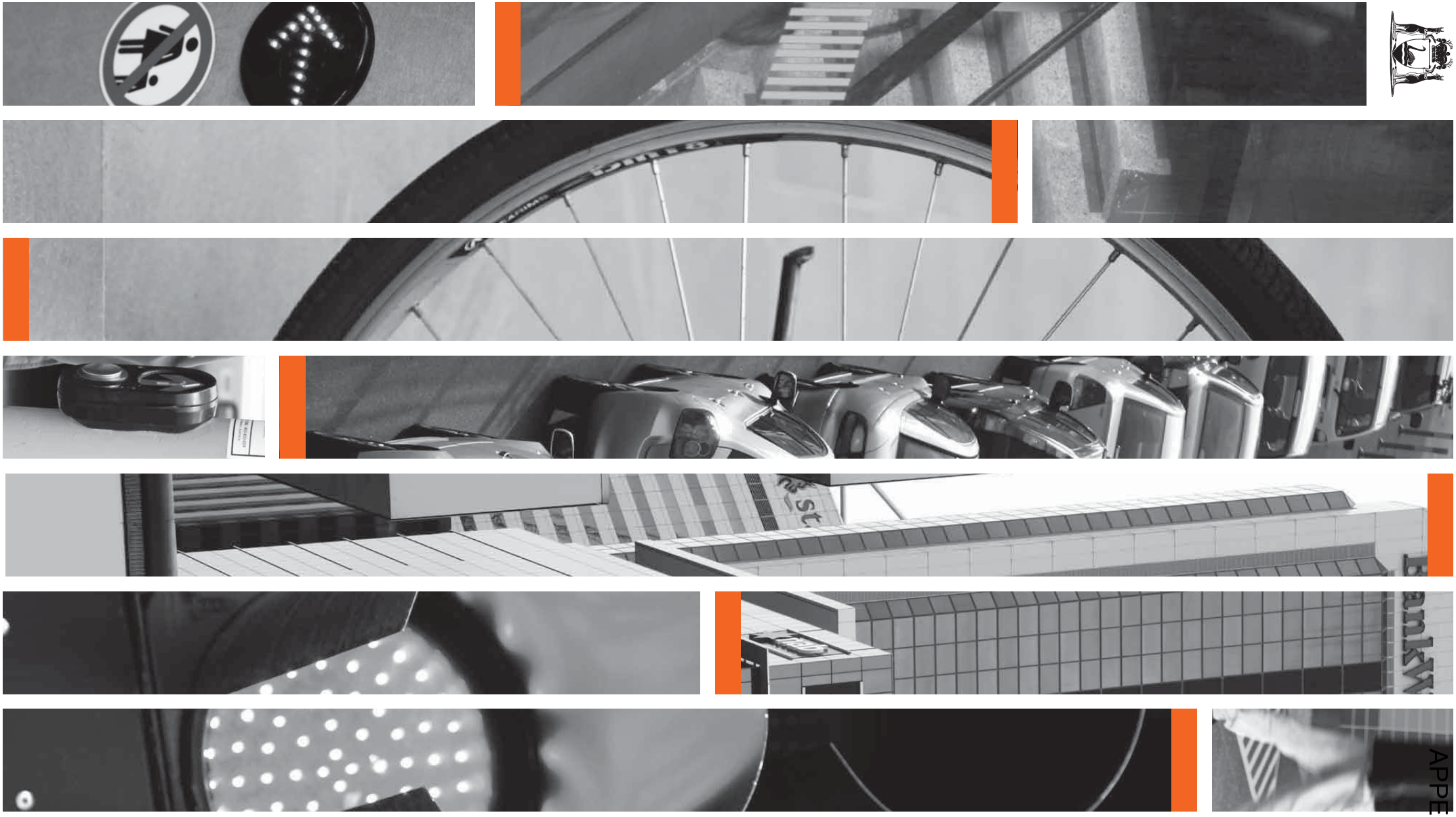

APPENDIX 17

TOWARDS MORE EFFECTIVE METROPOLITAN GOVERNANCE

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OVERVIEW

On 24 June 2011 the Minister for Local Government, Hon John Castrilli MLA announced an independent review of Perth metropolitan local government and broader governance structures. The review panel's terms of reference included an expectation that the panel would directly engage with the Perth community, local governments, peak bodies, and government agencies.

The panel was also asked to report back to the Minister by 30 June 2012.

