March 2014

State Council Meeting

FULL MINUTES
NOTICE OF MEETING
Meeting No. 1 of 2014 of the Western Australian Local Government Association State Council held at WALGA, 170 Railway Parade, West Leederville on 5 March 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
President 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

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
Acting Deputy CEO/EM Governance & Corporate Services
EM Environment & Waste
EM Marketing & Communications
EM Planning & Community Development
EM Infrastructure
EM Workplace Solutions
EM Business Solutions
Manager Governance
EO Governance and Strategy
Finance Manager

Ms Ricky Burges
Mr Tony Brown
Mr Mark Batty
Mr Zac Donovan
Ms Allison Hailes
Mr Ian Duncan
Mr John Phillips
Mr Nick Wood
Mr James McGovern
Ms Ana Fernandez
Mrs Tina Mosscrop

1.2 Apologies

Deputy Chief Executive Officer
Mr Wayne Scheg gia
OBSERVERS

- Cr Cheryl Cowell (Shire of Shark Bay)
- Cr Stephen Strange (Shire of Bruce Rock)
- Cr Malcolm Cullen (Shire of Coolgardie)

1.3 2014 WALGA Elections of President and Deputy President

In accordance with Clauses 16, 17 and 18 of the Association’s Constitution, nominations were sought for the positions of President and Deputy President of the WA Local Government Association by the Returning Officer, Ms Ricky Burges, WALGA Chief Executive Officer.

Ballot papers were distributed and State Councillors were asked to mark their preferred candidate for President by placing a tick next to the candidate’s name.

President

- Mayor Troy Pickard
- Cr Janet Davidson

The Returning Officer declared Mayor Troy Pickard President of the Association.

Ballot papers were distributed and State Councillors were asked to mark their preferred candidate for Deputy President by placing a tick next to the candidate’s name.

Deputy President

- Cr Lynne Craigie
- Cr Janet Davidson

The Returning Officer declared Cr Lynne Craigie Deputy President of the Association.

Cr M Wainwright left the meeting. 4.22pm

2. MINUTES

Moved: Cr J Davidson  
Seconded: Mayor R Yuryevich

That the Minutes of the Western Australian Local Government Association (WALGA) State Council Meeting held on 4 December 2013 be confirmed as a true and correct record of proceedings.

RESOLUTION 1.1/2014  
CARRIED
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.

The following State Councillors declared an interest for Item 5.9 Selection Committee Minutes:

- Mayor C Adams
- Cr D Thompson
- Cr C Mitchell
- Mayor H Zelones
- Cr F Reid
- Cr Steve Wolff
- Cr G Amphlett
- Cr L Short
4. **EMERGING ISSUES**

4.1 **Local Government Reform (05-034-01-0016 TB)**

_Cr Phil Blight – Central Country Zone_

Moved: Cr P Blight  
Seconded: Cr L Short

1. **That State Council:**
   
   (a) reject any moves by the State Government to force the amalgamation of Local Governments; and

   (b) adopt as a matter of policy that amalgamations, mergers and boundary changes be supported but only if introduced and supported by the affected Local Governments.

2. **That State Council write to the Premier and Minister for Local Government requesting that the State Government give an undertaking that each Local Government community be entitled to hold a poll if structural change of any form is proposed.**

**AMENDMENT**

Moved: Mayor H Henderson  
Seconded: Cr J Davidson  
Delete the word “mergers” in Part 1 (b)

**THE AMENDMENT WAS PUT AND LOST**

**THE ORIGINAL MOTION WAS PUT AND LOST**

Moved: Mayor R Yuryevich  
Seconded: Cr K Chappel

That the motion from the Central Country Zone on Local Government reform be considered by the Metropolitan Reform Implementation Policy Forum and the Country Reform Policy Forum for input to a future State Council agenda item.

**RESOLUTION 2.1/2014 CARRIED**

Cr Strange left the meeting 4.56pm.

**SECRETARIAT COMMENT**

The Association’s policy on Local Government reform is for no forced amalgamations and support for the recommendations and principles outlined in the Systemic Sustainability Study final report.

The SSS report encourages Local Governments to explore regional processes to integrate effective service delivery and infrastructure planning with appropriate political representation on a local basis.

The Association’s positions on Metropolitan Local Government Reform process were developed specifically for that purpose and does not impact the Association’s policy position of no forced amalgamations supporting voluntary reform.
The Association’s Metropolitan Local Government Reform position was developed and considered by a meeting of Metropolitan Mayors, a full Zone process and subsequently State Council.

The position is as follows:

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.

Further, in relation to implementation:

That, in the event Local Government reform proceeds, a staged 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.

In respect to the poll provisions, the Association’s position is to support the poll provisions as they currently stand, as per Schedule 2.1 of the Local Government Act 1995.

The issue of reviewing the current poll provisions is contained within the Terms of Reference of the Country Reform Policy Forum.

It should be noted by State Council that the following Zones have supported a similar motion to the Central Country Zone:

-Northern Country Zone
-Central Metropolitan Zone
-Goldfields Esperance Country Zone
-South West Country Zone
-Great Eastern Country Zone
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 **March 2014** be received.

   7.4 **CEO's Report**

   **Recommendation**
   That the CEO’s Report for **March 2014** be received.

8. **ADDITIONAL ZONE RESOLUTIONS**
   To be advised following Zone meetings.

9. **MEETING ASSESSMENT**
   Cr Simon Broad 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 on **9 May 2014**, commencing **9.00am** in Merredin.

11. **CLOSURE**
Agenda Items

5. MATTERS FOR DECISION

5.1 Interim submission to the ERA’s Cost Determination for Brookfield Rail (05-006-02-0005 PS) .......................................................... 9

5.2 Submission to the 2014 Heavy Vehicle Charges Determination Draft Regulatory Impact Statement (05-088-03-0001 PS) ........................................... 16

5.3 State Budget Submission 2014-15 (05-088-03-0001 PS) .................................................. 20

5.4 Microeconomic Reform Inquiry Submission (05-100-03-0001 PS) ........................................ 31

5.5 WALGA Submission – Childcare and Early Childhood Learning – Productivity Commission Issues Paper (05-065-03-0005/NP) ........................................ 42

5.6 Department of Planning: Planning Provisions for Affordable Housing Discussion Paper – WALGA Submission (05-036-03-0020 CG) ................................... 49

5.7 Affordable Housing: Opportunities for Local Government Background Paper (05-036-03-0020 CG) .......................................................... 62

5.8 Interim submission to the Productivity Commission’s Geographic Labour Mobility Study (05-051-02-0001 PS) ............................................. 119

6. MATTERS FOR NOTING / INFORMATION

6.1 Metropolitan Local Government Reform (05-034-01-0018 TL) ........................................ 127


6.3 Review of the Western Australian Community Resource Network (05-039-03-0001 EF) .................................................................................. 133

6.4 Community Pool Revitalisation Fund (CPRF) Update (05-019-02-0004 EF) ..................... 135

6.5 Water Resource Management Reform (05-064-01-0006MJB) ........................................ 137

6.6 Report Municipal Waste Advisory Council (MWAC) (01-006-03-0008 RNB) ....................... 140

7. ORGANISATIONAL REPORTS

7.1 Key Activity Reports

7.1.1 Report on Key Activities, Environment and Waste Policy Team (01-006-03-0017 MB) ........................................................................ 142

7.1.2 Report on Key Activities, Governance and Strategy (01-006-03-0007 TB) ................. 145

7.1.3 Report on Key Activities, Infrastructure (05-001-02-0003 ID) ........................................ 148

7.1.4 Report on Key Activities, Planning and Community Development (01-006-03-0014 AH) ......................................................................................... 153

7.2 Policy Forum Reports

7.2 Policy Forum Reports (01-006-03-0007 TB) ................................................................. 157
5. MATTERS FOR DECISION

5.1 Interim submission to the ERA’s Cost Determination for Brookfield Rail (05-006-02-0005 PS)

*By Paul Schollum, Policy Manager Economics*

Moved: Mayor H Zelones  
Seconded: Cr C Mitchell

That the Association’s interim submission to the ERA’s Cost Determination for Brookfield Rail be endorsed.

**RESOLUTION 3.1/2014 CARRIED UNANIMOUSLY**

**In Brief**

- The Economic Regulation Authority (ERA) oversees the determination of floor and ceiling costs for certain routes on the railway network managed by Brookfield Rail Pty Ltd.
- Brookfield Rail received an access proposal from Co-operative Bulk Handling Ltd (CBH) in December and informed the ERA of its determination of floor and ceiling costs regarding this proposal.
- The ERA will either approve Brookfield’s determination of these costs or alternatively, make its own determination.
- WALGA prepared an interim submission to the ERA’s consultation process for the determination. The submission highlights current issues with Brookfield Rail’s access charges, the discrepancies between road and rail pricing and the potential consequences of more grain freight by road.

**Attachment**

Interim submission to the ERA’s Cost Determination for Brookfield Rail

**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’s existing policy position in relation to grain freight follows:

That:

1. WALGA supports the recommendation of the Standing Committee on Environment and Public Affairs Inquiry into Closure of Tier 3 Rail Lines in the Central Wheatbelt;  
   a. “that the Government keep the central wheatbelt Tier 3 rail lines open until the end of 2014 to enable CBH Group to demonstrate the business case for retention of these lines, provided this does not impact on the funded upgrades to and maintenance of local roads”; and
b. “that the Wheatbelt Development Commission undertake an economic review of the appropriate grain transport infrastructure for areas serviced by the central wheatbelt Tier 3 lines in conjunction with the demonstration of rail operations on these lines”.

2. That funded upgrades to and maintenance of local roads to heavy haulage standards be supported; and
3. Retaining operation of central wheatbelt Tier 3 rail lines until at least the end of 2014 be referred to the Forum of Co-Chairs for consideration as part of the campaign to be run by the Association in the lead up to the 2013 State Election.

RESOLUTION 107.5/2012 (September 2012)

That:
1. the State Council note the State Government announcement regarding the Grain Freight Network funding and the allocation of funds in the attached summary documents;
2. the upgrading of Tier 1 and Tier 2 rail lines be supported;
3. the Transitional Assistance Package, and funding for further study be supported;
4. the State Council strongly advocate to the Minister for Transport that further funding be allocated to Local Government roads identified in WALGA’s mapping process but not funded in the recently announced assistance package;
5. it is reaffirmed that there be no closure or cessation of services on rail until adequate new funding is allocated from Government for roads to ensure that designated roads are upgraded and maintained, with road safety considerations paramount;
6. the preferred Local Government Strategic Grain Freight Routes outlined in Map F1 for bin to bin and bin to port carting be endorsed for discussions with government agencies, including Local Governments, Co-operative Bulk Handling, grain transporters and farming groups regarding the transport of grain from bin to bin and bin to port on local roads; and
7. WALGA meet with Main Roads, Department of Transport, Cooperative Bulk Handling (CBH), the Australian Railroad Group (ARG) and other key grain transport operators to determine what mechanisms are available to direct bin to bin and bin to port grain freight traffic onto identified routes.

RESOLUTION 138.6/2010 (December 2010)

That:
1. The Report prepared for the Freight and Logistics Council of Western Australia on behalf of the Strategic Grain Network Committee, December 2009, and its findings for the short, medium and long term direction of Western Australia’s grain freight network be noted;
2. Acknowledge, as outlined in the Report, that further work needs to be undertaken to determine strategic State and Local road networks and the costs to upgrade and maintain strategic road networks to meet the grain freight task;
3. There is no closure or cessation of identified rail lines until new funding is allocated from Government for roads to ensure that designated roads are upgraded and maintained, with road safety considerations paramount;
4. Local Governments be encouraged to review, in partnership with Main Roads WA, their heavy vehicle permit policies and network of routes used for inter-bin and bin to port movements on local roads to deliver a safe and efficient freight supply chain;
5. Support is given to Government to address distortions between road and rail pricing through legislative, regulatory and/or other mechanisms to ensure accurate pricing signals are sent to the grain freight transport market and to facilitate appropriate capital investment by Government and industry to deliver an efficient and effective WA grain supply chain;
6. Local Government in consultation with the State and Federal Government investigate alternative funding for Local Government to recover the increased cost of road damage by heavy haulage vehicles; and
7. WALGA discuss with Cooperative Bulk Handling (CBH) the need to ensure that its contractors follow its Code of Conduct which ensure contractors wherever possible avoid conflicts with school bus timetables/road routes and abide by the Restricted Vehicle Network rules that are applicable to the relevant road network.
RESOLUTION 34.2/2010 (April 2010)

That:
1. A broad policy position to keep, where economically viable, grain freight on an integrated road and rail transport network be endorsed;
2. The coordinated planning of a safe, strategic, efficient grain freight road and rail network, which considers Cooperative Bulk Handling and other market participants transport, storage and handling logistics strategies is endorsed;
3. Support is given to Government to address distortions between road and rail pricing through legislative, regulatory and/or other mechanisms to ensure accurate pricing signals are sent to the grain freight transport market and to facilitate appropriate capital investment by Government and industry to deliver an efficient and effective WA grain supply chain;
4. If grain freight rail lines close new funding is provided to Local Government to ensure that designated local roads are upgraded and maintained, with road safety considerations paramount, to meet the grain freight task;
5. Local Government reviews its current policy framework and standards for access by heavy vehicles on local roads and re-assess access by concessionally loaded and restricted access vehicles to local and regional road networks to deliver a safe and efficient freight supply chain; and
6. Local Government in consultation with the State and Federal Government investigate alternative funding for Local Government to recover the increased cost of road damage by heavy haulage vehicles.

RESOLUTION 549.4/2009 (August 2009)

Background

The rail network serving the WA Wheatbelt is recognised as being vital to the State’s grain industry, providing the means to quickly and cost effectively move the majority of grain to port for export. The rail network traditionally handled about 60% of the export grain task (measured in tonnes) and closer to 80% of the task measured in tonne-kilometres. Elimination of statutory marketing arrangements for wheat and other grains, deregulation of the grain storage and handling market and the replacement of network based freight pricing with individual bin pricing has resulted in more interchangeable use of road and rail transport.

The majority of the network used by grain trains is operated by Brookfield Rail, under long term lease from the WA Government through the Public Transport Authority. The Economic Regulation Authority (ERA) administers the WA Rail Access Regime, which is a framework ‘to ensure effective, fair and transparent competition on Western Australia’s railway network’.

The Regime is made up of the Railways (Access) Act 1998 and the Railways (Access) Code 2000 and oversees negotiations between rolling stock (above rail) operators and railway (below rail) owners, with negotiations based on regulated policies and practices established under the legislation.

The code requires the ERA to approve or determine floor and ceiling costs for any railway routes subject to third party access requests. In December 2013, Brookfield Rail received an access request from Co-operative Bulk Handling Ltd (CBH) and informed the ERA of its determination of floor and ceiling costs regarding this proposal. The ERA will either approve Brookfield’s determination of these costs or alternatively, make its own determination by 28 April 2014. As part of this process the ERA invited public submissions on ‘matters relevant to the determination of costs on Brookfield Rail’s network’.
Comment

The current WALGA policy position is that freight should be transport on rail. Where economically viable rail services are not available, roads should be upgraded and maintained such that the freight task can be conducted safely and with respect to the issues of community amenity.

The ERA’s consultation process is restricted to determining floor and ceiling costs for certain routes managed by Brookfield Rail. The Association’s submission highlights current issues with Brookfield Rail’s access charges, the discrepancies between road and rail pricing and the potential consequences of more grain freight by road.

The key points made in the submission are:

- Brookfield Rail’s access charges should relate to the level of service that is provided. Where lines have been poorly maintained, access charges for these routes should be set at a low level.
- Capital investment in the grain freight network has been heavily subsidised by Federal and State Governments. The determination should accurately reflect this public investment and should not enable Brookfield Rail to charge depreciation or a return on capital that it did not invest.
- Road freight in wheat growing areas is cross subsidised by other road freight network users in WA. Furthermore, the true cost of grain freight by road includes a number of additional costs, such as amenity, safety, and pollution impacts. Because road freight operators do not pay their true costs, this encourages over use of road relative to rail.
- The separation of above rail and below rail operations contributes to difficulties in establishing the economically optimal service levels for each line.

The ERA initially required submissions to be made by 3 February 2014 (though this has recently been extended to 7 April 2014). To meet the original deadline, the Association prepared an interim submission, subject to State Council approval. Before the Association’s comments were submitted, the Local Government Grain Freight Group, State Council Infrastructure co-chairs and the WALGA President were given the opportunity to provide comments. Support for the interim submission was obtained.
Dear Mr Threlfall

Interim Submission: Brookfield Rail Pty Ltd Floor and Ceiling Cost Determination

Thank you for the opportunity to respond to the Brookfield Rail Pty Ltd Floor and Ceiling Cost Determination. Please note that due to meeting schedules, this submission has not yet been endorsed by the Western Australian Local Government Association’s State Council. The Commission will be informed of any changes to this submission following consideration by the State Council.

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

In its consultation document, the Economic Regulation Authority (ERA) indicated that it received Brookfield Rail’s determination of floor and ceiling costs for certain routes and that this material is confidential as per section 50(3) of the Railways (Access) Code 2000. This adds some difficulty to preparing a submission on this topic, since the Association cannot comment on the validity of Brookfield Rail’s estimates of floor and ceiling costs. Local Governments have a strong interest in the outcome of this process due to their broad responsibilities in economic development of the Local Government area and their specific responsibilities for the provision of road infrastructure. An efficient and funded supply chain to enable grain to move from farms through storage and handling facilities to port is a critical component of the competitive viability of the grain industry in Western Australia. The Association has identified a number of important factors that it believes the ERA should consider in determining costs for the routes on Brookfield Rail’s network.

Access charges relative to maintenance levels

According to Co-operative Bulk Handling Ltd (CBH), grain supply chain costs in Western Australian are significantly higher than in other countries and rail access charges are the highest of all Australian States\(^1\). Furthermore, while access charges are high, there is evidence

that Brookfield Rail has not carried out sufficient routine maintenance on parts of the network to maintain the previously existing level of service. The condition of certain lines means that Brookfield has imposed speed and weight restrictions which then reduce the productivity of any above rail operator.\(^2\)

The Association understands that Brookfield’s lease agreement contains ‘fit for purpose’ performance standards to ensure the network remains in the condition required by network users. According to the Auditor General’s 2013 report on the lease agreement, the Public Transport Authority interprets the lease to mean that performance standards are set at year 2000 levels. Such performance standards are unlikely to reflect the needs of rail users.

The Association believes that Brookfield Rail’s access charges should relate to the level of service that is provided. Where maintenance standards have decreased, access charges for these routes should be set at a low level to reflect this.

Access Charges relative to Capital Investment

Capital investment in the grain freight network has been heavily subsidised by Federal and State Governments. The current lease agreement between the State Government (Public Transport Authority) and Brookfield appears to allow the network operator to not reinvest in the infrastructure. It is assumed that this situation has not changed and hence there will continue to be calls on government to contribute capital to infrastructure renewal of rail lines. It is important that the determination accurately reflects this public investment and does not enable the leaseholder to charge depreciation or a return on capital that it did not invest.

Competitive neutrality between road and rail

The ‘price’ paid by heavy vehicles for using road infrastructure is set by the ‘pay as you go’ system (PAYGO) using a combination of fuel excise and vehicle registration charges. These charges are effectively average prices set on a cost recovery basis as PAYGO revenue is used to cover the proportion of road expenditure that is attributable to heavy vehicles.

Because the charges are averaged over the whole road network, this provides a cross subsidy to heavy vehicles that carry heavier than average loads, travel further than average and travel on roads with higher than average marginal costs. Such cross subsidies clearly apply to grain freight by road in WA and have led to over use of road infrastructure relative to rail. This was anticipated by the ERA in its submission to the Productivity Commission’s 2007 freight inquiry:

Potentially this cross subsidy could have a significant impact on the competitiveness of rail versus road for grain haulage and/or on the long term sustainability of the rail network. If rail owners do not match the artificially low charge for road haulage they will lose tonnage to road. This would be suboptimal from society’s point of view as there would be an over use of road and associated under use of rail. However, if the rail owners do match the road haulage charge


in order to maintain tonnage then the revenue generated will not be sufficient to contribute to capital. This will result in a deterioration of the rail network\textsuperscript{4}.

The Association therefore believes that the current (artificially) low price for road infrastructure is an important consideration in determining Brookfield’s access charges.

In addition to the hidden subsidies, the true cost of grain freight by road includes a number of externalities, such as amenity, safety, and pollution impacts. Amenity impacts include the noise and vibrations as heavy vehicles travel through main streets and residential areas. The vibrations from heavy vehicles can also have implications for the integrity of heritage buildings in country towns. Additionally, greater use of heavy vehicles contributes to congestion in urban areas situated along freight routes.

Campaigns in WA have highlighted that many rural roads are unsuitable to accommodate large trucks and local traffic, such as school buses, tourist buses, farm vehicles and light vehicles. This is an important issue in WA’s Wheatbelt, since the ‘Wheatbelt North’ and Wheatbelt South’ regions already have the highest rate of serious crashes per 100,000 population in the State\textsuperscript{5}.

