Governments as Road Managers to enter into Interface Agreements with Rail Infrastructure Managers for every rail/road crossing in Western Australia. The purpose of an Interface Agreement is to record the risks to safety at a rail/road crossing and identify measures to manage those risks. The legislation requires Road Managers and Rail Infrastructure Managers to work cooperatively to ensure optimum safety at rail/road crossings. WALGA continues to work with Local Governments to understand their obligations and responsibilities under the new legislation; and with Rail Infrastructure Managers to ensure the needs of the sector are reflected in the Agreements. Local Governments have commenced signing Interface Agreements with various Rail Infrastructure Managers.

Road Crash Data Report

WALGA has partnered with Urban Modelling Solutions to develop the inaugural Local Road Crash Reports and Local Road Crash Map Books dedicated to the local road network. The publications are based on Regional Road Groups and fill a gap in road crash reporting in Western Australia. They will enable Local Governments to evaluate and make informed decisions about the road safety performance of their local road network. The Local Road Crash Reports identify key road safety issues and include ten year (2003-2012) trend data for regional comparison; regional data for Local Government comparison; Local Government summaries; and analysis. The Local Road Crash Map Books provide serious crash locations for each Local Government from 2008 to 2012. Both publications can be downloaded from the members section of the RoadWise website. Application forms to gain access to the members section were sent to all Local Government CEO's under a covering letter.

Road Safety Council Update

The Road Safety Council met on 29 May for an annual half-day planning event followed by a standard meeting. During the morning planning sessions the RSC:

- Reviewed the results of the fatal crash analysis for 2012, to help identify opportunities for intervention, determine expected crash reductions and the implications for the 2020 *Towards Zero* target.
- Noted crash trends comparing current trends to the vision for 2020, including -
 - a decline in killed and serious (KSI) crashes in regional areas (compared with the five-year average),
 - a decline in alcohol related KSI between 2008-2013,
 - a significant decline in KSIs resulting from excess speeding since 2008, and
 - an overall decline in the number of KSIs to vehicle occupants.
- Examined delivery and performance of 2013-14 Road Trauma Trust Account (RTTA) funded programs.
- Discussed the RSC and RTTA priorities for 2015-16 and agreed that the current five (run off road, intersection, impaired driving, excess/inappropriate speed crashes and vehicle safety) priority result areas remain relevant, with additional effort for vulnerable road users required.

Matters considered by the RSC during the May ordinary meeting included a presentation from the Western Australian Road Safety Education Committee, a quarterly legislation update, a report from C-MARC on alcohol prevalence and the establishment of a cross government media strategy for road safety.

Further information about the Road Safety Council can be viewed at <http://www.ors.wa.gov.au/Road-Safety-Council>.

7.1.4 Report on Key Activities, Planning and Community Development (01-006-03-0014 AH)

By Allison Hailes, Executive Manager Planning and Community Development

Recommendation

That the report from the Planning and Community Development Policy Team for the March 2014 State Council meeting be noted.

The following provides an outline of the key activities of Planning and Community Development since the last State Council meeting.

PLANNING AND DEVELOPMENT

Review of Liveable Neighbourhoods – Urban Structure

The Department's Technical Advisory Group (TAG) met on the 16 July 2014 to discuss the Urban Structure component, being the last component of the review process for the Liveable Neighbourhoods policy.

The Department of Planning is currently finalizing the entire document for completion in the next few months and for circulation to TAG members for final comments, prior to the formal release for public advertising before the end of this year.

State Planning Policy 3.1 – Residential Design Codes (R-Codes)

The Department of Planning advised the Association that it was planning to modify State Planning Policy 3.1 – Residential Design Codes (R-Codes), proposing changes to multiple dwelling provisions, parking & other incidental changes. Preliminary comments were being sought by the Department; therefore WALGA hosted a workshop with 34 planners from 17 local governments to discuss the proposed changes in more detail on the 30 June 2014.

Attendees did not support the multi-unit code amendment as currently proposed by the WAPC; as it would not address the concerns expressed by a small number of Local Governments and would in fact have a negative impact in other Local Government areas that support the current provisions. This feedback has been submitted to the Department of Planning to assist in its consideration of any changes to the proposed State Planning Policy.