PARTICIPATION IS IMPORTANT

It is important that a broad range of stakeholders - individuals, businesses, community groups, interest groups and local governments - provide input to this review. We all have an interest in getting it right.

The review will make potentially far-reaching recommendations to the Minister that could:

» Fundamentally affect the structure and operations of local governments in metropolitan Perth

» Enhance the liveability and economic well being of the metropolitan Perth community

PARTICIPATION IS EASY

We encourage all members of the community to have a say in helping us design Perth's future governance, ensuring we continue to live in one of the greatest cities in the world.

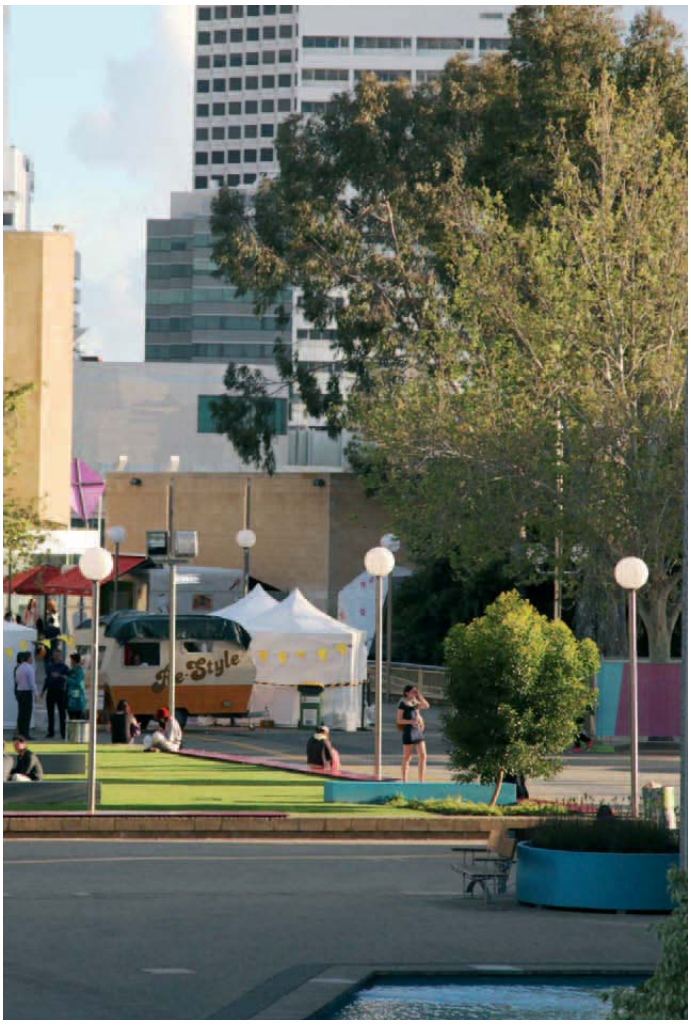
It is easy to participate in this review. Simply:

» Read and respond to this Issues Paper, by making a written or email submission to the panel.

» Attend public forums that will be organised around metropolitan Perth

» Pass your views onto your local council.

The **key questions** posed in this Issues Paper have been drafted to assist the submission process. The questions are not necessarily exhaustive; you can respond to as many questions as you wish, as well as provide comments on other issues relevant to the panel's terms of reference. Other papers prepared for the panel are available through the website: **metroreview.dlg.wa.gov.au.**



SUBMISSIONS

All Western Australians are invited to make submissions.

Public submissions and responses to this Issues Paper are required by 23 December 2011.

Submissions should be sent to:
Metropolitan Local Government Review Panel
GPO Box R1250 Perth WA 6844
or mlgr@dlg.wa.gov.au

Submissions can also be made via the website:
metroreview.dlg.wa.gov.au

Telephone queries: (08) 6552 1448

If you would like this paper in an alternate format, please contact the Panel using the details provided above.

All submissions received will be placed on the panel website: metroreview.dlg.wa.gov.au.
If you would prefer this not to occur, please indicate this in your submission.

METROPOLITAN LOCAL GOVERNMENT REVIEW

"A once-in-a-lifetime opportunity to transform our local government scene...."

ABOUT THE REVIEW

An independent panel has been appointed to examine the social, economic and environmental challenges facing metropolitan Perth. The panel will recommend appropriate boundaries and governance models for local governments in the Perth metropolitan area.

The panel is chaired by Professor Alan Robson, Vice Chancellor of The University of Western Australia. Other members are Dr Peter Tannock, former Vice Chancellor of the University of Notre Dame Australia and Dr Sue van Leeuwen, Chief Executive Officer of Leadership WA.