Even where the State Government has provided funding for upgrades to local roads so that the increased freight task can be accommodated more safely, this has not been accompanied by an increase in Local Governments’ operating revenue. Effectively this shifts freight infrastructure maintenance expenditure from Brookfield Rail and the State Government to ratepayers in the areas affected by line closures and restrictions.

**Separation of above and below rail operations**

The Association believes that the separation of above rail and below rail operations contributes to difficulties in establishing the economically optimal service levels for each line. In contrast, a vertically integrated rail company would have an incentive to maintain lines to a standard that optimises the returns on the combined investment in below rail infrastructure and rolling stock. For example, the combined operator may determine that the lowest total cost is achieved with limited investment in track and accepting lower performance standards. Alternatively, higher efficiency may be achieved with increased track investment. Brookfield Rail faces no such incentive to find the optimal service level. Again, this should be an important consideration when the ERA makes its determination.

Thank you again for the opportunity to comment. For enquiries please contact Paul Schollum, Economic Policy Manager, on 9213 2096 or pschollum@walga.asn.au.

Yours sincerely

**Ricky Burges**  
Chief Executive Officer

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5.2 Submission to the 2014 Heavy Vehicle Charges Determination Draft Regulatory Impact Statement (05-088-03-0001 PS)

By Paul Schollum, Policy Manager Economics

Moved: Cr K Chappel
Seconded: Mayor L Howlett

That the Association’s interim submission to the 2014 Heavy Vehicle Charges Determination – Draft Regulatory Impact Statement be endorsed.

RESOLUTION 4.1/2014 CARRIED UNANIMOUSLY

In Brief

- The National Transport Commission (NTC) recently completed a review of the ‘pay as you go’ (PAYGO) system, which consists of registration charges and Road User Charges (fuel excise) for heavy vehicles.
- The NTC recommends a number of technical changes to the PAYGO system intended to result in a more efficient and equitable structure of heavy vehicle charges and a more accurate estimate of the heavy vehicle cost base.
- The NTC is also recommending adjustments to the PAYGO system that would increase the proportion of revenue collected from Road User Charges and decrease the proportion collected from registration charges.
- The Association’s submission states that any changes to the PAYGO system should be fiscally neutral for all parties. Therefore, if registration revenue decreases, a share of Road User Charge revenue will need to be hypothecated to Local Governments in WA.

Attachment

Interim submission to the 2014 Heavy Vehicle Charges Determination

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

Nil

Background

Heavy vehicles contribute to the costs of using the road network through annual registration fees and a road user charge (RUC) levied on each litre of diesel fuel. This system of charging is known as ‘pay as you go’ (PAYGO). The charges are effectively average prices set on a cost recovery basis as PAYGO revenue is used to cover the proportion of road expenditure that is attributable to heavy vehicles.

The National Transport Commission (NTC) recently completed a review of the PAYGO system. The
NTC was asked to recommend an equitable and efficient set of charges that adequately recover the cost of road construction and maintenance for heavy vehicles over time. The review investigated a number of specific issues with the current system, such as: the need to improve the methodology for calculating pavement wear of different vehicle classes, finding the optimal split between registration fees and road user charges and the need to move from configuration (vehicle combination) based charging to axle based charging.

Note that the NTC charges review is narrower in focus and distinct from the Heavy Vehicle Charging and Investment (HVCI) Reform project. The HVCI Reform project is investigating changes to the heavy vehicle charging system itself, including alternative funding models and institutions. The NTC charges review, on the other hand, seeks to improve heavy vehicle charging within the structure of the current system.

In November 2013, the NTC produced the Heavy Vehicle Charges Determination Draft Regulatory Impact Statement (RIS) outlining its recommended changes. Following a short public consultation process, the NTC is required to finalise recommendations on heavy vehicle charges and present them to the Standing Council on Transport and Infrastructure (SCOTI) for approval in February 2014. (SCOTI consists of Commonwealth, State and Territory Ministers responsible for transport and infrastructure issues, as well as a representative from ALGA).

The draft Regulatory Impact Statement (RIS) presents a number of potential technical changes, such as: standard axle group charging for the articulated vehicle fleet, updated Equivalent Standard Axle (ESA) values and the use of more accurate data on vehicle numbers. The draft RIS also presents options that would increase the relative contribution of road user charge and reduce the relative contribution of registration charges to PAYGO revenue.

Option A of the draft RIS recommends a number of technical improvements to PAYGO but proposes that the road user charge (62%) and registration (38%) proportions remain constant. Options B and C suggest a greater proportion of revenue should be recovered by road user charge fuel charges (72% under option B and 79% under option C).

State and Territory Governments collect registration fees for the vehicles registered in their jurisdiction. In WA, the State Road Funds to Local Government Agreement 2011/12 – 2015/16 provides for 27% of vehicle registration revenue to be hypothecated to fund renewal and upgrade work on Local Government controlled roads. Therefore, options B or C, if implemented, would have implications for Local Government road funding. Relative to option A, option B would reduce WA's heavy vehicle registration charge revenue by $46.9 million (a 25.5% decrease). Option C would reduce this revenue by $83.0 million (a 45.1% decrease). The subsequent decrease in Local Government road funding would be $12.6 million under option B and $22.4 million under option C.

**Comment**

The Association's submission supported the proposed technical changes to PAYGO on the understanding that they would be likely to result in a more efficient and equitable structure of heavy vehicle charges and a more accurate estimate of the heavy vehicle cost base.

The Association did not support changes to the road user charge/registration split proposed in options B and C unless the impact of these options is ‘fiscally neutral to all parties’ – including Local Governments. In other words, if registration revenue is reduced and road user charge revenue is increased, some of the road user charge revenue should be hypothecated to WA Local Governments to match the funding that would have been received under the State Road Funds to Local Government Agreement.

The NTC required submissions to be made by 17 January 2014. Therefore, the Association prepared an interim submission, subject to State Council approval. Before the Association’s comments were submitted, the State Council Infrastructure co-chairs and the WALGA President were given the opportunity to provide comments. Support for the interim submission was obtained.
16 January 2014

Our Ref: 05-088-03-0001/ID:PS

Chief Executive Officer
National Transport Commission
L15/628 Bourke Street
MELBOURNE VIC 3000

Dear Sir


Thank you for the opportunity to respond to the draft Regulatory Impact Statement (RIS) for the 2014 Heavy Vehicle Charges Determination. Please note that due to meeting schedules, this submission has not yet been endorsed by the Western Australian Local Government Association’s State Council. The Commission will be informed of any changes to this submission following consideration by the State Council in March 2014.

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

The draft RIS for the 2014 Heavy Vehicle Charges Determination presents a number of potential technical changes (as detailed in the charging options A, B, and C). These changes include: standard axle group charging for the articulated vehicle fleet, updated ESA values and the use of more accurate data on vehicle numbers. The Association supports these changes on the understanding that they are likely to result in a more efficient and equitable structure of heavy vehicle charges and a more accurate estimate of the heavy vehicle cost base.

However, the Association is seriously concerned with the proposed changes to the road user charge (RUC) and registration charge proportions described in options B and C. Relative to option A, option B would reduce WA’s registration charge revenue by $46.9 million (a 25.5% decrease). Option C would reduce revenue by $83.0 million (a 45.1% decrease).

The Association is particularly interested in any potential changes to WA’s vehicle registration revenue. Under the State Road Funds to Local Government Agreement 2011/12 – 2015/16, 27% of vehicle registration revenue is hypothecated to fund renewal and upgrade work on Local Government controlled roads. Since Local Governments do not have the fiscal capacity to cover the required road expenditure, they are heavily dependent on funding transfers from the other levels of government. The following table shows the main sources of Local Government road grants and the significance of the hypothecated vehicle registration revenue:

<table>
<thead>
<tr>
<th>Source of WA Local Government road funding</th>
<th>2013-14 $m</th>
<th>2014-15 $m</th>
<th>2015-16 $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Road Funds to Local Government Agreement (Share of State Vehicle Registration Revenue)</td>
<td>161.4</td>
<td>167.9</td>
<td>177.4</td>
</tr>
<tr>
<td>Identified local road grants (Federal Government funding)</td>
<td>53.4</td>
<td>111.2</td>
<td>116.1</td>
</tr>
<tr>
<td>Roads to Recovery (Federal Government funding)</td>
<td>54.6</td>
<td>51.2</td>
<td>51.2</td>
</tr>
</tbody>
</table>
The draft RIS indicates that options B and C would require the implementation of:

“an intergovernmental agreement to redistribute the additional revenue provided by the higher RUC to states and territories to compensate them for the reduced registration revenue. It is envisaged that this redistribution mechanism would be designed to be fiscally neutral to all parties.”

Such an intergovernmental agreement should also include Local Government, to ensure the impact of these options truly is ‘fiscally neutral to all parties’. In the case of WA, the intergovernmental agreement should not only preserve the amount of revenue that the State Government receives, it should also preserve the road funding that Local Governments would have received as a proportion of registration charge revenue under WA’s State Road Funds to Local Government Agreement.

Thank you again for the opportunity to comment.

Yours sincerely

Ricky Burges
Chief Executive Officer
5.3 State Budget Submission 2014-15 (05-088-03-0001 PS)

By Paul Schollum, Policy Manager Economics

Moved: Cr F Reid
Seconded: Mayor H Zelones

1. That the Association’s interim State Budget Submission 2014-15 be endorsed, subject to the revised swimming pool funding request detailed in the report.
2. That WALGA undertake further research to assess the investment required from the State Government for the Metropolitan Reform Process.

AMENDMENT

Moved: Cr W Sanford
Seconded: Mayor T Roberts

3. That the South West Country Zone Items be referred to the appropriate WALGA Policy Units for further advocacy.

CARRIED

THE AMENDMENT BECAME THE MOTION

1. That the Association’s interim State Budget Submission 2014-15 be endorsed, subject to the revised swimming pool funding request detailed in the report.
2. That WALGA undertake further research to assess the investment required from the State Government for the Metropolitan Reform Process.
3. That the South West Country Zone Items be referred to the appropriate WALGA Policy Units for further advocacy.

RESOLUTION 5.1/2014 CARRIED UNANIMOUSLY

In Brief

- One of the protocols observed under the State / Local Government Agreement is the presentation of the WALGA State Budget Submission to the State Government.
- The submission is a much briefer document than in previous years – this reflects the weaker fiscal position of the State Government.
- The submission seeks funding for:
  - Metropolitan Local Government reform;
  - Restoring the Country Local Government Fund to previous levels; and
  - Supporting Local Government swimming pools.
- The swimming pool funding request has now been revised to reflect changes to swimming pool subsidies announced in the State Budget mid-year review in December (see attachment 2 for the revised funding request).

Attachments

Attachment 1: Interim 2014-15 State Budget Submission

Attachment 2: Revised Swimming Pool Subsidy request
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

Nil

Background

Every year the Association presents a State Budget Submission to State Government and the major Parties, outlining the key strategic investment opportunities for the State within the Local Government sector.

The Association’s State Budget Submission is a focused attempt to highlight where synergies exist for the State to invest alongside Local Government for mutual outcomes, or outcomes that provide advantages for Local Government and are consistent with State policy objectives.

The submission is a much briefer document than in previous years. This reflects the current fiscal challenges faced by the State Government. In delivering the 2013-14 budget, the Treasurer indicated that spending cuts and tax increases were necessary to control the State Government’s growing debt, which is expected to increase from $22 billion in 2013-14 to $28.4 billion in 2016-17. Furthermore, while the 2013-14 budget is expected to result in a surplus of $386 million, a deficit of $147 million is expected in 2014-15. As a result of this scenario of declining State Government revenues and increasing debt, Standard and Poor’s (a global credit rating agency) revised WA’s credit rating from AAA to AA+.

Local Governments have already been affected by expenditure cuts as the State Government seeks to improve its finances and, in the long term, regain the AAA credit rating. Some of the spending reductions that have already had an impact include:

- The Country Local Government Fund has been cut substantially – the allocation for 2013-14 is less than half of what was provided in 2012-13
- Grant funding for WALGA’s Road Wise Program has decreased by $1.4 million
- The $3,000 subsidy for Local Government swimming pools was cut from August 2013 onwards
- A $70 million reduction in funding for Local Government roads, as announced in the State Budget mid-year review.

Comment

Because of the State Government’s challenging financial situation, the Association has focused the submission on a few key areas: Metropolitan Local Government Reform, the Country Local Government Fund and subsidies for community swimming pools. The following table summarises the rationale for these investments in the sector:

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Investment</th>
<th>Summary Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Metropolitan Local Government Reform</td>
<td>$65m – $100m</td>
<td>If the State is to achieve the successful implementation of its ambitions for Local Government reform, it must provide the necessary budget allocations to resource change.</td>
</tr>
</tbody>
</table>
The CLGF has provided vital funding for rural community infrastructure, but needs to be restored to previous levels to address the still significant infrastructure backlog faced by regional Local Governments.

| Country Local Government Fund | $100m per annum (ongoing) | The CLGF has provided vital funding for rural community infrastructure, but needs to be restored to previous levels to address the still significant infrastructure backlog faced by regional Local Governments |
| Swimming pool subsidy | $720,000 in 2014/15, 2015/16 and 2016/17 | $4.02m per annum (ongoing) from 2017/18 |

Increasing the State’s contributions to Local Government swimming pools would be an effective investment in the health and wellbeing of Western Australians.

The Association’s State Budget Submission was lodged with the State Government as an interim submission in December. A final submission will be lodged following State Council endorsement in March 2014.

Proposed changes to the swimming pool subsidy request

The interim submission asked for $720,000 in swimming pool funding in 2014-15 as a continuation of the ‘Public Swimming Pools – Operating Costs Subsidy’. Under this scheme, which ceased in 2013-14, Local Governments were able to receive a $3,000 annual subsidy for swimming pools that they operated.

The Association’s original request for $720,000 consisted of $360,000 of swimming pool subsidy funding for 2014-15 and the same amount of catch-up funding for 2013-14 (this means the actual annual subsidy would have matched the $360,000 that was paid in 2012-13).

However, in the mid-year Budget review, the State Government announced it would provide $3.3 million for ‘Community Pool Revitalisation’ in 2014-15. This was in addition to the $3.3 million for 2015-16 and 2016-17 that was allocated in the original 2013-14 budget, as announced in August last year. The unexpected increase in funding as a result of the mid-year budget review will need to be incorporated into the Association’s final budget submission. Attachment 2 is a revised version of the swimming pool subsidy request.

By coincidence the amount requested for 2014-15 has not changed, even though the purpose of the funding has. The Association is now requesting $720,000 for Metropolitan swimming pools to complement the funding provided to regional swimming pools. The amount requested is based on the 24 swimming pools operated by Metropolitan Local Governments and grant amounts are $30,000 per eligible aquatic facility.
The Hon. Colin Barnett  
Premier of Western Australia

Dear Premier,

Thank you for the opportunity to provide a submission in advance of the 2014/15 State Budget.

Local Governments in WA appreciate that the State’s fiscal position is now more challenging than in previous years. Local Governments themselves also face financial difficulties – the sector’s capacity to raise revenue from rates becomes increasingly strained in slower economic periods and, as ever, the sector is reliant on the State and Federal Governments to help meet its funding needs.

While Local Governments need funding assistance, expenditure across the Public sector needs to be carefully considered to deliver maximum value to the taxpayer. Therefore, this submission focuses on the key areas where Local Governments and the State Government can most efficiently work together to deliver positive outcomes for WA communities:

- Metropolitan Local Government Reform has the potential to transform the Local Government sector in Perth, so that Councils have the appropriate structure and resources to respond to modern challenges and the expectations of their communities. Local Governments ask that the State Government provides the appropriate level of up-front investment to ensure the success of this initiative and so that Perth’s new Councils can effectively serve their communities from day one.

- The Country Local Government Fund (CLGF) needs to be reinstated to previous levels. The CLGF has provided vital funding for rural community infrastructure, but needs to be maintained to address the still significant infrastructure backlog faced by regional Local Governments.

- Increasing the State’s contributions to Local Government swimming pools would be an effective investment in the health and wellbeing of Western Australians.

Now, perhaps more so than at any time in our State’s recent history, is the time for cooperative and collaborative effort between all levels of government and all agencies, departments and stakeholders to ensure that collectively we do our very best on behalf of the people of WA.

This submission has identified the highest priority investment opportunities for the State in the Local Government sector, and we believe these to be critical to a sustainable future for Western Australia.

Yours faithfully

Mayor Troy Pickard  
President  
WALGA
Western Australian Local Government Association

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 Local Governments in Western Australia, including the Indian Ocean territories of Christmas Island and Cocos (Keeling) Islands.

The Association provides an essential voice for approximately 1,250 elected members and over 23,000 Local Government employees who service 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.

Local Government in WA

Your local governments employ an annual spend of over $3 billion in delivering services and infrastructure to the communities of Western Australia. This represents the equivalent effort of approximately 11% of the entire State budget.

Leveraging this annual spend with strategically targeted investments enables the State Government to achieve policy and service agendas more effectively and efficiently than if it were to do so without the engagement of local government.

Responsible Strategic Partners

Governing our communities, coordinating capital projects and delivering efficient and effective public services requires clear understanding of roles and responsibilities within the government hierarchy. Local Government performs important functions within that hierarchy and understands the strategic imperatives of the State in managing the economy for the good of all Western Australians.

Local Government is not just a sectoral interest within the WA economy. It is a strategically responsible contributor to the economic development of the State, and with an economic effort equivalent to 11% of the State Budget, local government is a responsible strategic partner for the State in maximising its public infrastructure and service delivery investments.

The current economic climate is not one that is conducive to ambit claims for funding, but rather, one that seeks a range of investments that will serve the State well in securing the wellbeing of all communities. Local Government suggests that the following investments will meet that criteria;

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Metropolitan Local Government Reform</td>
<td>$65m – $100m</td>
</tr>
<tr>
<td>2. Country Local Government Fund</td>
<td>$100m per annum (ongoing)</td>
</tr>
<tr>
<td></td>
<td>$3.9m per annum (ongoing) from 2017/18</td>
</tr>
</tbody>
</table>

Metropolitan Local Government Reform

Minimum Investment Required

$65m – $100m

Rationale

Successful implementation of Metropolitan Local Government Reform is critical to the future governance of the Perth Metropolitan Region.
Recent experience suggests that even relatively simple amalgamations have a multi-million dollar implementation cost, and this will be increased substantially with the added complexity of multiple local governments and the prospect of new regional service delivery and community engagement arrangements.

The 2011 amalgamation of the City of Geraldton-Greenough and the Shire of Mullewa cost $5.5m and KPMG estimated, in 2011, that the amalgamation of the Cities of Subiaco and Nedlands would cost $4.1m. Independent research indicates the 2008 Queensland amalgamations cost $186m with a median cost of $7.235m per new Local Government formed.

As a result, we anticipate that each of the ten proposed amalgamations in metropolitan Perth will cost between $6m and $9m in 2014 dollars. An allocation will also be required to support the significant boundary change proposals expected to affect the Cities of Stirling and Melville.

If the State is to achieve the successful implementation of its ambitions for Local Government reform, it must provide the necessary budget allocations to resource change.

We recommend an allocation of between $65m and $100m to enable the Government’s intended governance arrangements to be implemented.

Further resources should also be allocated in the forward estimates for implementation of the Government’s reforms pertaining to Regional Local Governments and waste management in the metropolitan area.

Country Local Government Fund (CLGF)

Minimum Investment Required
$100m per annum (ongoing)

Rationale
Since its launch in December 2008, the Country Local Government Fund (CLGF) has been highly valued as an integral component of the Royalties for Regions program, particularly by communities in country Western Australia. The CLGF has represented the most significant investment into country Local Government infrastructure in this current era and has changed the landscape of regional Western Australian communities through the provision of renewed and new infrastructure. There is however, a substantial backlog, still to be addressed.

The Western Australian Regional Development Trust (WARDT), in fact, recommended in the 2012 review of the CLGF, that the State Government ‘continue the CLGF at least at the current level of budget allocation’ and further ‘that WALGA’s previous estimate of Local Government’s infrastructure backlog at $1.75 billion is ‘potentially very conservative’.

Country Local Governments have welcomed the opportunity to have access to funds additional to their operational budgets and undertake projects and achieve outcomes for their communities they previously had to plan, save and go into debt for. Local Governments have gained a higher understanding of risk management to ensure that they are not dependent on funds such as the CLGF, however this does not diminish the desire to ensure that projects that have been strategically planned for by their communities are achieved in a timely manner, particularly via Royalties for Regions.

The objective of the Royalties for Regions Act 2009 is to promote and facilitate economic, business and social development in regional Western Australia through the operation of the fund. One of the central principles underpinning Royalties for Regions is that local decision-making in regional areas is fundamental. Given that Local Government is the closest level of government to the community it is essential that the CLGF is maintained to ensure that local planning and decision making is reflected in the new and renewed infrastructure undertaken in regional communities.
The WALGA State Council have acknowledged the importance of the CLGF by continuing their advocacy for the retention of the fund at a level commensurate with its original intent of addressing the country Local Government infrastructure backlog in non-metropolitan Western Australia.