The Association is awaiting further advice from the Department.

Workshops on planning issues

- *State Planning Policies 4.1 (Industry) & 4.3 (Poultry)*. A workshop was held with members on the 24 June 2014 to provide preliminary feedback to the Department of Planning about the proposed review. The aim of the review is to prepare one State Planning Policy that covers all industries that create all industries that result in buffers for odour control, i.e. mushroom, poultry, pig farms, as well as industrial buffer requirements under the EPA Act. A discussion paper is proposed to be released in September 2014 with the new State Planning Policy released in February 2015.
- *State Planning Policy 3.6 - Developer Contributions* – The Department of Planning has released new guidelines to support this SPP. As feedback on the guidelines was requested from key stakeholders before the 15 August, the Association held a workshop on the 28 July 2014, to provide the Department with comments from the sector. Minor amendments to the State Planning Policy are proposed and will be formally advertised, however, the guidelines will be released for immediate use. The Department has indicated that it welcomes informal

comment during the first 6 months of implementation and a review of the document will be undertaken in 6 months' time.

- *Best Practice Delegations Model: Development Applications.* A draft model for delegations has been prepared by Planning Context, and workshops arranged with town planners (29 July 2014) and elected members (15 August 2014) to discuss the proposed guidelines and their applicability and usefulness. The delegations model will be refined and presented to State Council for endorsement.
- *State Planning Policy 5.4 – Road and Rail noise* – The Freight and Logistics Council hosted a workshop in July, examining issues associated with State Planning Policy (SPP) 5.4 Road and Rail Transport Noise and Freight Considerations in Land Use Planning. The workshop was attended by a range of stakeholders and included various representatives from a number of Local Governments. At the workshop the City of Gosnells gave a presentation explaining their local SPP5.4 Assessment Tool which the Freight and Logistics Council praised highly. In addition to attending the workshop, WALGA has been involved in the WAPC's review of the SPP5.4 Guidelines. The Guidelines review process has now concluded and therefore the Association anticipates that the revised Guidelines will be released shortly.
- *Transient Workforce Accommodation:* - On the 26 June, the WAPC hosted a regional forum to discuss Transient Workforce Accommodation (TWA). The event was attended by a range of industry and State and Local Government stakeholders to discuss the land use planning issues associated with TWA's and the appropriateness of a State-wide planning instrument to provide guidance the development of TWA's.

UDIA Meeting – draft SPP 3.7 Planning for Bushfire Risk Management

In late July the Association met with the Urban Development Institute of Australia (UDIA) and the Department of Planning to discuss common concerns of WALGA and UDIA with the Department. The Association is awaiting the release of the proposed Regulations to assist in clarifying the proposed implementation of the State Planning Policy.

Tourism Planning

The WAPC has released Tourism Planning Guidelines, produced in partnership with Tourism WA. The intent of the guidelines is to assist with the development of the tourism component of a local planning strategy. A tourism component of a local planning strategy provides local governments with a rationale for determining the future land allocation, planning controls and infrastructure needs for tourism, based on sound planning principles. Planning Bulletin 49 – caravan Parks has also been updated to reflect the new guidelines.

The guidelines can be accessed at <http://www.planning.wa.gov.au/publications/7113.asp> and the Planning Bulletin at <http://www.planning.wa.gov.au/publications/1085.asp>

COMMUNITY

Federal Health Portfolio changes - Medicare Locals to cease

As part of the Council of Australian Governments' (COAG) National Health Reform Agreement (2011), the Commonwealth Government agreed to fund Medicare Locals to improve coordination and integration of primary health care in local communities, address service gaps, and make it easier for patients to navigate their local health care system. After a review of Medicare Locals by former Chief Medical Officer Professor John Horvath in 2013 the Federal Government announced that a smaller number of Primary Health Networks (PHNs) will replace Medicare Locals as of July 2015. PHNs will start operating from 1 July 2015. Medicare Locals will continue until then to ensure continuity for patients receiving services.