Two advisory groups provide expert advice to the panel. One consists of the Directors General of the Departments of Local Government and Planning, while the President and Vice-President of the Western Australian Local Government Association make up the other advisory group.

The terms of reference

» Identify current and anticipated specific regional, social, environmental and economic issues affecting, or likely to affect, the growth of metropolitan Perth in the next 50 years;

» Identify current and anticipated national and international factors likely to impact in the next 50 years;

» Research improved local government structures, and governance models and structures for the Perth metropolitan area, drawing on national and international experience and examining key issues relating to community representation, engagement, accountability and State imperatives among other things the Panel may identify during the course of the review;

» Identify new local government boundaries and a resultant reduction in the overall number of local governments to better meet the needs of the community;

» Prepare options to establish the most effective local government structures and governance models that take into account matters identified through the review including, but not limited to, community engagement, patterns of demographic change, regional and State growth and international factors which are likely to impact; and

» Present a limited list of achievable options together with a recommendation on the preferred option.

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

WHAT DO WE MEAN BY GOVERNANCE?

Put simply, governance is what a government does, including how it works with citizens and the corporate and not-for-profit/community sectors. Governance is about the organisational arrangements for providing services to citizens.

Governance matters because it has an impact on the services received by citizens and on the accountability of governments.

In Western Australia, there is a three-tier governance structure – Local, State and Commonwealth. Local government is an important subset of the arrangements and relationships that govern metropolitan Perth. In addition to the State and Commonwealth Governments, non-government organisations (such as community and environmental groups), and the private sector also play a role in providing services to communities.

A consideration of governance models in metropolitan Perth should identify who is ideally placed to deliver which service, who should be involved in making decisions and how those decisions should be taken.

Governments generally cannot do everything on their own; they need to work collaboratively with other stakeholders. This is especially so for local governments.

The panel has been asked to look at alternative governance models. The scope of the review is wider than the amalgamation of local governments and the redrawing of boundaries.

THE PURPOSE OF LOCAL GOVERNMENT

Perth's governance system needs to adapt to the expanding population, including the future generations of Western Australians. A key task for the panel is to engage with the community, local governments, peak bodies and government agencies. The invitation to comment on this Issues Paper is a vital part of this process.

The review is an opportunity to focus on the purpose and role of local government in the metropolitan area and how it relates to the communities it serves. It will result in the drawing of new local government boundaries. It may also mean a transformation of local government so that it can better promote liveable communities and the economic wellbeing of the metropolitan area.

(A reference to Perth in this paper means the metropolitan area, stretching from Yanchep to Singleton, Bullsbrook to Serpentine. This raises the question of how metropolitan Perth should be defined, given the spread of urban areas such as the Keralup development beyond the current metropolitan boundary.)