It is recommended that $100m per annum is allocated to the Country Local Government Fund from the Royalties for Regions program. The fund should be reviewed in line with the Local Government Integrated Planning Framework to ensure its goal of addressing the infrastructure backlog is achieved.

**Aquatic Facilities**

**Minimum Investment Required**
- $720,000 in 2014/15, 2015/16 and 2016/17
- $4.02m per annum (ongoing) from 2017/18

**Rationale**
The 2013/14 State Budget announced that $6.6m would be provided over the 2015/16 and 2016/17 financial years for ‘Community Pool Revitalisation’. The funding would ‘maintain and upgrade infrastructure, improve pool facilities and purchase new equipment to ensure regional swimming pools are safe, well maintained and accessible to all’. Regional Local Governments are grateful for this assistance and the investment in the health and fitness of their communities.

While this funding is greatly appreciated, Local Governments have recently had to absorb the impact of the cessation of the ‘Public Swimming Pools Operating Costs Subsidy’. The removal of this subsidy has had a detrimental effect on Local Governments that provide this important service for their communities. Regional Local Governments will not have access to swimming pool funding until 2015/16 and metropolitan Local Governments no longer receive any swimming pool funding at all.

The Association believes that the State Government should address these needs for swimming pool funding. In doing so, the State Government would be investing in well utilised facilities that contribute to the health and wellbeing of Western Australians. Furthermore, this support is consistent with the key role of the Department of Sport and Recreation, which is to ‘contribute to the healthy lifestyle of Western Australians by increasing physical activity in the community through sport and recreation’.

The Association also believes the scope of the funding should be broadened to include spray water parks. Water park facilities are deemed to be aquatic facilities under the health regulations (2007) and as such apply to both water parks and public swimming pools. Most of these parks are located in regional and remote WA, where the cost and maintenance of a pool is simply prohibitive.

It is therefore important that the State Government addresses the current gaps in Aquatic Facilities funding by taking the following measures:

- Continue the Operating Costs Subsidy until the end of 2014/15
- Provide funding for Local Government pools in the Perth Metropolitan area
- Change the scope of the ‘Community Pool Revitalisation’ funding to a general ‘aquatic facility’ subsidy so that spray parks can be included
- Local Governments should be able to use the subsidy to cover either capital or operating costs
- From 2017/18, provide ongoing financial support for Local Government swimming pools
The following table shows the additional funding (indicated by the underlined amounts) that is required in the 2014/15 Budget to ensure sufficient and universal support for Local Government swimming pools:

<table>
<thead>
<tr>
<th></th>
<th>2012/13 Estimated</th>
<th>2013/14 Actual $'000</th>
<th>2014/15 Budget $'000</th>
<th>2015/16 Budget $'000</th>
<th>2016/17 Budget $'000</th>
<th>2017/18 Budget $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Swimming Pools – Operating Costs Subsidy</td>
<td>360</td>
<td>0</td>
<td>720*</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Aquatic Facility Subsidy (Regional)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>3,300</td>
<td>3,300</td>
<td>3,300</td>
</tr>
<tr>
<td>Aquatic Facility Subsidy (Metro Perth)</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>720#</td>
<td>720#</td>
<td>720#</td>
</tr>
<tr>
<td>Total</td>
<td>360</td>
<td>0</td>
<td>720</td>
<td>4,020</td>
<td>4,020</td>
<td>4,020</td>
</tr>
</tbody>
</table>

* Includes a funding allocation for the 2013/14 financial year.
# There are 24 Local Government run swimming pools in the Metropolitan area.

**Conclusion**

The WA Local Government Association believes that the simple yet essential investments are both reasonable and responsible within the State’s current economic context and will deliver direct and effective outcomes at the local level.

These investments represent value for money for the State Government and will help deliver on key commitments given to the community.
REVISED SWIMMING POOL SUBSIDY REQUEST

Swimming pool subsidy

Minimum Investment Required
$720,000 in 2014/15, 2015/16 and 2016/17
$4.02m per annum (ongoing) from 2017/18

Rationale
The 2013/14 State Budget announced that $6.6m would be provided over 2015/16 and 2016/17 for ‘Community Pool Revitalisation’. The funding would ‘maintain and upgrade infrastructure, improve pool facilities and purchase new equipment to ensure regional swimming pools are safe, well maintained and accessible to all’.

In the 2013/14 State Budget mid-year review, the State Government announced a further $3.3 million would be provided in 2014-15 for Community Pool Revitalisation. Regional Local Governments are grateful for this assistance and the investment in the health and fitness of their communities.

While this funding is greatly appreciated, the cessation of the ‘Public Swimming Pools Operating Costs Subsidy’ in 2013-14 means that metropolitan Local Governments no longer receive any swimming pool funding. The Association believes that the State Government should address this need for swimming pool funding. In doing so, the State Government would be investing in well utilised facilities that contribute to the health and wellbeing of Western Australians. Furthermore, this support is consistent with the key role of the Department of Sport and Recreation, which is to ‘contribute to the healthy lifestyle of Western Australians by increasing physical activity in the community through sport and recreation’.

The Association also believes the scope of swimming pool funding should be broadened to include spray water parks. Water park facilities are deemed to be aquatic facilities under the health regulations (2007) and as such apply to both water parks and public swimming pools. Most of these parks are located in regional and remote WA, where the cost and maintenance of a pool is simply prohibitive.

It is therefore important that the State Government addresses the current gaps in swimming pool funding by taking the following measures:

- Provide funding for Local Government pools in the Perth Metropolitan area
- Change the scope of the ‘Community Pool Revitalisation’ funding to a general ‘aquatic facility’ subsidy so that spray parks can be included
- Local Governments should be able to use the subsidy to cover either capital or operating costs
- From 2017/18, provide ongoing financial support for Local Government swimming pools
The following table shows the additional funding (indicated by the underlined amounts) that is required in the 2014/15 Budget to ensure sufficient and universal support for Local Government swimming pools:

<table>
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<tr>
<td>Aquatic Facility Subsidy (Metro Perth)</td>
<td>0</td>
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<td>720*</td>
<td>720*</td>
<td>720*</td>
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<td>Total</td>
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<td>4,020</td>
<td>4,020</td>
<td>4,020</td>
</tr>
</tbody>
</table>

* There are 24 Local Government run swimming pools in the Metropolitan area and the 2013-14 State Budget Papers stated that Community Pool Revitalisation grants are ‘up to $30,000 per aquatic centre’.
5.4 Microeconomic Reform Inquiry Submission (05-100-03-0001 PS)

By Paul Schollum, Policy Manager Economics

Moved: Cr D Thompson
Seconded: Mayor L Howlett

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.

Cr E O’Connell declared an interest.
Cr E O’Connell left the room at 5.12pm.

AMENDMENT

Moved: Mayor R Yuryevich
Seconded: Cr F Reid

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

THE AMENDMENT WAS PUT AND CARRIED UNANIMOUSLY

THE AMENDMENT BECAME THE MOTION

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 CARRIED UNANIMOUSLY

Cr E O’Connell returned to the meeting 5.18pm

In Brief

- In November 2013, the ERA released a discussion paper for its inquiry on microeconomic reform which detailed specific reform opportunities and sought submissions from interested parties.
- Potential reform areas discussed by the ERA included:
  o Public utilities;
  o State infrastructure planning;
  o Funding and utilisation of infrastructure;
  o State Government taxation reform;
  o Reducing red tape compliance costs; and
  o Product markets in WA.
- The Association made an interim submission in response to the ERA’s discussion paper in December 2013.
- The ERA will present its final report to the Treasurer in June 2014.

Attachments

Attachment 1: Interim Submission to the ERA Microeconomic Reform Inquiry

Attachment 2: Addendum to the Interim Submission to the ERA Microeconomic Reform Inquiry

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

At the December 2013 meeting, State Council made the following resolution regarding the ERA’s microeconomic reform inquiry:

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
Background

The Economic Regulation Authority (ERA) was recently 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 ERA states that the current inquiry on microeconomic reform will:

- Compare the State’s current economic performance against other States, the Federal economy and relevant international economies
- Identify those areas where reform will enhance the State’s economy and the changes needed to make the reforms work
- Prioritise the identified opportunities and their impacts on current and future growth and prosperity
- Identify those areas that warrant a more intensive inquiry due to the level of complexities of the likely impacts

In November 2013, the ERA released a discussion paper which detailed specific reform opportunities and sought submissions from interested parties. The ERA will consider these submissions and prepare a draft report. The release date for the draft report is not known, but the ERA’s final report is due to be presented to the Treasurer by June 2014.

Comment

The ERA required submissions to be made by 13 December 2013. Therefore, the Association prepared an interim submission, subject to State Council approval. Before the Association’s comments were submitted, the WALGA President and Deputy President were given the opportunity to provide comments. Support for the interim submission was obtained.

The Association made the following key points in its submission:

Public Utilities

- The Water Corporation should retain responsibility for key water infrastructure, but consideration could be given to privatising the service delivery function of the Water Corporation.

General Government Infrastructure – State Infrastructure Planning

- While Local Governments are required to provide ten year forward plans for infrastructure development and renewal, the same does not apply to State Government entities. This raises the risk of incompatibility between the plans of different levels of Government in WA.
- Any analysis of the recent effectiveness of regional infrastructure delivery through Royalties for Regions and Local Government must include an assessment of the impact of discontinuity in the funding available, frequent changes in policy and a high level of uncertainty in planning beyond the budget year.

General Government Infrastructure – Funding and Utilisation of Infrastructure

- Existing legislation, regulation and policy in WA restrict the provision of street lighting to Western Power / Synergy or Horizon Power in almost all situations. Furthermore, Local Governments have no influence in the type of service provided, the level of service or the cost.
- Any investigation of road user charging should consider the potential impact of more traffic using the local road network and parking around the fringe of charging cordons.

Taxation and Government Revenue in Western Australia

- The Association acknowledged transfer duty is an inefficient tax and that broadening either land tax or payroll tax could potentially be used replace the revenue that transfer duty collects. However, the Association did not support broadening the land tax on the grounds that land tax
on the primary residence would compete with Local Government rates. Additionally, the Association did not support broadening the payroll tax base if it included removing the current exemption for Local Governments.

Reducing the Cost of Complying with Red Tape
- The Association supported the retention of Local Government as the ‘permit authority’ and therefore opposed any move towards full private certification in WA.

Product Markets in Western Australia
- The Association outlined its policy position on the Liquor Licensing Act, i.e., that the legislation should:
  - Provide a more strategic and holistic approach to liquor licensing, with the capacity to better integrate local town planning and liquor licensing issues;
  - Provide more consistency between agencies;
  - Provide Local Government with more effective controls over new and existing licensed premises;
  - Include appropriate provision to more adequately protect the interests of surrounding communities; and
  - Provide better prosecution/penalty mechanisms.

The Association also submitted an addendum to its submission asking the ERA to investigate the benefits of exempting Local Government public works from the Environmental Protection (Clearing of Native Vegetation) Regulations 2004 (see attachment 2). This was as a result of State Council’s resolution at the December 2013 meeting to submit further correspondence to the ERA regarding native vegetation clearing exemptions.
Inquiry into Microeconomic Reform in Western Australia
Economic Regulation Authority
PO Box 8469
Perth Business Centre
PERTH WA 6849


Thank you for the opportunity to respond to the discussion paper on micro economic reform in Western Australia.

The Western Australian Local Government Association (WALGA or ‘the Association’) is the representative organisation for Local Government in Western Australia. The Association is an independent, membership-based group representing and supporting the work and interests of 137 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 23,400 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.

Local governments exercise an annual spend of over $3 billion in delivering services and infrastructure to the communities of Western Australia. This represents the equivalent effort of approximately 11% of the entire State budget and makes local government one of the most significant sectors of the WA economy, after the collective Resources sector. Hence local government has a keen interest in the objects of your Inquiry.

General Comments
The Association made an original submission in response to the initial issues paper seeking the identification of matters for consideration by the Inquiry and is happy to respond to the ERA’s further Discussion Paper. In doing so, we note that there are a range of issues detailed in “Appendix C: Sectors Proposed to be Excluded from the Present Enquiry”, and specifically acknowledge the reference to Planning Regulations.

The Association supports the exclusion of planning regulations from examination by the inquiry, particularly given the planning reforms proposed by the WA Planning Commission through the ‘Planning Makes it Happen, Phase Two’ program.

However, we would reinforce with the Authority our view that fees and charges for planning applications should be reviewed, as they are not currently cost reflective. We believe that this issue requires a separate investigation by the ERA. and encourage your discussions with the Treasurer, the Minister for Local Government and Communities and the Minister for Planning in this regard.

The following commentaries on the Discussion Paper are based on existing Association positioning and/or the professional views of its responsible policy professionals.

Public Utilities
1. Are there any significant benefits to the current system, where water supply and demand responsibilities are dispersed between the Water Corporation, the Department of Water, and Government Ministers? Could these functions be better managed?
2. What are the costs and benefits of implementing water restrictions? Are there alternative approaches to maintaining security of water supply that may be more efficient or effective?

3. Are you aware of any other opportunities for reform of the State’s urban water sector? If so, what are the likely costs and benefits of this reform?

Comment: Consideration could be given to privatising the service delivery function of the Water Corporation (reticulated sewerage and water supply). The Water Corporation should keep responsibility for key infrastructure, such as waste water treatment plants, desalination plants, major dams and urban drainage. Reticulated services could be privatised on a metropolitan wide or geographic boundaries (north and south) basis. Government could investigate the wholesaler/retailer model, as is currently in place in Victoria.

General Government Infrastructure State Infrastructu
1. Has the State’s process for project prioritisation resulted in the optimal provision of infrastructure? In particular:
   a. Is the Strategic Asset Management Framework (SAMF) a robust system, and does it effectively ensure that the State’s infrastructure priorities are well developed and implemented efficiently? If not, how can the process be reformed, and what are the costs and benefits of this approach?
   b. How might State Government investment planning strategy in Western Australia be improved?
2. Is State infrastructure planning consistent with national initiatives, and is Western Australia maximising the amount of funding available through Commonwealth sources via participation in the various national initiatives?
3. Should Western Australia establish a single State infrastructure fund similar to Infrastructure Australia, (such as recently recommended in Queensland by the Independent Commission of Audit into Queensland Finances) to consolidate State infrastructure funding and assessment?
4. What is the best system to plan and provide infrastructure to regional and remote areas of the State?

Comment: While Local Governments are required to publicly provide 10 year forward plans for infrastructure development and renewal, the same does not apply to government trading entities, departments and agencies. Consequently there is a high risk of disconnection between the plans of different spheres of government within the State. An example of this is the development of power, water and waste water infrastructure, particularly outside of the metropolitan area. The timing of industrial and urban developments which require involvement of a wide range of public entities requires strong coordination. Moves to establish an Infrastructure Coordination Committee type governance model in regional WA is a positive step. However, unless the plans are publicly available it is unlikely to fulfil its potential.

Any analysis of the recent effectiveness of regional infrastructure delivery through Royalties for Regions and Local Government must include an assessment of the impact of discontinuity in the funding available, frequent changes in policy and a high level of uncertainty in planning beyond the budget year.

In relation to general government infrastructure and the process for prioritisation there is a need to harmonise major infrastructure service corridors.

WA is potentially losing out on funding at a Commonwealth level. One example is the loss of $6m in competition payments for delaying signing the national water initiative.

In terms of the State approach to infrastructure funding, there could be a more strategic use of Royalties for Regions, but this should include consideration of regional and local infrastructure needs, as well as State priorities.

Options for planning and delivering infrastructure to regional and remote areas of the State should include through Regional Development Commissions, in partnership with Local Government.
Funding and Utilisation of Infrastructure
1. Are sufficient opportunities being identified for private sector participation and involvement in the provision of infrastructure? If not, what other opportunities could be provided and what are the costs and benefits associated with each approach?
2. In what circumstances should infrastructure costs be recovered through the application of user charges?
   a. If so, what are the costs and benefits of employing this approach?
3. In which circumstances would implementing time-of-use pricing for Government assets be appropriate in order to enable greater use of infrastructure and reduce peak-period costs? This might include:
   a. peak-period road user charge for major entry points into the city;
   b. a uniform road user charge for major entry points into the city that is levied on all users regardless of the time of day;
   c. off-peak leasing of Government assets to the private sector, such as sharing medical facilities or renting empty classrooms to private educators or day-care facilities.

Comment: Street Lighting Services
Legislation, regulation and policy in Western Australia restrict the provision of street lighting to Western Power / Synergy or Horizon Power in almost all situations. The customer has no influence in the type of service provided, the level of service or the cost. Street lighting technology is developing rapidly along with a range of innovative provision models. In other parts of the world, for example the United Kingdom, there are well developed public private partnerships that have enabled the adoption of newer, energy efficient technology without the need to draw on public capital. The partnerships involve Local Governments, major engineering contractors, infrastructure asset owners and in some cases electricity providers.

The business case costs and benefits will vary according to the condition of existing assets, costs of maintenance, energy costs and the capital investment required. The existing street light tariffs in Western Australia against which any alternate proposal would compete includes a return on capital and depreciation component; although the majority of assets have been gifted to the electricity distributor by land developers.

Comment: Road User Charges
Road user charges have not been formally considered by most Local Governments and given the very wide range of charging models that could be designed it is difficult to do so effectively. From a Local Government perspective any charging model needs to be cognisant of driver behaviour. In particular, a proposal to charge for use of major roads (freeways) will drive some proportion of the traffic onto the local road network, if this is practicable, leading to negative road safety and community amenity outcomes. Likewise parking around the fringe of charging cordons and the provision of effective alternative transport options must be included in the consideration of road user charging.

Alternative heavy vehicle road user charging models are being evaluated at a national level. However, the impact of these models on productivity in Western Australia and on the State’s competitiveness within a national and international context requires detailed analysis.

Taxation and Government Revenue in Western Australia
1. How might broad based taxes be implemented in Western Australia so as to lead to greater efficiency than current narrower taxes?
2. What inefficiencies or other issues arise from the current system of transfer duty on residential conveyances?
3. Would broadening the land tax in order to offset a decrease in transfer duty rates result in a more efficient tax system in Western Australia?
4. Would broadening the payroll tax in order to decrease the rates of transfer duty result in a more efficient and easier to implement tax system in Western Australia?
Comment: The Association recognises there is need to review the State Government’s transfer duty regime. Transfer duty can be considered an inefficient tax on several grounds:

- Transfer duty is a volatile source of revenue for the State Government since it relies on both the volume and value of transactions
- Transfer duty adds a substantial outlay to the costs of purchasing a home. This acts as a disincentive for people to move house, which causes the following problems:
  - Low turnover of ‘family’ sized housing, since older couples are discouraged from downsizing and young purchasers tend to buy bigger homes than they immediately need to avoid paying stamp duty in the future.
  - Workers are discouraged from moving closer to their jobs, which contributes to longer daily commutes.
  - Workers are discouraged from moving from areas with high unemployment to regions with labour shortages

However, the possibility of removing stamp duty raises the dilemma of how to replace the significant taxation revenue that it collects. Two potential options are 1) broadening the base for land tax, or; 2) broadening the base for payroll tax.

Land tax: The Association is opposed to the idea of broadening the current land tax regime. This would mean land taxes and Local Government rates would effectively have the same tax base. Therefore, applying land tax to primary residences could compromise Local Governments’ ability to raise sufficient levels of rates revenue to cover the costs they face. Furthermore, community attitudes to increases in rates are likely to worsen with the implementation of a land tax on primary residences, adding to the difficulty Local Governments would face if the land tax base was broadened.

The Treasury’s 2010 taxation review suggested that ‘a redesigned land tax system could be simply administered by aligning local government rates with the land tax’6. If a broadened land tax was to be introduced, Local Governments would not support the idea that they should collect land tax on behalf of the State. Local Governments already collect the Emergency Services Levy (ESL) for the State Government and have not been resourced appropriately for this task. While Local Governments are paid an annual administration fee to contribute towards the costs of billing and collecting the ESL, the administration fees funding pool has not increased since 2004-05.

Payroll tax: The Association does not support broadening the payroll tax base if this includes removing the current exemption for Local Governments. Applying the 2011-12 payroll tax rate and thresholds to WA Local Government wages data for the same year suggests the sector would have faced an aggregate payroll tax bill of $60 million. This would represent a significant impost on WA’s Local Governments since the sector cannot raise enough own-source revenue to cover expenditure on its current responsibilities and is reliant on the State and Federal Governments to meet the funding shortfall.

Applying payroll tax to Local Governments would suggest reciprocal taxation arrangements should apply. Under such a scenario, State Government entities would be liable for Local Government rates. However, the introduction of such rating is unlikely to provide the revenue necessary to cover the sector’s payroll tax liability. Furthermore, Local Governments’ capacity to raise additional revenue from State Government entities will vary according to the State Government presence in their district. In net terms, the introduction of reciprocal taxation would probably result in significant benefits to some Local Governments in WA, but most would be significantly worse off.

Reducing the Cost of Complying with Red Tape

1. Which outstanding recommendations of the 2009 Reducing the Burden report are the most important ones yet to be implemented?