The Department of Health is consulting with key stakeholders and is holding information sessions across Australia on the new arrangements. A PowerPoint presentation outlining the changes is attached as a PDF to this information sheet or available

[http://www.health.gov.au/internet/main/publishing.nsf/Content/7A39313716D2A1BECA257D11000D9D91/\\$File/Primary%20Health%20Networks%20information%20sessions.PDF](http://www.health.gov.au/internet/main/publishing.nsf/Content/7A39313716D2A1BECA257D11000D9D91/$File/Primary%20Health%20Networks%20information%20sessions.PDF)

Other changes to the Federal health portfolio 2014-2015

- National Partnership Agreement for Preventative Health to cease effective 1 July 2014. This agreement funded amongst other initiatives the Healthy Communities initiative which supported successful and effective community-based physical activity and healthy eating programs.
- The Australian National Preventive Health Agency and Health WorkForce Australia to be abolished and functions consolidated with the Department of Health.
- Subject to consultation with States and Territories, a new Health and Productivity Commission will be established by merging the Australian Commission on Safety and Quality in Health Care, the Australian Institute of Health and Welfare, the Independent Hospital Pricing Authority, the National Health Performance Authority, the National Health Funding Body and the Administrator of the National Health Funding Pool.

WALGA will be contacting the Minister for Health, Dr Kim Hames MLA, regarding the impact to the state including funding to initiatives such as Healthy Communities. Further advice will be conveyed once received.

Further information regarding the 2014-2015 federal budget can be found at <http://www.health.gov.au/internet/budget/publishing.nsf/Content/healthbudget1415-1>

Tough on Graffiti Strategy Review

Graffiti vandalism is viewed by the community as a major neighbourhood problem, with considerable costs for Local Government in both prevention and remediation. In 2005 the cost of criminal damage Australia wide, including graffiti vandalism was estimated to be \$1.58 billion annually. In addition to this is the impact on perceptions about community safety and public amenity. The Western Australian Governments *Tough on Graffiti Strategy 2011-2015* is a whole of government response to effectively manage graffiti vandalism state wide. WALGA State Council endorsed the Strategy in December 2011.

With the *Tough on Graffiti Strategy 2011-2015* being in its fourth year of delivery planning for an evaluation has commenced. Feedback has been sought from Local Governments concerning the review of the Graffiti Strategy. The *Tough on Graffiti Strategy 2011-2015* can be accessed [here](#) and the Implementation Plan [here](#)

The Association as a member of the State Graffiti taskforce and Crime Prevention Council will continue to advocate for effective resources and support to Local Government to meet crime prevention and community safety outcomes for their communities.

More information about graffiti management can be found at the Goodbye Graffiti website at <http://goodbyegraffiti.wa.gov.au/>

Development of State CCTV Strategy

For many years WALGA members have sought the Association's support to advocate for better management and coordination of closed Circuit Television (CCTV) infrastructure. With the popularity of Closed Circuit Television (CCTV) technology growing in Western Australia, the need for a State CCTV Strategy was recognised with the State Government committing \$13.5 million over

the next four years to develop and implement a CCTV Strategy. The WA State Budget 2013/14 provided \$200k to WA Police to develop the Strategy.

In May 2014 Hon Liza Harvey Minister for Police invited WALGA to participate in the State CCTV Strategy Group to develop of the State Closed Circuit Television (CCTV) Strategy. It is proposed that the goal of the CCTV State Strategy is to enhance community safety in Western Australia through enhanced capability coordination and accessibility of CCTV systems. The State CCTV Strategy Group met in June 2014 to establish the governance framework. The next meeting is scheduled for the 13th August 2014. A Communiqué will be developed and released following each meeting.

Recently the Australian New Zealand Policing Advisory Agency (ANZPAA) released the *Police CCTV Requirements* document which describes the criteria which make a CCTV system suitable for police purposes. The objective is to influence the quality of CCTV systems deployed in the community. It is the intention that this document is a guiding document for the development of the State CCTV Strategy.

This document can be downloaded from the ANZPAA website at

<https://www.anzpaa.org.au/corporate-news-and-publications/anzpaa-publications>

Productivity Commission – Child care and early Childhood Learning Inquiry

In November 2013 the Australian Government requested that the productivity Commission undertake a public inquiry into future options for childcare and early childhood learning, with a view to developing a system that supports workforce participation and addresses children's learning and developmental needs.