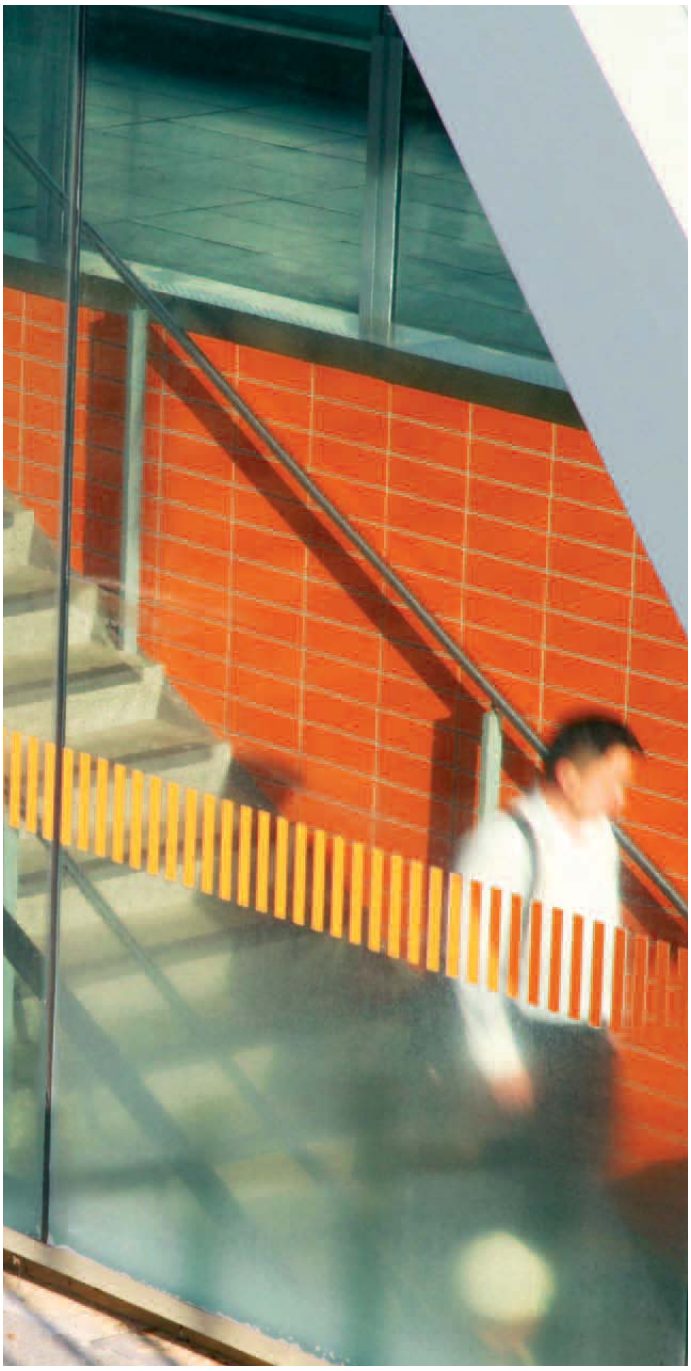
SETTING THE SCENE

Many local governments were established in the horse and buggy days of the late 19th and early 20th centuries. Their boundaries have changed very little since then, despite enormous economic, social and technological changes. As a result, the existing local governments are significantly diverse in terms of population, budget, and capacity.

We need to examine the existing structure to ensure the system is robust and adaptable, and is able to respond to the challenges of the future.

A key question for the wider Perth community is what sort of city do we want Perth to be in the next 20 to 50 years? This leads to the need to consider what sort of governance model is the best one for getting us there.

Internationally, many major cities are reviewing their governance structures.



KEY QUESTIONS

1. Do you think there is a need for better local government arrangements in metropolitan Perth? Why? Or why not?
2. If you think there is a need for a better local government system, what should the priorities of the new system be? What should its objectives be?
3. What are the best aspects of local government in its current form?

Current governance arrangements in the Perth metropolitan area are complex. There are:

- 30 local governments, ranging in population from 1,749 to over 200,000, that collectively spend $1.6 billion in delivering services to the community
- 325 elected members and 9000 employees
- 6 regional local governments (for example, the Eastern Metropolitan Regional Council)
- several regional organisations of councils (for example, the South West Group)

These regional groups provide some economies of scale in managing a limited range of services, for example waste disposal.

BEYOND ROADS, RATES AND RUBBISH

Local governments play an important role as place makers, contributing to liveability and economic competiveness. Their role has long gone beyond the traditional 'roads, rates and rubbish'. Services now often include libraries and swimming pools, as well as regulatory and development activities, such as animal control and planning. The role of local government continues to evolve, with some councils branching out into security patrols and extensive community support programs.

The State Government is also a major player in metropolitan governance, with key decision making through the Cabinet process and the Western Australian Planning Commission and infrastructure and essential services such as transport, water, power and health delivered through State-controlled entities. The Commonwealth Government too is involved in funding projects and services. It has established the Perth Committee of the Regional Development Australia (RDA) Network, to provide a strategic framework for economic growth.

The private sector also plays a role, largely as a contractor to government, but also in operating major facilities such as Perth Airport. Non Government Organisations (NGOs) are also important contributors.

IT'S BIGGER THAN PERTH

Perth now ranks fourth in Australian city populations, with a growth rate above the national average. With three quarters of the WA population living in the Perth metropolitan area, and with major

national and international corporate representation based in the city, it has a potentially strong economic and political influence.

The City of Perth plays an important role in representing Perth at the national and international level. However, Perth's capacity to influence is distributed across 30 local governments, with few organisations dedicated to metropolitan-wide governance. For this reason, the whole State has an interest in the performance and efficiency of the governance of metropolitan Perth; it's not confined to people who are residents of the metropolitan area.

Amalgamations and boundaries are not the sole focus of this review. But we do need to challenge the existing governance arrangements and boundaries and imagine alternative futures, if we want a strong and successful Perth to develop over the next fifty years.