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2. What other major red tape problems not addressed in the Reducing the Burden report need to be addressed?

3. What process improvements could be made to ensure that Government red tape is kept to a minimum?

Comment: Building Permit Approvals
The Association supports the retention of Local Government as the ‘permit authority’ and therefore opposes any move towards full private certification in WA. In discussions with the Building Commission and the building industry, the Association has strongly objected to any moves towards full private certification, to ensure that there is some impartiality to the approval of a building permit. As has been found in other States around Australia, if a Building Surveyor does not act in the public interest, there is a greater potential for the constructed building to be unsafe or unsuitable for occupation.

Retaining Local Government as the ‘permit authority’ eliminates the potential for conflict of interest arising, ensures compliance with other local government requirements, provides greater record keeping and auditing of the process, is more accessible for the general public to access information about local developments, and can ensure that complaints and compliance issues are managed centrally. As the overall objective of the new Building Act is to achieve greater consistency in the building permit process, a move towards full private certification would not provide the same level of transparency and accountability in this process. The Association supports the MBA request for additional resources to DFES to process building permits but does not support the issuing of interim certificates.

There is significant potential to improve process validity and decrease timelines by using consistent online systems such as the Councils Online system developed by WALGA for WA Local Governments. This system is already used for Building and Development Application submission by a small number of LGs and has been very well received by a large number of Builder organisations. The main impediment to uptake by more Local Governments is the failure by state agencies to mandate access to online submission services. Costs to implement Councils Online (or similar) are therefore placed into the discretionary category and, in many cases, fail to make it into budget projections.

The Association supports the autonomy of Local Governments to define and determine local variations to application processes. The Councils Online solution has been designed to allow for this while still maintaining a single user interface to business users. Variations unique to individual local governments are automatically applied based on address information. Councils Online harvests rich information from users in a consistent and simple way. The legislated data is still gathered so existing requirements continue to be fully met but the process is both more consistent and more transparent to users of government services.

Product Markets in Western Australia
2. Should the State’s current Liquor Licensing framework be maintained?
   a) What are the costs and benefits of the current system and of any alternatives?

Comment: The Association has the following position in regard to the Liquor Licensing Act (resolution Dec 2004); that the existing legislation should:
   • Provide a more strategic and holistic approach to liquor licensing, with the capacity to better integrate local town planning and liquor licensing issues;
   • Provide more consistency between agencies
   • Provide Local Government with more effective controls over new and existing licensed premises;
   • Include appropriate provision to more adequately protect the interests of surrounding communities; and
   • Provide better prosecution/penalty mechanisms.

Alcohol is not a benign commodity and has numerous harmful effects to the individual and the wider community, therefore regulation is required. The Victorian experience of deregulation has resulted in a dramatic increase in the number of alcohol harm related incidences.
Conclusion
Local Government comprises a vital component of the Western Australian economy and is happy to play its part in important micro economic reforms. Local Government is currently undergoing a major structural reform process in the metropolitan area and as a sector has undergone a range of administrative, process and strategic planning reviews in recent times. We look forward to the outcomes of the ERA’s investigations and eagerly anticipate its recommendations.

Yours sincerely

Ricky Burges
Chief Executive Officer
3 February 2014

Coordinator – Inquiry into Microeconomic Reform in Western Australia
Economic Regulation Authority
PO Box 8469
Perth BC WA 6849

Dear Sir/Madam

Submission Addendum: Inquiry into microeconomic reform

Once again, the Western Australian Local Government Association (the Association) would like to thank you for the opportunity to provide feedback to the Economic Regulation Authority’s Microeconomic Reform Inquiry.

In December 2013, the Association’s State Council discussed the Association’s submission to the Microeconomic Reform Inquiry’s Issues Paper and made a resolution that further correspondence should be submitted to the ERA to ‘strengthen the comments around native vegetation clearing exemptions’. (Note that State Council is the decision making representative body of the Association’s member Councils and it is responsible for sector-wide policy making and strategic planning on behalf of Local Governments in WA.)

Consequently, the Association requests that the ERA accept this addendum to the submission the Association made in response to the Microeconomic Reform Inquiry’s Discussion Paper (submitted on 13 December, 2013). This addendum should be considered as a response to the ‘supplementary issues’ part of the Discussion Paper, i.e., ‘any other economically compelling reforms that could be considered by the ERA in the Draft Report’.

Native Vegetation Clearing Regulations

The Environmental Protection Act 1986 and the associated Environmental Protection (Clearing of Native Vegetation) Regulations 2004 (the regulations) provide a regulatory framework that prevents inappropriate clearing and minimises the impacts of clearing.

For Local Governments the key issue with the regulations is a lack of clarity about the roles and responsibilities for the sector and the effect of the regulations on the timeliness of the works Local Government has to undertake. Indeed, a number of the Association’s members have suggested that Local Government public works should be exempt from the regulations.

Government needs to finalise the review of the clearing regulations as a matter of urgency, as the continued delay is a major impediment to the maintenance and upkeep of the local road network, essential for both road safety and the effectiveness of the road transport task.

WALGA recommendation

That the ERA investigate the benefits of amending the Environmental Protection (Clearing of Native Vegetation) Regulations 2004 to provide clarity on Local Government roles and responsibilities. This should include investigating the benefits of exempting Local Government public works from the regulations.

Thank you for the opportunity to comment. For enquiries please contact Paul Schollum, Economic Policy Manager, on 9213 2096 or pschollum@walga.asn.au.

Yours sincerely

Ricky Burges
Chief Executive Officer
Cr E O’Connell returned to the meeting 5.18pm

Moved: Cr J Davidson
Seconded: Cr W Barrett

That the Association’s submission on the Childcare and Early Childhood Learning – Productivity Commission Issues Paper be endorsed.

RESOLUTION 7.1/2014 CARRIED UNANIMOUSLY

In Brief
- The purpose of the public inquiry is to research future options for childcare and early childhood learning, with a focus on developing a system that supports workforce participation and addresses children’s learning and development needs.
- The Association has developed an interim submission on the Childcare and Early Childhood Learning – Productivity Commission Issues Paper for consideration by State Council.

Attachment

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
Nil.

Budgetary Implications
Nil.

Background
In November 2013, the Australian Government asked the Productivity Commission to undertake a public inquiry into future options for childcare and early childhood learning, with a focus on developing a system that supports workforce participation and addresses children’s learning and development needs.
The Commission has asked specifically to report and make recommendations on:

- The contribution of children to workforce participation and child development;
- Current and future need for childcare in Australia, particularly given changes to work patterns, early learning needs, childcare affordability and government assistance;
- The capacity of the childcare system to ensure a satisfactory transition to schools, in particular for vulnerable or at risk children;
- Alternative models of care, including those overseas, which could be considered for a trial in Australia;
- Options within existing funding parameters – for improving the accessibility, flexibility and affordability of childcare for families with diverse circumstances; and
- The impacts of regulatory changes, including the implementation of the National Quality Framework, on the childcare sector over the past decade.

The Productivity Commission called for submissions in December 2013 with submissions due by 3 February 2014.

WALGA developed a submission based on member feedback and research on Early Years investment by Local Government. Due to the short time frame for initial submissions WALGA did not seek additional member feedback.

The Productivity Commission are seeking to release a draft report in early July 2014 and WALGA member feedback will be sought at this time. The final report to Government is scheduled for 31 October 2014.

**Comment**

Local Governments play an important role in supporting childcare and early learning throughout Western Australia, through regulation, facilities management and service provision.

According to the Department of Local Government and Communities figures, of the 940 Licensed Child Care Services in Western Australia (excluding Family Day Care) as at December 2013, 34 were licensed to Local Governments. Of those 34, 17 are licensed to metropolitan Local Governments and 17 to regional Local Governments. These centres remain licensed to Local Governments due to the commitment made by a Council or lack of alternative child care available in the area.

The growth in private sector provision of childcare services in many areas has reduced the need for Local Government involvement in service provision, however the level of Local Government involvement in terms of facility provision and maintenance remains significant.

The key points of the interim WALGA submission are structured onto four key themes:

- Regulation – Clarifying that Local Government interacts with childcare and early childhood learning through health and safety, planning and zoning laws.
- Infrastructure – Highlighting that Local Government is a critical partner in the provision, maintenance and planning of infrastructure for Early Years services and also an owner of a large number of facilities used for the delivery of early Years Services. Whilst acknowledging the introduction of the Integrated Planning Framework for Local Government.
- Support of Service Provision with Early Childhood Learning – Identifying that Local Government provides a range of programs and services to support early childhood learning such as public libraries, Better Beginnings and, toy resource centres/toy libraries.
- Other Services/General Comments – Identifying that Local Government provide or maintain public crèches and support for playgroups across the state.

- To meet the submission deadline of 3 February 2014 the Association prepared and Interim submission, subject to State Council approval. Before the comments were submitted, the WALGA President was given the opportunity to provide comments. Support for the interim submission was obtained.
Childcare Inquiry  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2600  
childcare@pc.gov.au

To Whom It May Concern:

RE: CHILDCARE AND EARLY CHILDHOOD LEARNING – PRODUCTIVITY COMMISSION ISSUES PAPER INITIAL SUBMISSION

Thank you for the opportunity to provide comment on the Childcare and Early Childhood Learning – Productivity Commission Issues Paper. This submission has been prepared by the Western Australian Local Government Association (WALGA) on behalf of Local Government in Western Australia. The Western Australian Local Government Association (WALGA) 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 138 Local Governments in Western Australia.

The comments contained in this submission have not yet been considered or endorsed by WALGA’s State Council, as such, please be advised that this is an interim submission and that the Association reserves the right to modify or withdraw the comments as directed by State Council.

Background

Local Governments play an important role in supporting childcare and early learning throughout Western Australia, through regulation, facilities management and service provision. Local Governments continued involvement is essential to ensure the delivery of effective services throughout metropolitan and non-metropolitan Western Australia, in line with goals and priorities set by COAG and others.

According to the Department of Local Government and Communities figures, of the 940 Licensed Child Care Services in Western Australia (excluding Family Day Care) as at December 2013, 34 were licensed to Local Governments. Of those 34, 17 are licensed to metropolitan Local Governments and 17 to regional Local Governments. These centres remain licensed to Local Governments due to the commitment made by a Council or lack of alternative child care available in the area.

The growth in private sector provision of childcare services in many areas has reduced the need for Local Government involvement in service provision, however the level of Local Government involvement in terms of facility provision and maintenance remains significant.
Regulation

As acknowledged in the Issues Paper Local Government interacts with childcare and early childhood learning through health and safety, planning and zoning laws. In a recent WALGA survey (June 2013), feedback from the sector regarding Family Day Care indicated some confusion across the sector in regard to legislative requirements (flexibility of operating hours, number of enrolled children) and local planning and building requirements (parking, outdoor play space, fee structure).

This can mean that some Local Governments place additional Council requirements and further restrictions on Family Day Care providers which unfortunately may act as a barrier in attracting Family Day Care Educator applicants. This could lead to a diminished ability for Family Day Care Services to be established and in any way meet the expressed need from families living within these areas for Family Day Care.

What this feedback highlighted was a need to further educate the sector about Family Day Care. As a result WALGA, the Department of Local Government and Communities and Family Day Care WA will produce a resource to assist the Local Government sector to better assess development applications by Family Day Care educators. It should be noted that the issues and confusion that exists is broader than Family Day Care.

Infrastructure

Local Government is a critical partner in the provision, maintenance and planning of infrastructure for Early Years services and also directly owns a large number of the facilities used for the delivery of Early Years services. At a State and Commonwealth level, there has been insufficient funding for building or maintaining the required infrastructure. Many facilities were built decades ago with funding from State and Commonwealth Governments, which has long ceased.1 Ageing facilities require more maintenance and some facilities are at the end of their asset life. Most Local Governments are unable to fund the construction of new facilities or continue to maintain facilities past their asset life cycle particularly when these facilities are provided free of charge with little or no cost recovery.

Although most Local Governments show great commitment and flexibility in working with local stakeholders in finding public space, many children’s services such as playgroups or toy libraries are housed in whatever space is available. This may include space not ideally suited to their needs. Further hampering cost recovery and availability of space is the issue that some of these facilities are for the sole use of a service, and even when they are not in full time usage, no other usage is able to be assigned. For example, in 2008 a MOU between WALGA, the Department of Health and the Department of Local Government was developed to clarify the roles and responsibilities of the State and Local Government in the provision of child health services.2 It did not address the financial arrangements and costs to Local Government. In 2003, the State Child Health Centre subsidy was abolished by the then State Government. The subsidy provided funding to support Local Governments with the operations of Child Health Centres.

Whilst the majority of metropolitan child health services operate from Local Government facilities, there is no legislative requirement for Local Government to provide facilities or support for child health services. Rather historical precedence has led to the dual State and Local Government responsibility for the provision of child health services. Many facilities are aging,

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not fit for purpose and have traditionally been provided at very low rent or no rent to State Government. Most do not have any formal leasing arrangements.

With changes to the Local Government Act 1995 regulations there was the introduction of the Integrated Planning Framework for Local Government. This framework provides the basis for improving the practice of strategic planning in Local Government by outlining minimum requirements. As a result many Local Governments are seeking a greater level of cost recovery or commercial lease agreements with the State Government. This aligns with the requirement for Local Government to formalise their asset management planning and evaluate best use of community assets under the Department of Local Government’s Framework. It is estimated that up to 30% of members are currently considering or progressing formal or revised lease arrangements.

Support of Service Provision with Early Childhood Learning

Local Government provides a range of programs and services to support early childhood learning, for example public library services. The State Library of Western Australia and Local Government public libraries are the only government funded agencies available for children from infancy that provide year round free access to resources and services that support literacy and educate parents in their role as their child’s first teacher.

The Better Beginnings program is funded by multiple services including the State Government, the Department of Regional Development through Royalties for Regions, Local Governments and Rio Tinto. Through Better Beginnings, Local Government libraries are the driving force behind early literacy activity in Western Australia. Every Local Government in Western Australia offers the program to families in their communities (reaching over 60,000 families annually); from providing the free books and reading packs to running regular Baby Rhyme Time sessions in libraries. Successful partnerships with WA’s 233 public libraries have seen the program grow effectively and sustainably. By registering for Better Beginnings, Local Governments, through their libraries, are able to access a range of components that build or complement their existing services including: delivering free books and reading kits to parents of newborns; running storytelling and parenting sessions at libraries; lending early literacy resources to child-care centres and playgroups; creating family reading centres in libraries; and, training practitioners delivering the program. Better Beginnings is an example of a successful inter-agency partnership where Local Government investment has led to quick benefits.

In Western Australia there are approximately 120 toy resource centres/toy libraries located all across the State. A Toy Library Officer is employed by the Local Government. Toy libraries operate on very little funding and often rely on Local Government support to provide a venue. Often these programs are run out of Local Government libraries or other community spaces. The involvement can consist of direct funding or management.

Other Services/General Comments

The WALGA Early Years Support and Investment Survey 2010 found that around 66% of Local Governments provided and/or maintained public crèches. Crèches are considered as occasional care model for the delivery of early childhood education and care. Outside of Local Government provision, there is very little funding and availability of crèches.

Local Governments support playgroups through the provision of community facilities to deliver playgroups. The peak body, Playgroup WA compared a number of Local Government area participation rates in playgroups and found a strong correlation between participation in a playgroup and positive Australian Early Development Index (AEDI) results. In the absence of

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any formal funding arrangements from State and Commonwealth Governments, Local Governments have still adopted a lead role in supporting playgroups across the state.

Local Government continues to face financial and revenue raising constraints which limit their capacity to take on additional unfunded roles and responsibilities. Despite these constraints, the sector’s involvement and investment into Early Years can be seen to demonstrate that Local Government partnerships are a key determinant of Early Years outcomes currently and into the future.

Thank you for the opportunity to comment on the Issues Paper. The Association looks forward to being involved in further consultation. For enquiries and additional information please contact Natalie Pizzata, Policy Officer - Community on 9321 2082 or npizzata@walga.asn.au

Please quote our file reference in all correspondence.

Yours sincerely

Allison Hailes
Executive Manager, Planning and Community Development
**5.6 Department of Planning: Planning Provisions for Affordable Housing Discussion Paper – WALGA Submission (05-036-03-0020 CG)**

*Christopher Green, (Planning Coordinator Reform and Improvement)*

**Moved:** Mayor R Yuryevich  
**Seconded:** Mayor H Zelones

That State Council endorse the interim submission to the Department of Planning regarding the Planning Provisions for Affordable Housing Discussion Paper.

**RESOLUTION 8.1/2014 CARRIED UNANIMOUSLY**

**In Brief**

- In October 2013, the Department of Planning released the Planning Provisions for Affordable Housing Discussion Paper for public consultation. This consultation closed on 9 December 2013.
- The Department’s discussion paper sets out four possible options for increasing the supply of affordable housing. These options range from focusing on delivering housing diversity as a proxy for affordability, to setting out mandatory requirements for affordable housing.
- An interim submission has been prepared to meet the public comment deadline and is submitted to State Council for endorsement.

**Attachment**

Interim submission to the Department of Planning, Planning Provisions for Affordable Housing Discussion Paper

**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**

Nil

**Budgetary Implications**

Nil

**Background**

In recent years, strong housing demand has caused the cost of housing in WA to rise dramatically leaving many on low and moderate incomes struggling to find housing that is both affordable and appropriate for their needs. In responding to this challenge, the State Government released ‘The State Affordable Housing Strategy, Opening Doors’ in 2011. The Strategy recognises that multiple factors affect the supply of affordable housing, including the planning and building statutory framework and approval process. The Strategy calls for the State Government to develop model planning policies and provisions for affordable housing which the Affordable Housing Discussion Paper explores.
The Discussion Paper outlines four possible options for the planning system to support the development of affordable housing in Western Australia, these include;

1. Focus on diversity, with no specific provisions for affordable housing.
2. Allow incentives for affordable housing
3. Allow incentives for affordable housing, with mandatory requirements only allowed in selected strategic areas.
4. Allow incentives and mandatory requirements for affordable housing

**Comment**

The Association is encouraged by the openness in which the Discussion Paper sets out possible options to encouraging the development of affordable housing. However, it is unfortunate that the Discussion Paper does not provide an aim and a set of objectives for planning in relation to the provision of affordable housing, or even frame a discussion concerning planning’s aim and objectives. The definition of affordable housing includes social housing as well as more general types of housing. Therefore it is not clear if the intention of the Paper is to discuss options for making housing more affordable in general, or to discuss mechanisms for securing a dedicated supply of affordable housing, including social housing, through land use planning.

The Association’s submission includes support for all four options outlined by Discussion Paper given that every community and development is different and as a consequence, each option will not work in every situation. Therefore any approach adopted by the Department should include a range of options that can be flexibly applied.

Whilst it appears that the Department is receptive to all possible planning options for affordable housing, it is evident that further research is needed to properly test and scrutinize the effectiveness of each of the options outlined by the Discussion Paper. Therefore the Association’s submission calls on the State Government to undertake further research and analysis to assess;

1. The impact of planning provisions, including those set out by the R-Codes, upon the cost of housing.
2. The impact of the application of private restrictive covenants by developers on housing affordability and possible powers to extinguish such covenants.
3. The possible introduction of ‘Social Impact Assessments’ to protect the loss of existing sources of different types of affordable housing through redevelopment.
4. Which planning incentives for affordable housing are likely to be effective for a range of development scenarios and to use these findings to develop guidance to aid Local Government in the application of such bonuses.
5. A scale and threshold within which mandatory affordable housing contributions can be introduced without adversely affecting the viability of development. These findings should be used to develop appropriate guidance for the Local Government sector.
6. The effectiveness of the limited application of mandatory provisions to selected areas.
7. The application of mandatory affordable housing targets whilst not affecting the viability of development.

The attached interim submission was presented to the Department of Planning in December 2013. In accordance with WALGA procedures, a copy of the interim submission was forwarded to State Council’s Planning and Community Development Co-chairs and the WALGA President for comment prior to submission to the Department. Support for the Interim submission was obtained.
INTERIM SUBMISSION TO THE
DEPARTMENT OF PLANNING

PLANNING PROVISIONS FOR AFFORDABLE HOUSING
DISCUSSION PAPER

December 2013

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INTRODUCTION

The Western Australian Local Government Association (WALGA) 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 139 Local Governments in Western Australia.

The Association provides an essential voice for over 1,200 elected members and approximately 14,500 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 comments contained in this submission have not yet been considered or endorsed by WALGA's State Council, as such, please be advised that this is an interim submission and that the Association reserves the right to modify or withdraw the comments as directed by State Council. The submission will be considered at the next State Council meeting to be held on the 5 March 2014.

COMMENT AND RECOMMENDATIONS

During the public comment period for the Planning Provisions for Affordable Housing, Discussion Paper, the Association sought comment from the Local Government sector to inform a representative submission to the Department of Planning and the Western Australia Planning Commission.

This submission reflects the main issues and concerns raised by the Association and Local Government in relation to the Discussion Paper.