WALGA made an initial representative submission on the Productivity Commissions Childcare and Early Childhood Learning Issue Paper in March 2014 (State Council resolution 7.1/2014). The productivity Commission has now released its Draft Report and after consideration WALGA will provide key findings from this report in an Infopage in August.

In order that Local Governments can be further informed regarding the early years and discuss the key issues facing the sector. WALGA will develop and conduct a Local Government Early Years Forum (State Council resolution 36.2/2014).

EMERGENCY MANAGEMENT

Emergency Management Training Update

The second module of Emergency Management training offered by WALGA in an eLearning environment, **AIIMS Awareness** has been launched which will help educate Local Government about the emergency response management system that is used by emergency services.

The first module of Emergency Management training offered by WALGA in an eLearning environment, **Work in an Emergency Management Context** has been helping educate Local Government about emergency management. 97 students have enrolled for the course, set in an online environment, with twelve students receiving their Statement of Attainments for the unit of competency.

The two courses, **Participate in Local Government emergency management preparation** and **Manage recovery activities for Local Government** continue to be offered regularly with good attendances including a recent wave of onsite training within Local Government both in the metropolitan and regional areas of WA. Courses were recently hosted for the City of Swan, Shire of Mundaring and the City of Greater Geraldton. Since August 2013 when they were first introduced, there have been 86 participants at Participate in Local Government emergency management preparation and 117 participants at Manage recovery activities for Local Government.

2014-15 Natural Disaster Resilience Programme (NDRP) Funding Round Now Open

The Commonwealth and State Governments have recently made a joint announcement regarding the launch of the 2014-15 Natural Disaster Resilience Programme (NDRP) funding round. The State is making available over \$2 million through the competitive funding round to improve community preparedness for natural disasters. This funding is part of more than \$6 million the Commonwealth is providing to Western Australia through the current National Partnership Agreement on Natural Disaster Resilience.

NDRP funding is available to organisations across Western Australia to help attract, support and retain emergency management volunteers and improve the ability of local communities to deal with disasters. Grant applications should align with priority outcomes of the *National Strategy for Disaster Resilience* and predetermined State priorities which will be outlined on the State Emergency Management Committee (SEMC) website.

Grant applications for the 2014-15 funding round opens on Friday, 1 August 2014 and closes on Tuesday, 30 September 2014. Applicants are required to match funding applied for through dollar and/or in-kind contributions.

For more information on the Grant, the National Strategy or the National Partnership Agreement, visit the 'Risk Management' section of the SEMC website at <https://www.semc.wa.gov.au>

7.2 Policy Forum Reports

7.2 Policy Forum Reports (01-006-03-0007 TB)
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The following provides an outline of the key activities of the Association's Policy Forums since the last State Council meeting.

Recommendation

That the report on the key activities of the Association's Policy Forums to the September State Council Meeting be noted.

7.2.1 **Metropolitan Reform Implementation Policy Forum** (Tony Brown, Executive Manager, Governance & Strategy)

The Metropolitan Reform Implementation Policy Forum objectives have been identified as follows;

- I. *Provide guidance and direction to the President in his role as a Member of the Metropolitan Reform Implementation Committee (MetRIC).*
- II. *Facilitate appropriate Local Government engagement allowing for a wide range of Local Government Elected Member and Officer input and contribution as necessary.*
- III. *Develop recommendations for State Council consideration on issues relating to the implementation of the Metropolitan Local Government Reform.*
- IV. *Endorsement of a Communication Plan that will be prepared to keep the sector informed of any developments and information during the implementation of the Metropolitan Local Government Reform.*
- V. *Ensure adequate support and assistance for member Local Governments during the transition and implementation process.*

Comment

The Policy Forum met on 12 August 2014 and considered a number of issues, including:

1. MetRIC update and MetRIC sub-committees
2. Resolutions from a number of Zones relating to funding the implementation of Metropolitan Local Government Reform
3. A potential dispute resolution process in the event that negotiations about the transfer of assets and liabilities break down
4. Governance and financial arrangements for Regional Councils
5. The implementation date
6. How "Announcement Day" will be managed, and
7. The timing of appointment of Commissioners

7.2.2 Country Reform Policy Forum (Tony Brown, Executive Manager Governance & Corporate Services)

The Country Reform Policy Forum objectives have been identified as follows;