The review is an opportunity to consider the best arrangements to maximise benefits to Perth in general, and to the community in particular . We want to enhance the efficacy of local government, not diminish its role.

KEY ISSUES

The panel has been asked to address 6 key issues and provide recommendations. These issues are explored over the next few pages.

1. Identify current and anticipated specific regional, social, environmental and economic issues affecting, or likely to affect, the growth of metropolitan Perth in the next 50 years.

What will the Perth community be like in 50 years time? The continued growth of metropolitan Perth appears to be a certainty. The Western Australian Planning Commission's *Directions 2031 and beyond: Metropolitan planning beyond the horizon* is based on a scenario that Perth will reach a population of 3.5 million by 2056.

As Perth grows, so too will its challenges, including:

- social issues, such as housing affordability and concerns about our sense of community and social capital
- environmental issues, such as waste disposal, water supply, and the health of the Swan River system
- economic issues, such as a lack of economic diversification, job creation, and an increasing need for infrastructure to address issues such as transport.

A CONNECTED CITY

Directions 2031 identified the '*connected city*' model as the preferred medium-density future growth scenario for Perth. "A connected city pattern of urban growth is characterised by:

- promoting a better balance between greenfield and infill development;
- protecting and enhancing the natural environment, agricultural land, open spaces and our heritage and community wellbeing;
- reducing energy dependency and greenhouse gas emissions;
- developing and revitalising activity centres as attractive places in which to invest, live and work;
- ensuring that economic development and accessibility to employment inform urban expansion;
- planning for an adequate supply of housing and land in response to population growth and changing community needs;
- facilitating increased housing diversity, adaptability, affordability and choice;
- planning and developing key public transport corridors, urban corridors and transit oriented developments to accommodate increased housing needs and encourage reduced vehicle use;
- creating and enhancing transport and freight movement networks between activity centres and, industrial centres; and
- maximising essential service infrastructure efficiency and equity and identifying and prioritising the coordination of projects to support future growth."

These characteristics capture the essence of the planning related issues likely to affect the growth of metropolitan Perth in the next 50 years. They are all important issues for metropolitan governance.

Other key issues that relate more specifically to the operations of local government include:

» financial sustainability and the ability to provide and maintain infrastructure and services;

» the ability to attract and retain skilled employees;

» demographic changes, including population growth and ageing; and

» rising community expectations.

THE TRIPLE BOTTOM LINE

The so-called 'triple bottom line' comes into play here. We want a city that maintains a prosperous community with financially sustainable local governments, but also a city that is socially just and environmentally sustainable; a city that is smart, healthy and green.

It may be the case that the present structure of local government in metropolitan Perth is not conducive to the efficient governance and sustainable development of the broader metropolitan region over the next 50 years. Indeed, many of the region's challenges extend beyond the boundaries of any one local government.

KEY QUESTIONS

4. What is your vision for the future of the Perth metropolitan area?

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

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

2. Identify current and anticipated national and international factors likely to impact in the next 50 years

A consideration of governance has to recognise that many national and international factors will influence Perth's future.

For example, the Commonwealth's recently-released urban policy[1] outlines its vision for making cities more productive, sustainable and liveable. The Council of Australian Governments is also progressing reforms to ensure that capital cities are well placed to meet the challenges of the future. We can expect the Commonwealth to use the urban policy and planning criteria to drive funding for urban projects and urban reform.

Metropolitan Perth will be influenced by global environmental changes, such as climate change and rising sea levels. The community will also be affected by developments in telecommunications and social media and the consequent changes to the way business is done and how governments communicate with citizens.

DEMOGRAPHIC CHANGES

Australia, and by implication Perth, is set to experience strong population growth. It is well understood that Perth is in a period of sustained growth, yet it is possible that the current prosperous economic circumstances may pass within the generation. It is prudent to assume that the present commodity boom and the associated private and public sector capital expenditure boom, will not last.

Demographic changes are inevitable, including acute population ageing. A decline in the percentage of the population of working age will reduce the size of the labour pool. The ageing of the baby boomer generation will see an ongoing surge in the number of people aged over 65, with fewer young people entering the workforce to replace those retiring. Migration from interstate and overseas will help make up the difference, but will present its own challenges.

1 Our Cities, Our Future - A National Urban Policy for a productive, sustainable and liveable future. http://www.infrastructure.gov.au/infrastructure/mcu/urbanpolicy/index.aspx

There will be increased costs for all governments in providing health and community services to older people. Inevitably this will impact on communities and on the demand for local government to provide appropriate services, including recreation and support services, and greater diversity in housing stock to enable people to stay in the same neighbourhoods as they age. Compounding this demand is the trend for communities to have expectations of improved services.