GENERAL COMMENTS AND RECOMMENDATIONS

The Association welcomes the release of the Planning Provisions for Affordable Housing, Discussion Paper and the Department’s commitment to identifying land-use planning based solutions to issues surrounding the provision of affordable housing. The Association supports the State Affordable Housing Strategy in calling for the State Government to develop model planning policies and provisions for affordable housing and urges the State Government to achieve this through effective collaboration with the Local Government sector.

The Association is encouraged by the openness in which the discussion paper sets out possible options to encouraging the development of affordable housing and hopes that this stimulates valuable feedback for the Department and WA Planning Commission. However, it is unfortunate that the discussion paper does not provide an aim and a set of objectives for planning in relation to affordable housing, or frame a discussion concerning planning’s aim and objectives. The definition of affordable housing includes social housing as well as more general types of housing. Therefore it is not clear if the intention of the Paper is to discuss options for making housing more affordable in general, or to discuss securing a dedicated supply of affordable housing, including social housing, through land use planning.

The role of planning in delivering affordable housing

Given the planning systems role in managing the development of land and regulating the supply of housing across Western Australia, it should also play an important role in helping to facilitate the development of affordable housing. However, the planning system is just one of a multiple number of elements involved in the provision of affordable housing. Therefore, the limitations of the planning system in delivering solutions to the issues affecting affordable housing should also be recognized.
Recommendation:
1. That the State Government clearly defines the roles and responsibilities of each tier of government concerning the provision of affordable housing, together with those of private sector developers and ‘not for profit’ community housing providers.

The effectiveness of planning mechanisms to deliver affordable housing

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<th>Mechanism</th>
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<th>Unsure</th>
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<td>Barrier reduction strategies (e.g. limits on restrictive covenants)</td>
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<td>Protective mechanisms (e.g. prevent or mitigate demolition or loss of affordable housing)</td>
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<td>Planning incentives (e.g. density or height bonuses)</td>
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<td>Voluntary negotiated agreements (e.g. as part of broader rezoning process)</td>
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<td>Mandatory provisions (e.g. provide land, housing or cash for affordable housing in each development)</td>
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Barrier reduction strategies (e.g. limits on restrictive covenants)

The removal of development barriers may help housing developers to reduce development costs. In turn these savings may be passed onto housing purchasers; however the removal of such barriers does not guarantee the development of affordable housing.

Whilst some housing developers are often quick to blame the planning system and its requirements for causing delay and adding significantly to the cost of development, planning approval is just one of many approvals required as part of the development process. Furthermore, Local Planning Scheme requirements are introduced with a clear objective and purpose that is supported by both the local community and WAPC for a wide range of environmental and social reasons. As such, whilst the removal of some planning requirements may help to reduce development costs, care is needed any deregulation is not to the detriment of other planning goals.

At the same time as being critical of planning requirements, developers often apply private restrictive covenants to their development projects. Restrictive covenants are particularly common in new ‘greenfield’ developments where they are used by developers to mandate a minimum dwelling size, which presents a clear barrier to increasing the supply of more affordable housing. To overcome this, it is recommended that the capabilities of Local Government, through their Local Planning Schemes are extended to enable extinguishing of inappropriate covenants.

Recommendation:
2. That the State Government provide information concerning the impact of planning provisions upon the cost of housing, including those set out by the R-Codes, together with guidance relating to the use of planning provisions, particularly concerning the development of affordable housing.
3. Further research is undertaken to assess the impact of private restrictive covenants on housing affordability. Where such covenants are found to restrict the supply of smaller and more affordable homes, Local Governments are afforded the necessary powers to extinguish such covenants.
Protective mechanisms (e.g. prevent or mitigate demolition or loss of affordable housing)

Protective mechanisms are likely to be effective in areas under significant redevelopment pressures often in areas where ‘gentrification’ is occurring and where the loss of affordable housing types can be easily recognized. For example in inner and middle urban areas, controls to prevent the loss of boarding houses and residential hotels as a result of development pressures may be effective. Similarly in outer suburban and regional, coastal and rural areas, caravan parks may be a source of affordable housing and be under pressure for redevelopment.

However, whilst seeking the protection of such types of affordable housing may be a justifiable planning goal, redevelopment opportunities that increase the overall housing supply should not lost. To overcome this, for some forms of development it may be appropriate to require developers to provide a ‘Social Impact Assessment’ (SIA) as part of a subdivision or development application. Such assessments have proved to be successful in New South Wales, where, for example Port Macquarie-Hastings Council require a SIA for development that results in the removal of affordable housing or has the potential to displace or disadvantage local community groups.

Recommendation:
4. That the State Government investigates the possible introduction of ‘Social Impact Assessments’ to protect the loss existing sources of different types of affordable housing through redevelopment.

Planning incentives (e.g. density or height bonuses)

The successful application of density bonuses by Local Governments in Western Australia to permit the development of ancillary dwellings has proved so successful that in August 2013, the R-Codes were amended to include similar provisions. Nevertheless, whilst this incentive has been successful in encouraging the development of smaller dwellings, this has not guaranteed the development of affordable housing, or even more, the types of affordable housing needed to satisfy community demand. Furthermore, not all planning incentives will be effective in promoting affordable housing. For example, height bonuses are likely to add significantly to the cost of construction and therefore may not be readily taken up by developers. In low rise suburban areas height bonuses may encounter community opposition. Accordingly, incentives will need to be appropriate to the local area, backed by research determining whether the bonus offered will be effective in encouraging the development of affordable housing and will not give rise to any unintended negative consequences.

Recommendation:
5. That the State Government initiate research to determine which affordable housing planning incentives are likely to be effective for a range of development scenarios and develop guidance to aid Local Government in the application of such bonuses.

Mandatory provisions (e.g. provide land, housing or cash for affordable housing in each development)

Mandatory affordable housing provisions have proved to be successful elsewhere in Australia and internationally. The benefit of mandatory provisions is that they provide a guaranteed outcome and offer certainty to both Government and housing developers. In addition, with the use of effective supply and demand monitoring, the supply of affordable housing can be monitored to determine the effectiveness of the approach adopted and whether further policy intervention is needed.

It is critically important that if introduced, mandatory affordable housing provisions are set at level and scale that does not make housing development unviable, as this is will have the undesirable effect of restricting the supply of homes; thereby compounding some of the problems associated with the supply of affordability of housing. Depending on the level of contribution mandated, it may be necessary to offer developers incentives to offset the loss in revenue brought about by
mandatory requirements. Further, as every development is different, the ability of each development to provide an affordable housing contribution will vary. As such, the application of mandatory affordable housing requirements will need to be applied with a degree of flexibility. The flexible application of mandatory provisions should also be used to help ensure that these provisions do not result in the development of affordable housing types in unsuitable locations.

**Recommendation:**

6. That research is undertaken by the State Government to determine a scale and threshold within which mandatory affordable housing contributions can be introduced, for a range of development scenarios, without adversely affecting the viability of development. These findings should be used to develop appropriate guidance for the Local Government sector.

**Option 1: Diversity is used as a proxy for affordability**

Undoubtedly, one of the biggest challenges facing the planning system is the need to deliver greater diversity in the housing stock. This issue is especially critical given that the number of single person households is predicted to significantly increase as a result of the State’s ageing population and recent trends for smaller households as a result of lifestyle choices.

The option of using diversity as a proxy for promoting affordability represents the current land-use planning response to the issue of housing affordability. This current approach is failing to provide affordable housing and any real housing diversity. Homes in Western Australia are considerably larger than those found elsewhere in Australia. Within the Perth Metropolitan region, almost half of all homes have four or more bedrooms which is considerably greater than the national average of 30% of homes. Yet, despite the large size of homes, 24% of all homes within the Perth region are occupied by single person households with the region having an average of 2.4 persons per household. As well as directly increasing the costs of homes, the large size of homes coupled with the low density of development adds to the urban sprawl reducing the affordability of living through increased commuting distances.

As the discussion paper notes, this option will help to deliver a range of products, “but does not ensure that they will be affordable to people on lower and moderate incomes.” This because this option generally serves only to encourage the provision of smaller dwelling types, which by their reduced size, are generally considered to having a reduced construction cost and thereby be more affordable. This approach does not ensure the delivery of a supply of homes that are affordable to those on medium to low incomes. As such, whilst the land-use planning, affordable housing response should seek to provide greater diversity in the housing stock, this pursuit can only be one part of a wider commitment to increasing the supply of affordable homes.

**Recommendation:**

7. The Association supports increasing housing diversity, however this option by itself will not deliver affordable housing and therefore should be adopted alongside a greater commitment to increasing the supply of affordable homes.

**Option 2: Allow voluntary incentives**

Depending upon their nature, type and scale, voluntary incentives may be an effective mechanism for promoting the development of more affordable housing. Indeed, the success of voluntary incentives has been experienced by Local Government with examples including the cities of Fremantle, Swan and Vincent in facilitating the development of small ancillary dwellings through density bonuses. However, whilst these approaches have supported the delivery of smaller homes, they have not delivered affordable housing in line with the Discussion Paper’s 30/40 definition of affordable housing.

It is also important to note that voluntary incentives often come at the expense of other, wider planning aspirations. Further research is needed to examine the impact of voluntary incentives, both in terms of their potential to deliver affordable housing and also their potential to compromise other
strategic planning goals. The results of this research may, or may not suggest that the application of incentives should be limited to relatively small scale incentives, which may make a significant difference to viability of a smaller development schemes, but will not harm strategic planning goals.

**Recommendation**

8. That the application of voluntary incentives for affordable housing is reserved pending the results of the research examining their effectiveness as set out by recommendation 5.

**Option 3: Allow mandatory provisions in selected areas**

Allowing mandatory provisions on private land, but only in ‘selected strategic areas’, may be regarded to be an effective way to ensure that affordable housing is delivered in suitable areas. However, depending upon the level of mandatory contribution demanded, restricting the application of mandatory provisions to ‘strategic’ areas is likely to inappropriately distort the housing market and have the effect of forcing development away from strategic areas and into non-strategic areas where the same provisions do not apply. Such an outcome would to be contrary to planning’s aims and objectives which would surely be to encourage development in strategic areas.

**Recommendation**

9. That the State Government investigates the effectiveness of the limited application of mandatory provisions to selected areas.

**Option 4: Allow mandatory provisions in all areas**

As stated previously, mandatory affordable housing provisions have proved to be successful elsewhere in Australia and internationally. Given their success elsewhere, it is queried why the discussion paper states that the introduction of mandatory provisions “would not, however, preclude the need for Local Governments to justify their introduction through needs analysis as part of their local planning strategy and local planning scheme”. Furthermore, if the intention is to let Local Governments decide whether or not to introduce mandatory affordable housing provisions, it will almost certainly lead to the creation of a two tiered planning system, whereby mandatory provisions are applied in some areas are not others. This has the potential to jeopardise development in those areas seeking to apply mandatory contributions and encourage housing developers to focus their attentions to areas without such provisions. Therefore, as a result of the competition for new development between Local Governments, mandatory provisions supporting the development of affordable housing would be unlikely to be applied.

It is recommended that affordable housing targets are set by the State Government at the state and regional levels, including a broad framework providing details of how this target will be achieved through a mix of supply options including mandatory provisions. The framework of regional targets would need to offer Local Governments enough flexibility to achieve the regional targets whilst also having regard to local circumstances. For example, at the regional level there may be a target for a total of 1,000 affordable homes with an aspiration of achieving this target through various different contributions including a mandatory 10% contribution from developments over 9 or more units/ lots. Meanwhile, at the local level, community need and housing market conditions may dictate that slight amendments are needed to the mix of components set out by the regional targets.

It may not appropriate to develop certain types of affordable housing in all locations, for example senior housing development would be inappropriate in isolated areas, located away from community services and public transport. Therefore it is suggested that mandatory provisions are flexibly applied, allowing a negotiated outcome to be achieved, for example a developer may wish to reduce the affordable housing contribution on one site in return for a higher contribution on another. Alternatively, cash in lieu contributions could be sought and used to help fund community housing providers in the provision of affordable housing development on more appropriate sites elsewhere. It is also recognised that in a number of instances, particularly in the early stages of the adoption of a mandatory requirement policy, mandatory requirements may make some developments unviable. Therefore, it will be necessary to ensure that development approval process allows more realistic
affordable housing contributions to be agreed with applicants having regard to the overall viability of individual sites. In order to achieve this, applicants should be given the opportunity to be able to reasonably demonstrate why, on an open book basis, it is not economically viable to satisfy the minimum level of provision.

The Local Government sector is not sufficiently resourced or in a position to conduct ongoing monitoring post development completion to ensure that affordable housing components delivered remain in perpetuity. However, the land use planning framework will need to ensure that conditions can be attached to planning approvals so the housing units or land provided as a result of the policy provision shall be maintained as affordable in perpetuity, either through the properties provided or through recycling any receipts from the sale of such housing to enable a similar number of other properties to be made affordable. It is recommended that this be achieved through the transfer of title to either the Department of Housing, or a not-for-profit housing provided approved and regulated by the Department.

Recommendation
10. That mandatory provisions are applied in all areas with the intention of satisfying broad, regional affordable housing targets as identified by the State Government, for example, 10% affordable housing for developments of 10 or more units, or lots.
11. Research is needed to ensure that the application of mandatory affordable housing targets do not affect the viability of development.
12. Although ‘mandatory’, such provisions should be flexibly applied allowing developers and decision making bodies to reach an agreed negotiated outcome based upon local affordable housing needs and the viability of the development. Developers should be given the creativity to determine how they wish to provide the affordable housing component, for instance whether through a development partnership with a particular community housing organisation, the gifting of land, cash in lieu, through the Department of Housing’s affordable living scheme or the creation similar scheme. Nevertheless, applicants should be required to give regard to local needs and demonstrate that the proposed affordable housing contribution satisfies a clear need. Applications that do not achieve this should be refused.
13. In support of mandatory provisions and to prevent developers evading such requirements, minimum development density targets together with measures to prevent inappropriately staged developments occurring should be applied.

Which level of government (State or local) should decide when and where affordable housing provisions (of any kind) are applied? How should this be determined?

The provision of affordable housing should be set within the context of the overall planning framework, with a vision/goal for the State, prepared by the State Government, with support from Local Governments to achieve this goal. Whilst the framework set by the State Government needs to be rigid enough to ensure a basic level of state wide consistency, it also needs to recognise each community is different and no single state wide solution will work. Therefore the approach adopted will need to offer an appropriate degree of flexibility to enable to application of local responses suitable to the diverse challenges and issues facing communities across Western Australia.

It is important that any response to the provision of affordable housing recognises the fact that local housing markets do not align to Local Government boundaries with many functional housing markets overlapping multiple Local Government areas. Therefore, collaboration is needed between the two spheres of Government, with regional analysis undertaken by the State Government provide regional level guidance for Local Government.

Which legislative, statutory or policy instruments (legislation, State planning policies, local planning schemes, etc) should include affordable housing references and provisions?

The multiple components of ‘affordable housing’, together with the complexity of introducing affordable housing provisions mean that a fully integrated approach is needed. This integration will need to successfully connect legislation and policy across multiple disciplines including planning,
housing and economic management and also connect both the State and Local Government together with the private and for profit sectors. References to requirements for affordable housing need to be backed up with appropriate heads of power.

**Which planning incentives are likely to be most effective in encouraging developers to deliver affordable housing (e.g. density bonuses, relaxation of height controls, prioritised planning approvals)?**

No single planning incentive will be effective in every situation; instead incentives will need to reflect local circumstances. For example in some areas, density bonuses may be effective whilst in others they will not. Reducing car parking requirements may be effective within activity centres or locations well serviced by public transport but are unlikely to be appropriate for outside of these areas. Therefore, whilst the application of incentives should be set within the context of an overall framework, there application should be left to the discretion of Local Governments who are best placed to determine which incentives will be effective given local circumstances.

**Are there any non-planning incentives that would be effective in encouraging developers to provide affordable housing (e.g. infrastructure costs, tax incentives)?**

It is important that a broad based approach is taken towards the provision of affordable housing and all non-planning based incentives should be investigated. This should include the direct provision of a range of affordable housing types by the State Government as well as taxation incentives to encourage the provision of affordable homes by both non for profit providers and the commercial sector. This investigation should also examine other statutory approval processes which may deter the development of affordable housing. For example, whether building and environmental health standards are costly to implement, particularly for the conversion of existing buildings and restrict the development lodging housing and other types of affordable housing.

Land availability is a critical factor affecting the affordability of housing. In examining issues concerning housing affordability, the State Government’s, Community Development and Justice Standing Committee found that “undeveloped land in Western Australia is relatively plentiful [and] 25,000 subdivided and undeveloped lots are being withheld from the market in the Perth region by developers.” To help resolve this, the Committee recommended that “the State Government investigate the feasibility of requiring developers to release developed lots within a specific timeframe, such as a differential land tax regime on long-term unimproved land”. The Association is supportive of this recommendation given that the current ‘stamp duty’ housing taxation regime together with the ‘Gross Rental Valuation’ (GRV) rating regime used in urban areas, provides little incentive for improving the value of land through development.

**In which locations or property market conditions are different incentives likely to be most effective (or ineffective)?**

Each development and community is different. The issues and challenges facing communities will vary as will a community’s level support for different mechanisms/approaches for providing affordable housing. Nevertheless, it is evident that in areas where affordable housing is being lost through redevelopment, incentives to protect the loss affordable housing through gentrification are likely to be effective. In other areas it may be necessary to promote the development of affordable housing by setting out requirements for diverse housing forms and promoting the development of smaller homes. Evidenced based research is needed to highlight scenarios in which different incentives are effective.

**How can incentives be applied in a way that does not result in them being capitalised into land value (and therefore eroded)?**

Planning reforms and incentives should seek to reduce the cost of the land rather than the cost of development so other planning objectives are not compromised. Furthermore given the relatively high price of land, it is landowners and land speculators who make the most profit from
development through windfalls gains rather than those involved in the construction of homes. Any planning incentives that simply reduce the cost of development are unlikely to result in the direct development of affordable housing, although developers may pass on some of these savings to housing purchaser. To ensure that affordable housing remains ‘affordable’ and that windfall gains are not made by the first purchaser of the property, development should be ideally delivered in partnership with either not for profit housing bodies or the Department of Housing. This will ensure that a proportion of housing stock remains affordable in perpetuity without the need for ongoing Local Government monitoring.

What types of mandatory provisions are likely to be the most effective? Provision of land, housing or cash, for example?

Again, each development is different. Different types of affordable housing and different levels of affordable housing contribution will be more appropriate on some sites than others given the nature of a development, its location and financial viability. As discussed in Option 4, in some instances it may be appropriate to seek a tangible contribution of affordable homes from a development, whilst in others cash in lieu contributions will be more suitable. The key is to ensure that flexibility is provided allowing developers and Local Governments to determine the most suitable approach for a site.

If mandatory provisions are introduced, at what scale of development should they take effect (e.g. 10, 50, 100 lots/dwellings)?

Detailed analysis of the financial viability and capacity of development to deliver mandatory provisions is needed to determine appropriate levels of mandatory affordable housing contribution. Research is also needed to accurately determine the level of affordable housing needed and the level of affordable housing that can be feasibly delivered given the frequency with which development occurs at certain scales. This research will help to identify whether mandatory affordable housing contributions by themselves will provide an adequate supply or whether further supply mechanisms are needed.

Whatever scale of mandatory provision is considered to be appropriate as a result of this research; minimum density standards together with anti-development staging provisions are likely to be needed to prevent developers from breaking up larger developments into a number of smaller components in order to avoid any contributions.

Applications for land subdivision (WAPC) and building development (usually local government) are determined separately in WA. How would affordability measures be applied at each stage and how are the implementation issues likely to differ?

This is a matter of detail and will depend upon what type of provision/incentive is being applied. Nevertheless, in general, subdivision and development applications should be treated in much the same way. If, for example if a 10% mandatory affordable housing contribution provision is operation, then it should be applied to subdivision or development applications to deliver either land or housing units (or alternatively cash in lieu contributions). Provisions should be applied at the earliest possible stage in the planning process to ensure certainty. Further, provisions should also not be applied twice, so if, for example, a subdivision application has already provided a contribution, then subsequent development applications on that land within the subdivision should not be required to make additional contributions.

Should affordable housing requirements relate to property value (rental or sale price), household income, or both?

The provision of the type of affordable housing should relate to evidence based local need and the appropriateness of a site, by way of its location and level of accessibility to deliver affordable housing. This may mean that in some areas properties are provided for purchase in support of ‘first
time buyers’ whilst in other areas affordable rental properties for persons aged over 55 may be needed.

**What evidence is needed to satisfy a planning authority that affordable housing conditions have been met at the time of subdivision or development assessment? For example: How can you prove that a dwelling will be sold below a certain price?**

The sale of homes below a certain price does not by itself mean that an affordable home is being purchased by a person in need of affordable housing. Furthermore, Local Governments are not well placed, nor should it be their responsibility to continually monitor development posted planning approval. It is suggested that any affordable housing stock generated as a result of development is managed either by a not for profit community housing provided, accredited by the Department of Housing, or by the Department of Housing itself through its affordable housing schemes.