- i. Scope and undertake research into models of governance appropriate to country Local Governments, by examining governance models including: Parish Models, Regional Centre Models and regional models;*
- ii. Develop best practice Governance Models appropriate to the diversity of country Local Government based on the findings of I, whilst being cognizant of Regional Organisations such as Regional Development Commissions (RDC's) and Regional Development Australia (RDA's);*
- iii. The Developed model(s) to be presented to a Forum of all Country Local Governments to consider a whole of sector position. The recommendations from this forum will be developed for State Council consideration on country Local Government Reform.*
- iv. Consider the current poll provisions contained within Schedule 2.1 of the Local Government Act 1995 with regard to currency and possible options for amendment;*
- v. Provide guidance and direction to the President and Deputy President of WALGA in their advocacy to the State Government*
- vi. Facilitate roundtable discussions and open forums allowing for a wide range of Local Government Elected Member and Officer input and contribution.*

Comment

Actions emanating from the Country Reform Policy of 7 May 2014 have been implemented, including:

- The Association has written to Hon Tony Simpson MLA, Minister for Local Government; Communities; Seniors and Volunteering; Youth requesting a funding allocation to support the Policy Forum to undertake independent research to assist the enhancement of capacity and ongoing sustainability of country Local Governments. The Minister has advised that funding is not available. Other avenues for funding will be explored.
- A comprehensive range of communication strategies have also been undertaken by the Association and the President to inform country Local Governments of the current status of the work being undertaken by the Policy Forum. These have included:
 - Media releases;
 - Radio interviews; and
 - An email to all Elected Members

7.2.3 Mining Community Policy Forum (Wayne Scheggia, Deputy CEO)

The Mining Communities Policy Forum has been tasked with addressing the following key issues;

- i. Monitor and assess the continuing impacts of State Agreement Acts on Local Government revenue raising capacity and service delivery;*
- ii. Monitor and assess the impacts of State Government legislation, regulation and policies on the capacity of Local Governments to appropriately rate mining operations.*
- iii. Develop and recommend relevant advocacy strategies in relation to i & ii;*
- iv. Consider and recommend relevant strategies in respect to "Fly-in, Fly-out (FIFO) and "Drive-in Drive-out" (DIDO) workforce practices with specific reference to;*
 - a. The effect of a non-resident, FIFO/DIDO workforce on established communities, including community wellbeing, services and infrastructure;*
 - b. The impact on communities sending large numbers of FIFO/DIDO workers to mine sites.*

Comment

The Mining Communities Policy Forum (MCPF) last met on 2 July 2014. The group discussed:

- The State Government's upcoming review of GRV rating of mining, petroleum and resource interests.
- The Federal Government's 'Green Paper on Developing Northern Australia'.
- The upcoming presentation by the Department of Mines and Petroleum at the next MCPF meeting.

7.2.4 Container Deposit Legislation Policy Forum (Mark Batty, Executive Manager Waste and Environment)

A Container Deposit System (CDS) is a form of Extended Producer Responsibility which seeks to place financial/physical responsibility for a product (at end of life) on the original producer.

The Container Deposit Legislation Policy Forum has been tasked with addressing the following key issues;

- I. To examine proposed CDS schemes and decide on a scheme that has the best capacity to meet the objectives*
- II. To develop an advocacy plan for the implementation of a best practice CDS, working with other supportive organisations.*
- III. To examine options for funding of an advocacy plan.*

Comment

The Policy Forum is currently on hold, pending the outcome of national considerations of Cash for Containers options.

7.2.5 Metropolitan Mayors Policy Forum (Wayne Scheggia, Deputy CEO)

The Metropolitan Mayors Policy Forum has been tasked with addressing the following key issues;

- i. Advise the WALGA President on emerging policy issues and the development and implementation of significant metropolitan initiatives;*
- ii. Identify innovative approaches to metropolitan issues;*
- iii. Facilitate metropolitan-wide consultation, collaboration and partnerships to address metropolitan-wide policy and project initiatives; and*
- iv. Serve as a stakeholder forum to effectively support and complement the broader work of the Western Australian Local Government Association*

Comment

There has not been a meeting of the Policy Forum since the previous State Council meeting. The next meeting will consider a Red Tape Reduction Report.