INFRASTRUCTURE CHALLENGES

These demographic trends contribute to the infrastructure challenge facing all governments - keeping up with infrastructure to meet the needs of the ageing and growing population, while maintaining existing infrastructure.

To maintain productivity, strategic infrastructure investment will be needed, particularly in transport, health and telecommunications. This would assist with employment self- sufficiency in specific areas, along with Perth's competitiveness in a global marketplace.

Who will pay for the required infrastructure? State and federal government contributions will still be needed. Constitutional recognition of local government is actively being promoted by the local government sector nationally. One driver for this is for local government to secure greater access to federal funding. How this debate unfolds will affect the position of local government, and its relationship with State and Commonwealth governments.

BEING THE BEST IN THE WORLD

As Perth increasingly competes economically with other global cities, it needs a metropolitan governance model and local government structure equal to the best in the world. There is a need to look at the bigger picture for Perth's future.

This governance model has the potential to become part of Perth's global brand. It would give Perth the potential to shine as a global city and avoid a future marked by metropolitan mediocrity.

KEY QUESTIONS

7. Do you think that local government in Perth will be able to deal with national and international issues such as climate change and growing populations?

8. Do you think local government should be responsible for managing these issues, or should they be the responsibility of the State or federal governments?

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

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

3. Research improved local government structures, and governance models and structures for the Perth metropolitan area, drawing on national and international experience and examining key issues relating to community representation, engagement, accountability and State imperatives among other things the Panel may identify during the course of the review.

There has been relatively little change in local government structures in Perth in the last 50 years. Notable changes include the split of the City of Perth in 1994 and the City of Wanneroo in 1998.

A key consideration is whether metropolitan Perth has the best possible local government structure to cope with the demands and challenges of the 21st century. Some local governments may be strong in social capital, but lack the financial capital to be sustainable. There are challenges in coordination and in securing agreement among the 30 local governments in the region.

Cities comparable in size to Perth, with similar quality of life and amenity issues, such as Auckland and Vancouver, have governance structures to provide the foundation for a more competitive and functional metropolitan area. Vancouver has been so successful that it has consistently rated as the world's most liveable city.

ALL MODELS CONSIDERED

The examples of Auckland and Vancouver are only two potential governance models the panel will consider (noting the different government context). An alternative to the structures adopted in these cities is simply to maintain the current system of multiple local governments operating in the metropolitan region, with a possible reduction of numbers through amalgamation.

Amalgamations may not be the optimum response. There will be a need to preserve an element of localism and make appropriate provision for ongoing engagement of the community as the building blocks of better governance, including empowerment of communities at neighbourhood level.

If they are stronger, there may be opportunities to devolve more power to local governments so they can better respond to community needs. There is a trend in the UK towards giving communities more influence over the decisions that affect them. This is part of the trend towards more active citizens, including e-democracy and community visioning. Some States have compulsory voting at local government elections.

Community consultation is changing local politics, as people want to be more actively involved in decision making. An increase in power for local people would hold councils to account. The new requirements for local governments to develop and deliver Strategic Community Plans in WA would be an example of improved community input.

AUCKLAND - FIRST CITY OF THE PACIFIC / BRILLIANT FOR BUSINESS

The New Zealand government created the Auckland Council in November 2010. This followed a Royal Commission amid concerns that the large number of existing councils and the lack of strong regional government were hindering Auckland's progress. The new entity combines the functions of the previous regional council and the region's seven city and district councils into one 'super council' governed by a mayor, 20 members of the governing body and 148 members of 21 local boards. Part of the new service delivery arrangements are 7 council-controlled organisations, arm's length companies for water, wastewater, transport, investments, property, regional facilities, tourism and economic development. Local boards make decisions on non-regulatory local matters, including negotiating the standards of services delivered locally. Local boards provide important local input into region-wide strategies and plans, including those of the council-controlled organisations.