**How can you prove that the purchasers or future occupants of affordable dwellings will meet relevant eligibility criteria (e.g. income)?**

A combination of income and assets held would perhaps be the most appropriate measure for ensuring that affordable housing is occupied by those in most in need. Nevertheless, it is important that the criteria used for determining appropriate occupiers of rented affordable homes, does not lead to occupiers being immediately forced out of their home should their financial situation improve. In such instances it may be more appropriate to seek a greater rent contribution.

Managing the occupation of affordable homes is, and should not be the responsibility of Local Government. The complexity of managing affordable housing is such that it would be better undertaken by either the Department of Housing or community housing providers.

**What (if any) agreements need to be in place with housing providers to take affordable dwellings on when they are complete?**

Housing developers should be given the flexibility to choose how wish to satisfy any requirement to provide affordable housing contributions, providing that the type of provision offered demonstrably satisfies local needs. If mandatory affordable housing provisions are applied, then decision making bodies will need to be satisfied with appropriate evidence that arrangements and agreements are in place for the management of homes, or for cash in lieu contributions.

**What (if any) controls are appropriate to ensure that the dwellings are used for affordable housing in the longer term?**

Ceding the ownership of affordable housing post construction by developers to not for profit, community housing providers is perhaps the easiest way of ensuring that affordable homes remain just so in the longer term. Shared ownership schemes could also be used to help limit the profit that the owner/occupier of an affordable housing property can make.

Alternatively, caveats could be placed on land/properties to ensure that future re-sales are maintained at pre-determined levels, (indexed to cost of living) below the market rate which would restrict inflation in the housing market and ensure a future supply of affordable housing. Another option could be to limit affordable housing/land sales and future purchases to accredited third-party agencies. In turn, these agencies would deem an appropriate price for the property based upon a range of factors including the nature of the property, sellers/purchasers income, flinical reserves etc.

The key in any approach is to provide a disincentive for people staying in subsidised housing for long term economic benefits and to maximise the funding available to promote the development of and manage affordable housing.
Is Western Australia’s affordable housing sector (government, not-for-profit and private) sufficiently resourced to purchase affordable dwellings that are created as a result of planning provisions? In which circumstances are affordable housing providers likely to be willing (or unwilling) to participate?

Housing affordability is a critical challenge facing Western Australia. Whilst housing developers may be reluctant to be providers of affordable homes, without the provision of adequate levels of affordable housing, the State’s communities and economy suffers. Further, although the current affordable housing sector in Western Australia may be regarded as being under developed, the application of affordable housing requirements will underpin growth within the sector. Furthermore, if flexibly applied, the application of affordable housing provisions could generate significant levels of cash in lieu contributions and a stock of land and housing that can be leveraged to further fund affordable housing investment within Western Australia.
5.7 Affordable Housing: Opportunities for Local Government Background Paper (05-036-03-0020 CG)

Christopher Green, (Planning Coordinator Reform and Improvement)

Moved: Mayor T Roberts
Seconded: Cr C Mitchell

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.

RESOLUTION 9.1./2014 CARRIED UNANIMOUSLY

In Brief

- In the middle of 2013, at the request of the Metropolitan Mayors Policy Forum, the Association prepared a Background Paper on Housing Affordability and the role of Local Government. The paper was noted by State Council at its meeting.
- The Policy Forum supported WALGA’s first paper and requested that a second paper be developed focusing on the current housing stock within the Perth Metropolitan Region and potential options available to Local Governments to influence the supply of affordable housing, through planning policy, rating strategies and partnerships with housing providers.
- The second paper (attached) was endorsed by the Metropolitan Mayors Policy Forum at the end of 2013.
- The suggested solutions and options outlined in the paper for Local Government to influence affordability are broadly relevant to the whole of the State and are submitted for endorsement by State Council.

Attachment

Affordable Housing: Understanding the Local Context & Exploring the Solutions

Relevance to Strategic / Business Plan

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

Policy Implications

Nil

Budgetary Implications

Nil
Background

High demand and limited housing supply has resulted in the cost of housing in Western Australia to rise dramatically during the last ten years. Many communities across the State are suffering from the lack of affordable housing which is essential to supporting economic growth as well as maintaining vibrant and diverse communities. Within the Perth Metropolitan Region, the most affordable housing options are found on the regions periphery, with suburbs within Rockingham, Kwinana, Armadale, Swan and Wanneroo having the lowest median house price to income ratios. Using this same ratio, the most unaffordable Metropolitan areas are found within Perth’s ‘western suburbs’.

In both the Perth Metropolitan Region and across Western Australia, the lack of housing diversity presents a significant barrier to the supply of affordable housing. In particular, the supply affordable housing is restricted by the fact that the average home in Perth, and indeed in Western Australia is considerably larger than homes found elsewhere in Australia. Across the Perth Metropolitan Region, almost half of all homes have four or more bedrooms. This compares to the national average of 30%. Yet despite the large size of homes, 24% of all homes within the region are occupied by single person households.

Home ownership is strong across Western Australia and the Perth Metropolitan Region. State wide, only 25% of occupied homes are rented. The provision of rental homes is dominated by private sector with approximately half of rental homes let through a real estate agent and almost all of the remainder, let privately. By comparison, the proportion of State Government rented homes is small, accounting for only 3.3% of the total housing stock. The number of homes provided by community housing groups is even smaller, totalling just 0.5% of the total housing stock in the Perth Metropolitan Region.

Comment

In summary, the attached paper identifies a range of opportunities that Local Governments may find relevant in responding to affordability issues in their area, including:

- Local Housing Strategies
- Local Planning Scheme and Planning Policy Provisions
- Planning Provisions to Preserve Existing Affordable Housing
- Specific Controls to Protect Particular Types of Accommodation
- Social Impact Assessments
- Policies to Encourage New Affordable Housing Supply
- Ensuring a Sufficient Supply of Housing Land
- Flexible Planning Provisions
- Removal of Provisions Prohibiting Affordable Housing Development
- Introduction of Housing Diversity Incentives and/or Requirements
- Policies to Secure a New Supply of Affordable Housing
- Density Bonuses
- Redevelopment Opportunities & Structure Planning
- Mandatory Provisions
- Partnerships
- Shared Ownership Schemes
- Rating Strategies

These are each outlined in more detail in the paper. Importantly though, in order to develop an effective response to issues surrounding housing affordability, especially a land-use planning response, it is important that individual Local Governments fully understand the particular issues and challenges affecting their communities and the local housing market.

One mechanism for achieving this is through the development of a Local Housing Strategy. This can then be used as the basis for identifying which of the options will be most effective in
responding to the challenges presented locally. For example, in areas facing high redevelopment pressures, it may be appropriate to adopt provisions which prevent the loss of existing affordable housing. In other areas it may be appropriate to encourage new affordable developments by offering planning based incentives such as development concessions and density bonuses.

In addition to the attached paper, WALGA is currently developing information sessions and tools to support the sector in this area. In April the Association will host a one day forum to present some of the options in more detail. The program will include a range of speakers on the impact of poor affordability, appropriate policy development and how partnerships between government, community housing providers and the private sector can be established to encourage the development of affordable housing.
Affordable Housing
Opportunities for Local Government

Understanding the Local Context &
Exploring the Solutions

November 2013
### Useful definitions

#### Key Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable Housing</td>
<td>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 meet. 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.</td>
</tr>
<tr>
<td>Community Housing</td>
<td>Are usually independent, not-for-profit organisations that provide affordable housing and special needs homes (for rent or to purchase).</td>
</tr>
<tr>
<td>Commonwealth Rent Assistance (CRA)</td>
<td>A non-taxable Commonwealth Government supplementary payment added on to the benefit or family payment of people who rent in the private rental market above applicable rent thresholds.</td>
</tr>
<tr>
<td>First Time Owners / Buyers</td>
<td>Those who do not, or have not previously owned a residential property anywhere in Australia.</td>
</tr>
<tr>
<td>Housing Stress</td>
<td>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. 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.</td>
</tr>
<tr>
<td>Low Cost Housing</td>
<td>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 necessary be ‘affordable’ to low or moderate income earners. It simply relates to relative price of housing.</td>
</tr>
<tr>
<td>Shared Ownership (or Shared Equity)</td>
<td>Means that the home buyer purchases a property in conjunction with another body, so there are effectively two or more owners. 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.</td>
</tr>
<tr>
<td>Social Housing</td>
<td>Rental housing that is provided and/or managed by government or non-government organisations, including public and community housing.</td>
</tr>
<tr>
<td>Special Needs Housing</td>
<td>Housing that is designed for those with particular needs such as the elderly and disabled.</td>
</tr>
</tbody>
</table>
EXECUTIVE SUMMARY

The Local Context

High demand and limited supply has resulted in the cost of housing in Western Australia to rise dramatically during the last ten years. Within the Perth Metropolitan Region, median house prices have risen from just over $200,000 a decade ago to $515,000 (June 2013). Many communities across the State are suffering from the lack of affordable housing which is essential to supporting economic growth as well as maintaining vibrant and diverse communities. In the Perth Metropolitan Region, the most affordable housing options are found on the regions periphery, with suburbs in Rockingham, Kwinana, Armadale, Swan and Wanneroo having the lowest median house price to income ratios. However, despite benefitting from the relatively low cost of housing within these areas, poor public transport combined with the need to travel further distances to access employment and recreational pursuits in the central, mean that any potential savings in the cost of living through housing are offset by greater transportation costs. Meanwhile, using the same ratio of ‘medium income to medium house prices’ as an indicator of housing affordability, the most unaffordable Metropolitan areas are found within Perth’s ‘western suburbs’.

In both the Perth Metropolitan Region and across Western Australia, a lack of diversity in the housing stock available presents a significant barrier to housing affordability. In particular, the supply of more affordable housing is restricted by the fact that the average home in Perth and indeed in Western Australia, is considerably larger than homes found elsewhere in Australia. Across the Metropolitan region, almost half of all homes have four or more bedrooms. This compares to the national average of 30%. Yet despite the large size of homes, 24% of all homes within the region are occupied by single person households. Larger homes dominate the outer areas of the region where homes of four or more bedrooms account for approximately half the stock and one and two bedroom homes less than 10% of all dwellings. Despite there being greater housing diversity in the inner areas of the Perth Metropolitan Region, which includes a higher proportion of one and bedroom dwellings, the average household size in these inner areas is slightly smaller than those living on the regions periphery. As a result across the region in both the central and outer areas, homes are generally under occupied (that is to say that they have a number of spare bedrooms).

Home ownership is strong across Western Australia and the Perth Metropolitan Region. State wide, only 25% of occupied homes are rented. This figure remains largely consistent with most Metropolitan Local Governments, however there a number of inner areas where the number of rental property greatly increases. Examples include the City of Perth, where rental properties account for 45% of the housing stock. In all areas, independent of the proportion of the housing stock made up by rental properties, rental homes are dominated by private sector, with approximately half of rental homes let through a real estate agent and almost all of the remainder, let privately. By comparison, the proportion of State Government rented homes is somewhat small accounting for only 3.3% of the housing stock. This figure remains generally consistent across the Metropolitan Region outside of Fremantle and Belmont, where the Department of Housing's properties account for 8% and 7.4% respectively of the local housing stock. The number of social housing provided by other providers remains very small right across the region, accounting for just 0.5% of the regions total housing stock.

Responding to the challenges

In order to develop an effective response to the issues surrounding housing affordability, it is important that Local Governments fully understand the issues and challenges affecting their communities and the local housing market. One possible mechanism for identifying these issues,
challenges and possible solutions is by developing a Local Housing Strategy. This in turn could be used to inform a response through the Local Planning Scheme or rating schemes.

It remains vitally important that any land-use planning provision adopted reflects the challenges faced. For example, in areas facing high redevelopment pressures, it may be appropriate to adopt provisions which prevent the loss of existing affordable housing. In other areas it may be appropriate to encourage new affordable developments by offering planning based incentives such as development concessions and density bonuses, whilst in other areas and sites, it may be necessary to set out mandatory requirements, requiring a component of affordable housing as part of the development approval process. Only by developing an understanding of the context will the solutions become apparent as the effectiveness of each mechanism will vary significantly depending upon the local market housing characteristics and the nature of the local development pressures.

Another possible opportunity for Local Governments to help increase the supply of affordable housing is through the pursuit of partnerships with community housing providers, the State Government through LandCorp and/or the private sector. To date, examples of successful partnerships have been built upon the leveraging of Local Government land to provide affordable housing development. It may be possible to expand such partnerships to further increase the provision of affordable housing across the State.

The supply of housing land across the Perth Metropolitan Region is relatively plentiful. However, for investment reasons, the release of this land is often held back from the market. One possible solution to help overcome this is through the use of differential rating strategies by Local Governments. The current Gross Rental Valuation (GRV) rating regime used provides no incentive for capital improvements to land, as investment in the land increases its rateable value. A number of Local Governments already apply differential ratings in order to discourage vacant land holdings which are detrimental to the amenity of areas as well as to the supply of land. Alternatively, Local Governments may wish to apply minimum payments to encourage the development of lower value land holdings.
INTRODUCTION

1.1 Background

In recent years, strong housing demand on the back of high levels of immigration has resulted in the cost of housing in WA to rise dramatically. The limited availability of housing options in many areas of the State has created a critical need to secure a new supply of diverse and affordable housing. In response to these challenges, a number of Local Governments have been, or are attempting to address housing affordability issues through local planning schemes amendments and/or the release of Local Government land for housing development.

Indeed, the increasing prominence of affordable housing as an issue within the Local Government sector is such that the Metropolitan Mayors Policy Forum requested that the Association prepare a paper examining the issue and identifying possible Local Government responses to the lack of affordable housing. In summary, the Affordable Housing Background Paper found that;

- Construction is the single biggest contributing factor towards the cost of new housing schemes. Other significant factors include the price of land, government fees and charges and developers profit.

- Despite the high cost of land within Western Australia, there is a sufficient supply of housing land available to satisfy demand.

- Although mandatory affordable housing contributions have been successful in both Australia’s eastern states and internationally, such requirements are not supported by the Western Australia State Government.

- Most of the responses adopted by Local Governments in Western Australia have focused on promoting affordability indirectly by increasingly the supply of smaller homes.

- Although limited, there has been some successful, direct involvement in the provision of affordable homes by WA Local Governments, notably the City of Perth’s Key City Worker Housing Project and the Shire of Capel’s affordable seniors housing scheme

- Given the plentiful supply, but high cost of housing land, measures to encourage the release of land for development, such as the levying of higher rates on vacant land could be considered by Local Government.

The background paper highlights the fact that most of the key responsibilities concerning the supply of affordable housing such as land supply, taxation, and building standards reside with each of the State’s and the Commonwealth Governments. Nevertheless, the single largest cost associated with the provision of new homes is the cost of total construction. Other significant factors include the price of land, government fees and charges and developers profit.

On this basis and given that mandatory affordable housing contributions are not supported by the State Government, opportunities for Local Government to influence the supply of affordable housing are generally limited. The background paper identifies a number of initiatives undertaken by Local Governments which have been successful in increasing the supply of affordable homes, including;

- The adoption of planning provisions which encourage the development of smaller and therefore lower cost homes as adopted by the City of Fremantle, Swan and Vincent.
• Direct involvement in the provision of affordable housing through the release of Local Government owned land. Such initiatives include the City of Perth’s Key City Worker Housing Project and the Shire of Capel’s affordable seniors housing scheme.

• Methods to encourage the release of housing land for development such as the levying of higher rates on vacant properties as currently undertaken by the City of Perth.

1.2 Metropolitan Mayors Policy Forum Resolution

Having considered WALGA’s Affordable Housing Background Paper, the Policy Forum resolved that the following actions shall be undertaken by the secretariat:

1. Continued advocacy in relation to rating inequities, in particular the rating of State Government trading entities including LandCorp.

2. Further investigation and subsequent distribution to Local Government of differential rating strategies that can be used to discourage ‘land banking’ by developers.

3. Further research into different models and options, including but not limited to differential rating, for affordable housing.

4. Investigation into shared equity schemes and models with the view to WALGA hosting a forum that links Local Governments and developers.

5. Pursuit of a grant from Lotterywest to be used to develop tools and models in relation to affordable housing for Local Governments.

6. Collation and distribution of information about the proportion of social housing and affordable housing by Local Government area in metropolitan Perth.

1.3 Purpose of the Report

In accordance with The Metropolitan Mayors Policy Forum Resolution, the purpose of this report is to build upon the findings of the previous Affordable Housing Background Paper and further explore opportunities for Local Government to respond to the issues concerning the supply of affordable housing and identify the distribution of affordable housing across the Perth Metro Region.

The paper is split into two broad sections. The first section explores the general property market within the Perth Metropolitan Region, broadly highlighting the characteristics of the housing stock within each Local Government area within the region. This is followed by an examination of possible models and options for increasing the supply of more affordable housing, including possible land-use planning responses, opportunities for partnership working and rating strategies.
What is Affordable Housing?

Affordable housing is essentially, housing, whether purchased or rented, that is affordable to those households in lower or middle parts of the income scale. In Western Australia, affordable housing is defined by The Department of Housing as;

“Dwellings which households on low-to-moderate incomes can afford, while meeting other essential living costs. It includes public housing, not-for-profit housing, other subsidised housing under the National Rental Affordability Scheme together with private rental and home ownership options for those immediately outside the subsidised social housing system.”

Housing that is considered to be affordable is generally accepted as costing no more than 30% of household income for the lowest 40% of income earners, whether it be rental or owner occupied accommodation. It is important to note that the provision of ‘affordable housing’ is not limited to a single sector, it may be provided by either, the public, community or the private sector, or through partnership between different bodies within these sectors.

It is important to recognise the distinction between ‘low cost’ housing and ‘affordable’ housing. Low cost housing may not be ‘affordable’ to low or moderate income earners. It simply relates to relative price of housing. Alternatively, ‘affordable housing’ relates to the ability of residents on low to moderate incomes to be able rent or purchase housing without falling into ‘housing stress’. Affordability therefore benchmarks housing costs against income of such households.

‘Housing stress’ is defined as low to moderate income earning households spending more than 30% of gross household income on housing. Households spending more than 50% of their income on housing are considered to be in ‘housing crisis’ or ‘severe housing crisis’.

Most of the affordable housing stock in the Perth Metropolitan Region has traditionally been provided by the private sector, albeit with some form of government assistance, such as the Commonwealth Rental Assistance (CRA). Nevertheless, the supply of affordable housing accommodation in Perth and across Western Australia is rapidly diminishing with increased demand giving rise to increased housing costs.

Whilst the State Government’s definition of affordable housing is widely recognised and satisfactory for the purpose of this paper, it is important to recognise that recent research has highlighted problems with this definition of housing affordability. Research has found that the traditional affordable housing definition at the 30% of income benchmark and 40% for housing stress, fails to taken into account the duration within which people fall within each of these definitions or links between housing quality and health. As such, varying classifications of housing stress, such as mild and chronic, combined with duration would be more useful.

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7 Department of Housing, (2010), Opening Doors to Affordable Housing. Affordable Housing Strategy 2010-2020
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.” In order to achieve this objective, table 1 below sets out the agreement’s declaration that the states and territories are responsible for (amongst others);

Table 1: National Affordable Housing Agreement, Government Responsibilities

<table>
<thead>
<tr>
<th>Level of Government</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| Commonwealth        | • 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 Territory| • 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    | • 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.

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9Council of Australian Governments (2009) National Affordable Housing Agreement  
1.4 Opposition to Affordable Housing

It is widely recognised that the development of affordable housing often faces opposition and resistance from some local communities, the media, politicians and indeed some professionals. In some instances this resistance can be so fierce that development schemes are undermined. A recent study by AHURI examined a selection of the most controversial affordable housing schemes in New South Wales, Victoria, and Queensland to understand opposition to affordable housing development and how such concerns can be addressed. In summary, the study found that;

- Most affordable housing proposals are not controversial but a small number of high profile developments have damaged support for other proposals;
- Levels of opposition tend to be greater in more affluent areas;
- Opposition is highly localised and stronger from those living closest to a development.
- The most common reasons given for objecting were related to planning issues (car parking, density, amenity etc) however the characteristics of residents was raised in 20% of submissions with many more people having similar concerns but not wishing to highlight these concerns in formal submissions;
- There is also widespread confusion about what affordable housing is, relating to ownership, management and tenancy of the development.
- Opposition is generally short-lived and tends to be most fierce and widespread early on in the process.
- Local politicians and the media often play a key role in the escalation of a campaign of opposition to affordable housing development.

However despite these concerns, the study found that post-occupancy, “78% of residents living in areas where controversial affordable housing proposals had been built since 2009 had noticed little or no effect from that development.” 10 There were, however, a small number of projects that had result in residents experiencing negative effects associated with parking, noise and a few ‘problem tenants’. Overall the study found the impact of affordable housing on property sales values had been minimal either positively or negatively. The study concluded that there was no evidence to suggest that affordable housing development has a universally damaging impact upon property sales values.

To address and mitigate community opposition the study offered the advice set out in Table 2 to developers and governments;

### Table 2: Overcoming Affordable Housing Opposition, Opportunities for Developers & Government

<table>
<thead>
<tr>
<th>Developers</th>
<th>Governments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-application stage</strong></td>
<td>• Ensure compatibility between local &amp; state policies.</td>
</tr>
<tr>
<td>• Offer positive messages about affordable housing through site tours,</td>
<td>• Promote community engagement in the development of new policies.</td>
</tr>
<tr>
<td>meet &amp; greets, the media, promotional material &amp; by recruiting advocates.</td>
<td>• Develop affordable housing, parking standards</td>
</tr>
<tr>
<td>• Seek in-principle support from decision-makers.</td>
<td>• Recognise that community opposition can improve development outcomes &amp; involve residents in</td>
</tr>
<tr>
<td>• Include likely community response as part of a development strategy.</td>
<td>development assessment.</td>
</tr>
<tr>
<td>• Recruit supporters from local councils and/or the community.</td>
<td>• Consider whether it makes sense for affordable housing &amp; market housing to have separate</td>
</tr>
<tr>
<td>• Identify &amp; attempt to bring potential opposition leaders onside.</td>
<td>planning assessment tracks.</td>
</tr>
<tr>
<td><strong>Development application stage</strong></td>
<td>• Provide education on affordable housing for community leaders &amp; local council officers &amp;</td>
</tr>
<tr>
<td>• Make sure the first conversation is with local politicians.</td>
<td>politicians.</td>
</tr>
<tr>
<td>• Build within planning controls.</td>
<td>• Develop a strategic approach to improving the image of affordable housing.</td>
</tr>
<tr>
<td>• Engage community members, listen to them &amp; be forthcoming with</td>
<td>• Provide support for affordable housing developers where projects encounter opposition.</td>
</tr>
<tr>
<td>information.</td>
<td>• Establish strong support for affordable housing provision in strategic policy documents,</td>
</tr>
<tr>
<td>• Be willing to negotiate with community members, but establish parameters</td>
<td>making affordable housing part of the political mandate.</td>
</tr>
<tr>
<td>for that negotiation (e.g. will negotiate on design but not on</td>
<td></td>
</tr>
<tr>
<td>residents).</td>
<td></td>
</tr>
<tr>
<td>• Face-to-face contact between developers &amp; objectors can defuse</td>
<td></td>
</tr>
<tr>
<td>opposition.</td>
<td></td>
</tr>
</tbody>
</table>

Source: AHURI Final Report No. 211
2. UNDERSTANDING THE LOCAL CONTEXT

Housing Affordability in Perth

Housing prices and affordability varies dramatically across Western Australia. The Pilbara, in particular, is an area renowned for its low availability and high housing costs. Meanwhile, using the ratio between median household incomes and housing values as a crude measure of housing affordability, the most affordable housing areas can be found in Coolgardie and Kalgoorlie-Boulder in the Goldfields.\(^{11}\)

It is, however, important to recognise that the ratio between household income and housing value is a very crude measure of housing affordability. Whilst rental or mortgage payments are a key component of costs occurred by households, households also face a number of other significant costs such as transport, energy and water consumption. In some instances, the additional cost of a home built to a higher construction standard and in a well located area may well offset energy, water, and transportation costs of an alternative home. Nevertheless, combining all of these factors to determine ‘housing affordability’ would be extremely complex and given that no two households are the same, impossible to accurately calculate. As such, for the purposes of this paper, the ratio between median housing value and median annual household income is considered to be a suitable indicator of housing affordability.

Within the Perth Metropolitan Region, median house prices and annual earnings also vary significantly. Table 3 below, sets out the median housing value and median annual household income together with the ratio between these two factors, for top ten most affordable and top ten most unaffordable suburbs within the Perth Metropolitan Region. Regionally, the median suburb ratio stands at 6.7, that is to say that the median house price is 6.7 times the median annual income. The table shows that based upon the value to income ratio, the region’s most ‘affordable’ housing areas can be found in the regions outer areas, with suburbs within Serpentine-Jarrahdale, Armadale, Kwinana, Rockingham and Gosnells having the lowest income to house price ratios. Conversely, using this measure, the most unaffordable areas of the region are those found in the central areas of the region where Cottesloe, Nedlands, Claremont, Mosman Park and Peppermint Grove all have an average suburb income/house price ratio’s greater 13.

A full breakdown of house prices and household incomes for each suburb within the region is set out in Appendix 1.

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Table 3: Housing Affordability: Income to House Value Ratio

Census 2011

Source: ABS,

<table>
<thead>
<tr>
<th>Suburb</th>
<th>Local Government Area</th>
<th>Median House Value ($)</th>
<th>Median Annual Household Income ($)</th>
<th>Ratio of Household Value to Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top ten most affordable metropolitan suburbs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secret Harbour</td>
<td>Rockingham</td>
<td>464,327</td>
<td>112,216</td>
<td>4.1</td>
</tr>
<tr>
<td>Leda</td>
<td>Kwinana</td>
<td>301,706</td>
<td>71,396</td>
<td>4.2</td>
</tr>
<tr>
<td>Bertram</td>
<td>Kwinana</td>
<td>373,787</td>
<td>87,776</td>
<td>4.3</td>
</tr>
<tr>
<td>Seville Grove</td>
<td>Armadale</td>
<td>322,686</td>
<td>74,880</td>
<td>4.3</td>
</tr>
<tr>
<td>Brookdale</td>
<td>Armadale</td>
<td>264,527</td>
<td>60,944</td>
<td>4.3</td>
</tr>
<tr>
<td>Baldivis</td>
<td>Rockingham</td>
<td>448,121</td>
<td>100,412</td>
<td>4.5</td>
</tr>
<tr>
<td>Bullsbrook</td>
<td>Swan</td>
<td>340,734</td>
<td>76,336</td>
<td>4.5</td>
</tr>
<tr>
<td>Ellenbrook</td>
<td>Swan</td>
<td>393,777</td>
<td>87,204</td>
<td>4.5</td>
</tr>
<tr>
<td>Banksia Grove</td>
<td>Wanneroo</td>
<td>365,206</td>
<td>80,860</td>
<td>4.5</td>
</tr>
<tr>
<td>Aubin Grove</td>
<td>Cockburn</td>
<td>526,112</td>
<td>116,480</td>
<td>4.5</td>
</tr>
<tr>
<td>Top ten most unaffordable metropolitan suburbs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peppermint Grove</td>
<td>Peppermint Grove</td>
<td>4,327,830</td>
<td>139,464</td>
<td>31</td>
</tr>
<tr>
<td>Dalkeith</td>
<td>Nedlands</td>
<td>2,609,018</td>
<td>145,340</td>
<td>18</td>
</tr>
<tr>
<td>Menora</td>
<td>Stirling</td>
<td>1,105,445</td>
<td>67,184</td>
<td>16.5</td>
</tr>
<tr>
<td>Mosman Park</td>
<td>Mosman Park</td>
<td>1,205,329</td>
<td>77,844</td>
<td>15.5</td>
</tr>
<tr>
<td>Watermans Bay</td>
<td>Stirling</td>
<td>1,214,749</td>
<td>81,900</td>
<td>14.8</td>
</tr>
<tr>
<td>Claremont</td>
<td>Claremont</td>
<td>1,258,970</td>
<td>87,048</td>
<td>14.5</td>
</tr>
<tr>
<td>East Perth</td>
<td>Perth</td>
<td>1,357,837</td>
<td>94,276</td>
<td>14.4</td>
</tr>
<tr>
<td>Woodlands</td>
<td>Stirling</td>
<td>992,216</td>
<td>73,216</td>
<td>13.6</td>
</tr>
<tr>
<td>Cottesloe</td>
<td>Cottesloe</td>
<td>1,755,238</td>
<td>129,688</td>
<td>13.5</td>
</tr>
<tr>
<td>Applecross</td>
<td>Melville</td>
<td>1,443,916</td>
<td>108,940</td>
<td>13.3</td>
</tr>
</tbody>
</table>

2.1 Monthly Mortgage Repayments

Figure 1 shows that there is generally a clear correlation between the monthly mortgage repayment amount and average dwelling sizes. As it would be reasonable to expect, areas with higher average dwelling sizes generally also have a higher average mortgage repayments. Figure 1 also shows that mortgage repayments within Metropolitan Local Governments are generally comparable with the State average; however there are a number of areas with higher mortgage repayments.

Across the State, 61% of all mortgage repayments fall within a range between $1,000 and $3,000 per month (2011). Within this range, the majority, 28% of all mortgages repayments fall between $2,000 and $3,000 per month. Within the Metropolitan region, Peppermint Grove has the highest proportion of mortgages over $5,000 with 37.5% of all mortgages falling within this price bracket, with other areas with high repayment rates including Nedlands, Cottesloe, Claremont and Melville. There is generally an even distribution of lowest cost mortgages across the Metropolitan region with mortgage repayments under $500, accounting for less than 5% of all mortgages within each Local Government area. Bassendean, Gosnells and Kwinana have the highest number of lower cost mortgages with almost 40% of all monthly mortgage repayments within these areas costing less than $1,599.
2.2 Lack of Housing Diversity

As shown in Table 4, across the Perth Metropolitan Region, and Western Australia in particular, there is a general lack of housing diversity compared to the rest of Australia. In addition, Table 4 highlights the fact that homes in Perth are considerably larger than those elsewhere found across Australia, with 43.5% of Perth homes having 4 or more bedrooms compared to the nation average of 30%.

Despite the lack of one or two bedroom homes within the Greater Perth Region, some 24% of all households are single person households. Furthermore, the number of single person households is expected to significantly increase given recent trends for smaller households as a result of lifestyle choices and also the fact that the number of people aged 65 and over within WA is expected to increase by 123% to total 539,685 by 2026.12 The importance of this is that the disparity between

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large homes and smaller households create that both the capital cost of purchasing and also the maintenance cost of running a home are less affordable.

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.\textsuperscript{13} 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.\textsuperscript{14}

### Table 4: Perth Dwelling Sizes

<table>
<thead>
<tr>
<th>Number of bedrooms (Occupied private dwellings)</th>
<th>Greater Perth*</th>
<th>Western Australia</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>None (includes bedsitters)</td>
<td>1,643</td>
<td>2,868</td>
<td>42,160</td>
</tr>
<tr>
<td>1 bedroom</td>
<td>21,348</td>
<td>28,193</td>
<td>363,129</td>
</tr>
<tr>
<td>2 bedrooms</td>
<td>81,476</td>
<td>103,373</td>
<td>1,481,577</td>
</tr>
<tr>
<td>3 bedrooms</td>
<td>239,974</td>
<td>312,043</td>
<td>3,379,930</td>
</tr>
<tr>
<td>4 or more bedrooms</td>
<td>272,588</td>
<td>333,932</td>
<td>2,350,130</td>
</tr>
<tr>
<td>Number of bedrooms not stated</td>
<td>10,065</td>
<td>13,751</td>
<td>143,394</td>
</tr>
</tbody>
</table>

| 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)

Table 4 and Figure 2 show that across the Metropolitan region, the housing stock is dominated by three and four bedroom homes. This is particularly true in the outer Metropolitan areas such as Armadale, Gosnells, Joondalup, Rockingham and Wanneroo, where three and four bedroom homes account for over 85% of the housing stock whilst one and two bedroom dwellings account for less than 10%. Furthermore, in many of these outer areas, four bedroom homes alone account for more 50% of the housing stock. This is despite the fact that approximately half of all households within these areas are occupied by either just one, or two persons.

Conversely there is greater housing diversity in the inner Metropolitan areas where one and two bedroom homes account for between a third and half of the housing stock in areas such as South Perth, Victoria Park, Fremantle, Mosman Park, Vincent and Subiaco. Meanwhile, within the City of Perth one and bedroom homes dominate the housing stock, accounting for 75% of all homes. Whilst there is much more housing diversity within the inner Metropolitan areas, it is important to note that the number of one and two person households is significantly greater accounting for approximately 70% of all households. Consequently, even in areas where there is a higher

\textsuperscript{13} REIWA (2011) ‘A diversity of housing is good for communities’

\textsuperscript{14} State of Western Australia (2013) The Housing We’d Choose: A study for Perth and Peel
percentage of smaller homes, there remains a relatively high number of homes under occupied. Further details of dwelling occupancy rations are set out in Appendix 1.

**Figure 2 Average Dwelling Size Western Australia**

![Average Dwelling Size Western Australia](image)

Source ABS 2011 Census of Population and Housing

**2.3 Housing Form**

Table 5 shows that the diversity of housing type across Greater Perth is, in general, comparable with that of the rest of Australia, although the percentage of apartments available in Perth (9% of the total stock) is significantly below the national average of 14%. Across WA as a whole, there is slightly less diversity within the housing stock which is dominated by single dwellings. In addition, there is little difference in percentage of ‘semi-detached, row or terrace house, townhouse’ available, however the percentage of apartments available within the entire housing stock is almost half that of the rest of Australia.
Table 5: Perth House Structures

<table>
<thead>
<tr>
<th>Dwelling structure (Occupied private dwellings)</th>
<th>Greater Perth*</th>
<th>Western Australia</th>
<th>Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separate house</td>
<td>492,962</td>
<td>638,768</td>
<td>5,864,574</td>
</tr>
<tr>
<td>Semi-detached, row or terrace house, townhouse etc</td>
<td>74,518</td>
<td>84,333</td>
<td>765,980</td>
</tr>
<tr>
<td>Apartment, flat or unit</td>
<td>56,754</td>
<td>62,990</td>
<td>1,056,237</td>
</tr>
<tr>
<td>Other dwelling</td>
<td>2,584</td>
<td>7,380</td>
<td>66,666</td>
</tr>
</tbody>
</table>

Source ABS 2011 Census
Note * Greater Capital City Statistical Area (Perth Metropolitan Region including Mandurah)

2.4 Rental Stock

Figure 3 (and Tables 15 and 16 in Appendix 1) show that across the State a total of 25% of all occupied dwellings are rented. This figure remains the same for the Perth Metropolitan Region as a whole, although within the region there are areas with higher numbers of rental properties, such as within the City of Perth where rental properties account for approximately 45% of all properties. In outer areas of the Metropolitan region, areas such as Wanneroo, Swan, Kalamunda, and Joondalup, the percentage of rental properties falls to less than 20% of all occupied dwellings.

Across the Metropolitan region, and indeed the whole of Western Australia, the majority of rental properties available are delivered by the private sector. Private sector rental properties account for 18% of all occupied dwellings State-wide and 20% within the Perth Metropolitan region. Within the Perth Metropolitan Region approximately half of all rental properties are supplied through a real-estate agent and almost one in four by a person not in the same household. In contrast, just 3.3% of all occupied dwellings are rented from the State Government across Western Australia and just 2.9% within the Metropolitan area. Nevertheless, as figure 3 and table 6 show, there are significant differences in both the absolute number of State owned homes and the proportion of such homes within the local housing stock across the Metropolitan Region. For instance, within Fremantle, 8% of the housing stock is state owned, whilst in Peppermint Grove, Cambridge, Serpentine-Jarrahdaile, Claremont, and Joondalup this figure is less than 1%.

Across WA, just 0.5% of properties are rented from a ‘housing co-operative, community or church group’ whilst just 0.4% of properties within the Metropolitan region are. This figure is largely consistent across the entire region apart from Victoria Park where this the proportion of ‘housing co-operative, community or church group’ homes totals 1.7% of the local stock.

Within each Metropolitan Local Government the percentage of Non-Government employer owned properties is in most cases significantly less than the State wide average of 1.4%, only the City of Perth with 1.6% exceeds the average. Similarly, the only areas with significant proportions of Government employer housing are Nedlands (1.4%) and Rockingham (0.6%) whilst the State wide average is 0.5% of the stock.
Figure 3: Occupied Rental Dwellings by Landlord Type

Source ABS 2011 Census of Population and Housing
2.5 Department of Housing Stock

As stated above, public housing across the Perth Metropolitan Region generally accounts for less than 5% of the overall housing stock within each Local Government area. However, there are areas with significant numbers of Department of Housing stock, such as the City of Stirling which contains over 5,000 Department of Housing homes, or 15% of the Department's stock. Indeed, just eight Local Governments (Belmont, Canning, Cockburn, Fremantle, Gosnells Stirling, Swan and Wanneroo) hold almost 60% of the Department's Metropolitan based housing stock. There is very little pattern to the distribution of stock, however the proportion of stock held within the central-western Metropolitan councils is relatively small compared to other areas of Metropolitan region, whilst the majority of the stock is contained within the City of Subiaco.

It is important to note that the figures given within table 6 for community housing only include those owned by the Department which are vested with Community Housing Organisations (CHO’s) for management purposes. As such there may be more social houses in various Local Government areas owned by various CHO.

Table 6: Department of Housing, Housing Stock

<table>
<thead>
<tr>
<th>Local Government</th>
<th>Public Housing</th>
<th>Community Housing</th>
<th>Shared Equity</th>
<th>Gov. Regional Officers Housing</th>
<th>Total Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armadale</td>
<td>842</td>
<td>171</td>
<td>458</td>
<td></td>
<td>1,471</td>
</tr>
<tr>
<td>Bassendean</td>
<td>453</td>
<td>64</td>
<td>26</td>
<td></td>
<td>543</td>
</tr>
<tr>
<td>Bayswater</td>
<td>1,042</td>
<td>138</td>
<td>81</td>
<td></td>
<td>1,261</td>
</tr>
<tr>
<td>Belmont</td>
<td>1,457</td>
<td>137</td>
<td>47</td>
<td></td>
<td>1,641</td>
</tr>
<tr>
<td>Cambridge</td>
<td>99</td>
<td>5</td>
<td>18</td>
<td></td>
<td>122</td>
</tr>
<tr>
<td>Cannong</td>
<td>1,586</td>
<td>251</td>
<td>126</td>
<td></td>
<td>1,963</td>
</tr>
<tr>
<td>Claremont</td>
<td>93</td>
<td>1</td>
<td>3</td>
<td></td>
<td>97</td>
</tr>
<tr>
<td>Cockburn</td>
<td>1,646</td>
<td>137</td>
<td>220</td>
<td></td>
<td>2,003</td>
</tr>
<tr>
<td>East Fremantle</td>
<td>74</td>
<td>2</td>
<td>2</td>
<td></td>
<td>78</td>
</tr>
<tr>
<td>Fremantle</td>
<td>1,417</td>
<td>370</td>
<td>31</td>
<td></td>
<td>1,818</td>
</tr>
<tr>
<td>Gosnells</td>
<td>1,252</td>
<td>232</td>
<td>377</td>
<td></td>
<td>1,861</td>
</tr>
<tr>
<td>Joondalup</td>
<td>519</td>
<td>63</td>
<td>77</td>
<td></td>
<td>669</td>
</tr>
<tr>
<td>Kalamunda</td>
<td>334</td>
<td>91</td>
<td>101</td>
<td></td>
<td>526</td>
</tr>
<tr>
<td>Kwinana</td>
<td>533</td>
<td>197</td>
<td>296</td>
<td></td>
<td>1,026</td>
</tr>
<tr>
<td>Mandurah</td>
<td>771</td>
<td>424</td>
<td>180</td>
<td></td>
<td>1,375</td>
</tr>
<tr>
<td>Melville</td>
<td>1,041</td>
<td>41</td>
<td>31</td>
<td></td>
<td>1,113</td>
</tr>
<tr>
<td>Mosman Park</td>
<td>246</td>
<td>2</td>
<td></td>
<td></td>
<td>248</td>
</tr>
<tr>
<td>Mundaring</td>
<td>210</td>
<td>39</td>
<td>36</td>
<td>7</td>
<td>292</td>
</tr>
<tr>
<td>Nedlands</td>
<td>122</td>
<td>35</td>
<td></td>
<td></td>
<td>157</td>
</tr>
<tr>
<td>Perth</td>
<td>613</td>
<td>430</td>
<td>23</td>
<td></td>
<td>1,066</td>
</tr>
<tr>
<td>Rockingham</td>
<td>983</td>
<td>97</td>
<td>402</td>
<td></td>
<td>1,482</td>
</tr>
<tr>
<td>Serpentine-Jarrahdale</td>
<td>11</td>
<td>76</td>
<td>12</td>
<td></td>
<td>99</td>
</tr>
<tr>
<td>South Perth</td>
<td>919</td>
<td>55</td>
<td>9</td>
<td></td>
<td>983</td>
</tr>
<tr>
<td>Stirling</td>
<td>4,413</td>
<td>522</td>
<td>361</td>
<td></td>
<td>5,296</td>
</tr>
<tr>
<td>Subiaco</td>
<td>469</td>
<td>73</td>
<td>9</td>
<td></td>
<td>551</td>
</tr>
<tr>
<td>Swan</td>
<td>1,906</td>
<td>251</td>
<td>592</td>
<td></td>
<td>2,749</td>
</tr>
<tr>
<td>Victoria Park</td>
<td>728</td>
<td>70</td>
<td>18</td>
<td></td>
<td>816</td>
</tr>
<tr>
<td>Vincent</td>
<td>413</td>
<td>58</td>
<td>3</td>
<td></td>
<td>474</td>
</tr>
<tr>
<td>Wanneroo</td>
<td>1,551</td>
<td>332</td>
<td>693</td>
<td>1</td>
<td>2,577</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>25,866</strong></td>
<td><strong>4,332</strong></td>
<td><strong>4,337</strong></td>
<td><strong>43</strong></td>
<td><strong>34,578</strong></td>
</tr>
</tbody>
</table>

Source: Department of Housing
3 LOCAL GOVERNMENT OPPORTUNITIES TO RESPOND

3.1 The Planning and Development Framework

Before developing a response which seeks to increase the provision of affordable housing, it is important to understand the context and environment that the response will have to operate within. In Western Australia, the overall land-use planning and housing framework is, in essence, a relatively simple framework. Planning decisions (and thus the supply of land) are set within a hierarchy in which the overall strategic direction is set by the State with Local Governments responsible for planning their local communities “by ensuring appropriate planning controls exists for land use and development”\(^\text{15}\).