See: http://www.aucklandcouncil.govt.nz/EN/Pages/default.aspx

http://auckland.royalcommission.govt.nz/rccms.nsf/CONTENTPAGES/$first?open

VANCOUVER – CREATING A LIVEABLE AND SUSTAINABLE REGION

The Metro Vancouver Board, a voluntary partnership of local governments, governs the affairs of the Greater Vancouver Regional District, which is charged with certain aspects of governance for the metropolitan area (population 2.25 million) surrounding and including the City of Vancouver, British Columbia. Its principal function is to administer services common across the metropolitan area, including community planning, water, waste, sewerage, drainage, transportation, housing and parks. The Regional District comprises the governments of 21 incorporated municipalities (and one unincorporated area). The municipalities are responsible for various community level services such as roads, refuse collection, and development services.

http://www.metrovancouver.org/Pages/default.aspx
http://vancouver.ca/

KEY QUESTIONS

11. What do you think about the other governance models discussed here, such as those adopted in Auckland or Vancouver? Which aspects of these models would work in Perth? Which aspects would not work?

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

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

14. Should voting be compulsory for local government elections?

4. Identify new local government boundaries and a resultant reduction in the overall number of local governments to better meet the needs of the community

The terms of reference create an expectation that there will be a reduction in the number of local governments (presently 30). While the panel will have to come to a position on this important issue towards the end of the review, the short term focus will be determining key principles and understanding the current strategic and financial position of local governments in the metropolitan area.

At present the Local Government Advisory Board (LGAB) has a role in assessing boundary change proposals, but this is not done on a regular and comprehensive basis. In carrying out its function, the LGAB is required to take specific factors into consideration:

» Community of interest
» Physical and topographic features
» Demographic trends
» Economic factors
» The history of the area
» Transport and communication
» Matters affecting the viability of local governments
» The effective delivery of local government services

Conversely, at a State and federal level, the boundaries of electorates are determined by independent bodies, with the aim being to ensure equal representation based on population. While the panel is not suggesting that there be a formula-driven approach, there may be a need to have local government boundaries periodically reconsidered on an independent basis to respond to changes in communities.

Any final recommendation on the number of local governments and related boundary issues will be framed around the conclusions the panel reaches about what is in the best interests of the community of metropolitan Perth.

5. Prepare options to establish the most effective local government structures and governance models that take into account matters identified through the Review including, but not limited to, community engagement, patterns of demographic change, regional and State growth and international factors which are likely to impact.

Many key issues, including the need for community engagement, patterns of demographic change, and the impact of international factors, have been flagged in this Issues Paper.

Form follows function

In preparing options, it is essential that the panel determine objectives and key principles as a basis for its approach. The role of local government is an important consideration. Using the adage 'form follows function', the future form that local government will take should reflect the role and function that communities and the State believe local government should have.

Functions need to be considered in relation to the sphere of government. A metropolitan-wide local government might have capacity for greater responsibility to manage services such as water, waste water and public transport.

Local government in some jurisdictions already manage these types of services. Such a dramatic expansion of local government's role will likely require legislation change and might challenge the will of the State government. However, if it can be shown to be in the interests of the metropolitan community then it should be considered.

These suggestions also raise the question of how these services would be funded, or whether local governments can attract and retain the right calibre of staff to deliver them. It might also mean that services would be more responsive and more accountable to local residents.

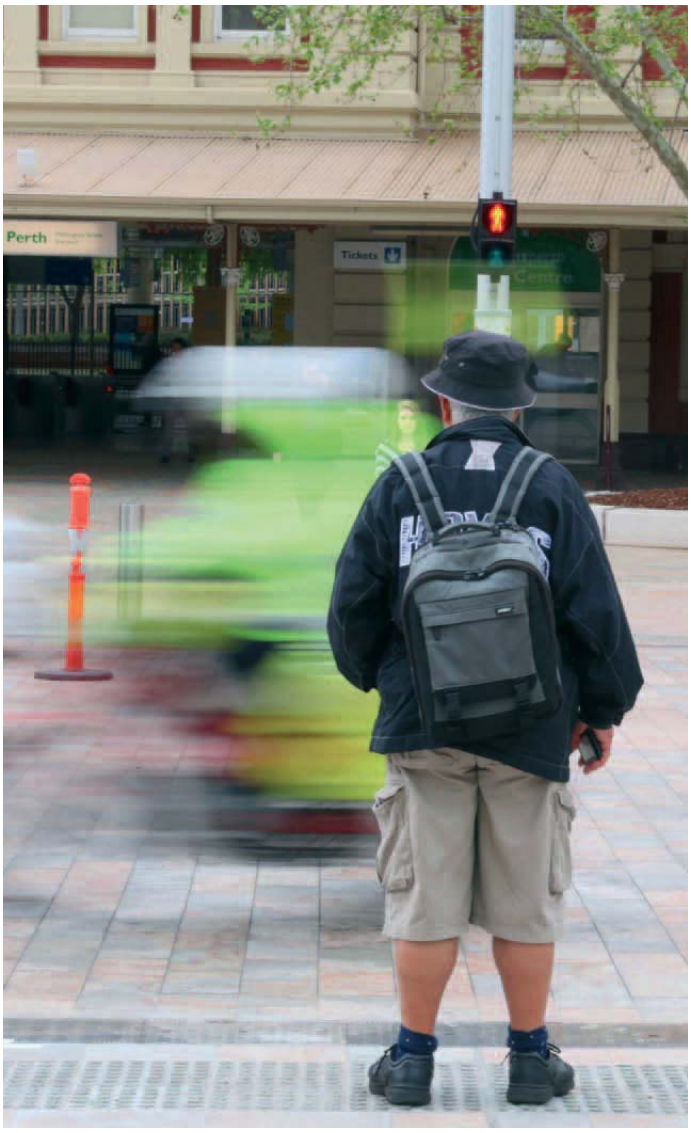
KEY QUESTIONS

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

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

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

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



KEY QUESTIONS

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

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

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

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

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

Some future principles for good governance might include:

» Leadership
» Cooperation and collaboration
» Accountability and transparency
» Equity
» Form follows function
» Subsidiarity
» Sustainability.

'Subsidiarity' means that services should be delivered by the most local level that has sufficient scale to reasonably deliver them. Our present challenges may in part be a failure to appropriately specify the correct level at which decisions are made and services are provided. Shared services might be an option for service delivery.

What's needed is reasonably clear - local governments that do more than efficiently deliver basic services. We need to:

» build councils with capacity and strategic capability to cope with the challenges of growth
» develop a strategic vision for metropolitan Perth, a long term perspective
» balance short term costs or savings against the long term needs of the community
» share the costs across the region in a fair and efficient way
» design a structure around community engagement and representation of citizen's interests that builds community capacity
» create the right interface of government with the organisations of civil society
» design a system able to evolve and respond to changing circumstances
» establish the right balance between civic leadership and civic management
» develop a strategic vision for metropolitan Perth that is capable of being implemented.

OPTIONS AND BALANCE

The options to establish the most effective local government structures might require changes to the legislation, including the Local Government Act. One option is to make councils larger and establish an advisory network of community committees. Another is to retain the existing local governments, but strengthen regional coordination.

Other considerations include, for example, rethinking the roles of Mayors and Chief Executive Officers (CEOs) and the related issues of whether there should be compulsory training for elected members, and whether the process for council appointments of CEOs could be improved. We want to ensure that Perth's local governments have the most effective councils with the best possible CEOs.

Maybe Perth could have an Executive Mayor for the whole city like London? These and other possible options will need to be considered by the panel.

Ultimately the challenge is finding the right balance between economic efficiency, strategic capacity and global competitiveness on the one hand and local responsiveness and accountability on the other.

6. Present a limited list of achievable options together with a recommendation on the preferred option.

Any final recommendation on the number of local governments and their boundaries will be framed around the conclusions the panel reaches about what is in the best interests and needs of the community of metropolitan Perth.

OTHER ISSUES

As the review progresses, the panel are likely to consider a range of other relevant issues that are not specifically mentioned in the Terms of Reference. This includes issues identified by review participants.

If you would like more information please visit the website: **metroreview.dlg.wa.gov.au**

KEY QUESTION

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

TOWARDS MORE EFFECTIVE METROPOLITAN GOVERNANCE

SUBMISSIONS

Submissions should consider the key questions flagged in this paper.

The questions are not necessarily exhaustive; you can respond to as many questions as you wish, as well as provide comments on other issues relevant to the panel's terms of reference.

Submissions should be sent to:
Metropolitan Local Government Review Panel
GPO Box R1250 Perth WA 6844
or mlgr@dlg.wa.gov.au

Submissions can also be made via the website:
metroreview.dlg.wa.gov.au

Telephone queries: (08) 6552 1448

If you would like this paper in an alternate format, please contact the Panel using the details provided above.

KEY DATES

Public submissions and responses to this issues paper are required by 23 December 2011.

The panel intends to release its draft conclusions in March 2012 (further comments will be invited at that time).

The panel reports back to the Minister by 30 June 2012.

All submissions will be placed on the panel website: metroreview.dlg.wa.gov.au.
If you would prefer this not to occur, please indicate this in your submission.