To date, the State Government through the Department of Planning has not offered any formal policy guidance in relation to the provisions of affordable housing. Furthermore, within the existing overarching planning framework, the Perth and Peel Metropolitan region, is the only region set housing supply targets through Directions 2031. Nevertheless all Local Governments are required to identify local housing needs through their Planning Schemes, whilst the Department of Housing expects all Local Government to produce housing strategies to inform the local planning schemes of local housing needs. It is however, important to note that the Planning and Development Act 2005, does not include any reference to housing at all. Instead the Act (s.3b) states that its purpose is to ‘provide for an efficient and effective land use planning system in the State’. As such the WAPC 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 development approval”.\(^\text{16}\)

3.2 Local Housing Strategies

The Department of Housing’s ‘Affordable Housing Strategy 2010-2020, Opening Doors to Affordable Housing’ sets out a number of measures designed to provide at least 20,000 affordable homes by 2020. In order to achieve this target, the strategy sets out a number of measures including the expectation that Local Governments will produce housing strategies identifying current and future housing needs for their communities. Housing Strategies will link to Local Planning Schemes, which in turn should include provisions to facilitate the development of affordable housing. The Strategy does not support formal inclusionary affordable housing zoning and instead states that “Local Governments will be encouraged to incorporate requirements and voluntary incentives for developers to include wider affordable housing components in developments above a specified size, offset by appropriate concessions and/or plot ratio bonuses.”

To support Local Government in developing their Local Housing Strategies, the Department of Housing declared that area specific housing supply and affordability data together with a best practice model for housing approvals and model planning provisions would be published. In light of the lack of any such guidance to date, it is considered that the publication of any such guidance is unlikely. Nevertheless, in New South Wales, a similar approach has been adopted whereby a Housing Strategy may be produced by Local Government as a standalone document or embedded within other strategies and plans. The NSW State Government’s, Centre for Affordable Housing, offers advice to Local Government concerning Housing Strategies which in summary, recommends that they include an analysis of local housing needs and conditions, an aim and detailed set of objectives, together with appropriate measures to be able to realise these objectives. An outline of

\(^{15}\) WAPC (2007) An Introduction to the Western Australian Planning System

\(^{16}\) WAPC (2013) Planning Provisions for Affordable Housing, Discussion Paper
what should be included within a Housing Strategy, based upon the advice offered to Local Governments in NSW, is set out in appendix 2.

3.3 Local Planning Scheme and Planning Policy Provisions

Many developers are often quick to criticise the planning system, seeing it as a barrier to development and blaming the length of the planning approval process for preventing development of more affordable housing, it is important to remember that the planning is only one of the many necessary approvals in the development process (Rowley, 2012). Furthermore, intervention through the planning system, in different housing markets across the world, has been effective in securing a supply of affordable housing that would have not been delivered by the market itself.

Land use planning responses designed to indirectly help increase the supply of affordable homes and housing diversity by supporting the development of small ancillary dwellings have already been adopted by a number of Metropolitan Local Governments. Meanwhile, mandatory provisions requiring affordable housing contributions have been long been established and proven to be successful in Australia’s eastern states and in a number of countries internationally.

Indeed, a recent AHURI Study noted that “if affordable housing is going to be generated on any scale from infill sites a policy intervention is required. Planning policy requiring housing diversity or an element of affordable housing, structured in a way that still delivers the necessary profit for the developer and landowner to stimulate development, is a potentially powerful tool. Introducing such a policy when land is re-zoned, at the point where initial uplift occurs, would have the greatest impact”.  

In this study, Gurran groups these responses into five key areas or ‘strategic objectives’; 

- increasing housing supply;
- reducing barriers to affordable housing development;
- preserving the loss of low-cost housing options;
- encouraging new affordable housing; and
- securing new dedicated affordable housing.  

In adopting any of these responses, the key issue is to understand the local property market and how any current planning scheme provisions are working.

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Planning Provisions to Preserve Existing Affordable Housing

a) Specific Controls to Protect Particular Types of Accommodation

In some areas, particularly those experiencing high levels of growth, specific controls to preserve particular types of housing stock that may be threatened are likely to be effective. For example, in outer suburban and in coastal or rural areas, caravan parks are likely to be under pressure for redevelopment. In inner and middle urban areas, boarding houses and residential hotels are likely to face similar pressures.  

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19 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+Mechanisms+for+Affordable+Housing/#

In response to such pressures, the Brisbane City Plan 2000 includes a ‘Demolition Code’ that seeks to protect the supply of low cost and special needs housing. The codes performance assessment criteria states, “demolishing the building must not substantially affect the stock of low cost and special needs accommodation”. Likewise, in New South Wales, Gosford City Council introduced specific controls to protect caravan parks from redevelopment that could reduce the supply of low costing housing.

b) Social Impact Assessments

In New South Wales, Port Macquarie-Hastings Council has a ‘Social Impact Assessment’ Policy which seeks to identify a range of social issues (both positive and negative) associated with new development and rezoning. The Council require a Social Impact Assessment (SIA) for a range of development types including, affordable housing developments (and removal of affordable housing) and developments with the potential to displace or disadvantage local community groups. An SIA may also be required for other actions that may not require a development assessment application, but may have significant social impacts, such as:

- A new strategic plan or major review of an existing strategic plan
- An amendment to Council’s ‘Local Environmental Plan’ (including rezoning proposals)
- A proposal for the re-classification of Council land from operational land to community land or vice versa; or
- An infrastructure proposal

The Council offers applicants detailed guidance on what should be included in a SIA’s, which in summary, is expected to include details of how the proposal will impact upon the local area, both positively and negatively, and how any negative impacts will be neutralised in the interests of those affected.

- Policies to Encourage New Affordable Housing Supply

Local Governments may choose to adopt Local Planning Scheme and Policy Provisions that encourage the private sector to provide housing options that are more likely to satisfy the needs of those in need of affordable housing. Possible options include:

c) Ensuring a Sufficient Supply of Housing Land

In encouraging the development of affordable housing, it is vital to ensure that there is a sufficient supply of housing land, zoned at appropriate densities to encourage development and to avoid supply constraints that are likely to drive up the cost of housing. In addition, it is also important to ensure that the housing land supply is appropriately serviced by infrastructure. A lack of infrastructure can present a significant barrier to the release of land. A study by the Commonwealth Government’s National Housing Supply Council, found that infrastructure charges can be a significant factor in the cost of development and therefore the principle of ‘user pays’ underpinning infrastructure charges was detrimental housing affordability.

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In locations where the supply of land is constrained by limited re-zoning opportunities, it may be necessary to seek more creative solutions such as having flexible planning provisions.

**d) Flexible Planning Provisions**

Local Governments may seek to ensure that their planning provisions are flexible enough to promote affordable housing opportunities. For instance, mixed use zones could be used to provide more affordable housing opportunities in and near employment centres. In addition, scheme provisions should be flexible enough to allow the development of affordable housing types such as boarding houses and ancillary dwellings in residential areas and encouraging shop top or mixed commercial / residential developments through floor space incentives.

As well as more flexible planning provisions, some jurisdictions have introduced streamlined provisions enabling state housing authorities and other affordable housing providers to bypass local planning regulations and processes. Whilst this process may help to minimise development costs, community acceptance of developments is often greater if they satisfy existing planning requirements.\(^{23}\) For example in Queensland, the Urban Land Development Authority (UDLA) was created with an emphasis on streamlining the development assessment process and given wide ranging powers including the responsibility for land use planning and development assessment in a number of Urban Development Areas (UDA’s). Whilst the UDLA has been able to deliver relatively large numbers of affordable housing stock, mainly in the form of studio and one-bedroom apartments, the success of the UDLA has been widely debated. Several communities and Local Governments have been hostile to the UDLA on the basis of the removal of planning powers from elected local authorities and the removal of third party appeal rights. The opposition to the UDLA has been such that upon the change of the State Government following the 2012 election, planning powers were returned to the Brisbane City Council.\(^{24}\)

Although largely outside the remit of Local Governments, any systemic planning reform processes should seek to provide a more efficient approval process for all appropriate housing developments. Instead, Milligan suggests offering “concessions on application fees, infrastructure contribution requirements and density or design bonuses linked to housing type and impact remain appropriate and under-utilised ways to support affordable housing developers without undermining established community planning standards.”\(^{15}\)

**e) Removal of Provisions Prohibiting Affordable Housing Development**

In some instances, it may be appropriate to soften planning controls that restrict the development of affordable housing. Such provisions may include requirements relating to lot sizes, car parking, and the use of certain materials. As such, the audit of existing planning controls and assessment of their impact on housing affordability, taken at the outset of a review is crucial.

**f) The Introduction of Housing Diversity Incentives and/or Requirements**

Planning reforms to promote greater diversity and variety in the choice of housing options are supported by the State Governments Affordable Housing Strategy.\(^{25}\)

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\(^{25}\) The Department of Housing (2010) Opening Doors to Affordable Housing, Affordable Housing Strategy 2010-2020
A variety of planning instruments can be used to increase diversity, including scheme provisions, structure planning and local planning policies.

In 2011, the Shire of Serpentine Jarrahdale adopted a ‘Housing Diversity Policy’ Local Planning Policy. The Policy encourages higher density development on sites that are well located in relation to public transport and a diversity of dwelling types based on the needs of the local community. In addition, to promote diversity and integration of dwelling types, the Policy states that “affordable dwellings shall be integrated and appropriately dispersed throughout a development”.

- **Policies to Secure a New Supply of Affordable Housing**

  Opportunities to produce new affordable housing include planning mechanisms that directly result in the construction of, or dedication of, funds or land for housing that will be targeted for low- to moderate-income earners generally to rent.

  **g) Density Bonuses**

  The State Government’s Affordable Housing Strategy supports Local Government in offering density bonuses to developers for the provision of affordable housing. Indeed, a number of Local Governments within Western Australia already offer density bonus to help facilitate the development of smaller and therefore more affordable housing. Examples include 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 (as permitted by a clause 6.1.3 A3(i) of the R-Codes) whilst similar approaches have also been adopted by others including the City of Belmont and City of Fremantle. The success of these provisions has been such that in August 2013, the Residential Design Codes were amended to permit the development of an ancillary dwelling associated with a single house and on the same lot where amongst other conditions, the lot is of an area not less than 450m² and there is a maximum plot ratio area of 70m². As such, in order to help diversify the Local Housing stock, Local Governments are encouraged to support this R-Code provision through their local planning schemes.

  **h) Redevelopment Opportunities & Structure Planning**

  Redevelopment opportunities, particularly those that require either, the rezoning of land, involve the redevelopment of government owned land and/or those of a scale requiring the preparation of a ‘structure plan’ offer Local Government opportunities to seek affordable housing. Using scheme provisions, some Local Governments in New South Wales, take into consideration affordable housing when developing master plans. A similar approach could be developed by Local Governments within WA, particularly where redevelopment opportunities include areas of government held land. For example, the Cockburn Coast District Structure Plan includes a target of 20% affordable housing. The Structure plan offers flexibility, stating that the target will include “dwellings for private purchase or rent, and social housing provision (those managed by Government or community housing providers)”.

  The District Structure Plan does not set out how the mechanisms to be used to achieve the 20% target, which it says will need to be established by the delivery agency. Instead the Structure Plan offers a range of possible delivery mechanisms including, inclusionary zoning targets, either on a

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26 Shire of Serpentine Jarrahdale (2011) Local Planning Policy No.57 Housing Diversity
28 WAPC (2013) State Planning Policy 3.1 Residential Design Codes
29 WAPC (2009) Cockburn Coast District Structure Plan
mandatory or voluntary basis; conditions of sale of government land; land purchase by social housing providers; and shared equity/ownership schemes.

i) Mandatory Provisions

Despite the success of the mandatory planning provisions which require a contribution of affordable housing arising from new development elsewhere, it is not known whether the WA State Government would be willing to support such amendments to planning schemes. The WAPC’s recently released ‘Planning Provisions for Affordable Housing’, discussion paper includes this as a possible option as does the WAPC produced ‘Cockburn Coast District Structure Plan’. Yet, mandatory provisions are not supported by the Department of Housing, Affordable Housing Strategy. Perhaps more importantly, given the lack of reference to housing standards within both the Planning and Development Act and Model Scheme Text, and without being properly tested, it is difficult to predict if mandatory provisions would not be supported by WAPC under the existing statutory legislation.

In instances where affordable housing contributions can be secured, such as through the release of government land and negotiated agreements; the preference should be to retain affordable housing contributions on site, rather than through a cash in-lieu payment. On-site provisions are preferred because they help achieve better social mix whilst any cash in-lieu funding invested back into the market elsewhere, are likely to have to compete with private sector investment, contrary to the objectives of affordable housing provision.

Nevertheless, in some cases, particularly where the scale of development is small, financial payments can be useful and collectively may amount to a sizeable contribution over time. Alternatively, where a site is particularly desirable with an exceptionally high land value, it maybe preferential to seek cash in-lieu payments linked to the value of the development; on the proviso that the financial reinvestment can achieve a greater affordable housing return elsewhere within the local community.

3.4 Partnerships

As discussed in the previous Affordable Housing Background Paper, Local Governments may consider releasing some of their land holdings in order to provide housing. In reallocating land, it is important that Local Governments assess whether sites are suitable for the provision of affordable housing, and if so, whether this is the most appropriate use of the land. Guidance for undertaking such assessments is included in the preceding background paper. Furthermore, any disposal of Local Government land will need to satisfy the requirements of the Local Government Act 1995 and associated Local Government (Functions and General) Regulations 1996. In summary, satisfying these acts requires the preparation of a business plan outlining the effects of the proposal upon the Local Government together with an appropriate public consultation period.

Where Local Governments are able to satisfy these requirements, they may wish to pursue development through a partnership with either private sector developers, not for profit organisations, or the State Government.

Not for Profit Providers

Nationally, recent Federal and State Government initiatives such as the Nation Building Economic Stimulus Program (NBESP), the National Rental Affordability Scheme (NRAS) and public housing stock transfers, have created new opportunities for these NFP providers to expand their housing stock and asset base. However, as Gurran notes, "while many have grown significantly as a result,"
the sector as a whole remains small and there are currently no fixed funding models to support its continued growth in the medium and long term’. Indeed, despite the arability of Federal Government funding and the transfer of housing stock by the Department of Housing, the community housing sector in Western Australia remains relatively small despite recent growth.

Community housing, in the form of church and charitable based groups has existed in Australia since the 1800’s. In the last decade, within Western Australia, there has been a significant restructuring of the sector and through the merger of a number of smaller organisations two leading providers, Access Housing and Foundation Housing have emerged. The sector is now made up of a few larger organisations holding the majority of stock together with a relatively large number of smaller organisations with limited stock.

Whilst most ‘not for profit’ sector partnerships to date and have been formed with the Department of Housing, as discussed in the previous Affordable Housing Background Paper, there may be opportunities for Local Governments to engage with ‘not for profit’ providers to develop affordable housing solutions. For example is the Shire of Capel, who in transferring management responsibilities of land held by the Shire to Access Housing, were able to deliver 17, over 55’s homes through redevelopment. The City of Perth’s ‘Key Worker Housing Scheme’ is another example of how successful partnerships can be forged with community housing providers through the leveraging of Local Government land for affordable housing development.

Where opportunities exist to deliver solutions such as those achieved by the Shire of Capel and the City of Perth, Local Governments are encouraged to engage with the not for profit sector. To help aid this process, a database and interactive map showing the location of community housing providers within in Western Australia is provided by the Community Housing Coalition, and can be found on their website: www.communityhousing.com.au/map-of-chos-wa/.

State Government / LandCorp
The State Government through LandCorp have a proven track record in partnership working with Local Government to deliver regeneration and development projects. Recent examples of partnerships between LandCorp and Local Government include, City of Mandurah, City of Kwinana and the City of Fremantle. In Fremantle, in order to help facilitate the redevelopment of three vacant and underused sites totalling over 50ha of land, to deliver a diversity of housing, the City of Fremantle and LandCorp formed a partnership. The two partners signed a memorandum of understanding (MOU) setting out an agreement to,

- determine appropriate land use, remediation and development strategies for sites;
- accommodate an increasing population with changing needs;
- provide housing diversity including affordable housing options;
- achieve a mix of public and private sector involvement;
- deliver a high quality built form; and
- generate an acceptable financial outcome to the City and LandCorp.


The City of Fremantle’s role within the partnership has been to develop strategic planning and visioning guidance, a consultation framework and a regulatory role in assessing development proposals. The City’s strategic planning role has included the development of a ‘Diverse and Affordable Housing Policy’ supporting the delivery of a diverse range of housing stock through the development projects. In return LandCorp have undertaken a project/development management role and facilitated the involvement of the private sector.

The Private Sector
Examples of public-private partnership, between the Local Government sector and developers in Western Australia are limited. Whilst not directly related to the provision of affordable housing, the Town of Port Hedland recently sought to enter into a ‘major land transaction’ with a developer in which the Town will exchange an area of land in return for eight dwellings to provide staff accommodation. In summary, there is no cash component to the transaction; The Town will gift the land to the developer in return for eight staff dwellings, matching the value of the existing land holding. In return, the developer will be granted the right to market and retain the proceeds received from the additional 10 residential lots contained on site.

In addition, to the proposal to create dwellings for its own staffing needs, the Town is also seeking to undertake another ‘major land transaction’ which will see the leasing of 14.5 hectares of land for a mixture of commercial and residential uses to the private sector. In leasing the land for a period of ten years, the developer will provide the Town with an agreed annual sum together with a voluntary ‘community contribution’ based upon level of occupancy of the residential component which will provide accommodation for transient workers.

Whilst these projects have not provided ‘affordable housing’ in line with the technical definition of ‘no more than 30% of income for the lowest 40% of income earners’, it is evident that they will certainly help alleviate some of the demand pressures within the local housing market. Furthermore, through the use of covenants, Local Governments may be able to use such partnerships as mechanism for delivering affordable housing. Nevertheless, Local Governments will need to carefully consider whether the release of land holdings for housing development is the most appropriate use of the land. Guidance for evaluating whether or not a land holding is suitable for affordable housing is included in the previous background paper.

An important issue to consider when seeking to develop in partnership with the private sector, particularly where the development includes a housing component, is scale. The development industry has been critical of large scale redevelopment scheme approaches adopted by the State Government for strategic sites within Perth, such as the ‘City Link’ and Elizabeth Key development schemes. Developing schemes at such vast scales as this reduces competition as the number of developers available to deliver schemes diminishes as the scale of development increases. This can be particularly problematic if there are a number of development opportunities available locally at the same time. Furthermore, where a single developer controls a large site, they will have more power to control aspects of the development such as timing releases and it becomes more difficult to achieve desire outcomes. When considering the scale of which to offer a development to market, whilst economies of scale may be an important factor to consider, smaller sites require less finance, offering opportunities to engage smaller developers and to deliver more diverse housing options.  

3.5 Shared Ownership Schemes

Whilst to the knowledge of the Association, Local Governments have yet be involved in shared ownership schemes, it is worth noting the shared ownership schemes operated by the State Government. Share ownership, simply means that the home buyer purchases a property in conjunction with another body, so there are two owners. The objective of this arrangement is to minimise overall costs for the buyer.

The Department of Housing through its ‘Keystart’ program offers finance to purchase a percentage of the property from the Department of Housing. The Department retains its property share permanently, up to 30%, that the home owner can sell at any time back to the Department. The sale price is determined by the then current market value of the property and the occupier has made any capital improvements to the property of the type which is taken into account by the Department.

Those eligible for a ‘SharedStart’ loan include permanent residents over the age of 18 who intend to live in the purchased property as their principle place of residence and satisfy the following criteria:

- single applicant earning a maximum gross income of $70,000 per year, or
- couples/families earning a maximum gross income of $90,000 per year,
- those (singles or couples/families) working in the North West of WA (above the 26th parallel) earning a maximum gross income of $110,000 per year that would like to purchase a property and live in the North West area

The Department also offers flexible ‘SharedStart’ loans that provide the opportunity for the home occupier to purchase the Department of Housing’s share in the property.

In the UK, a similar scheme ‘Help to Buy’ has been launched by the Government. In short, in purchaser provides a deposit of 5% whilst the Government provides a low interest loan to the purchaser covering up to 20% of the cost of a newly built home. The Government’s equity loan must be repaid by the purchaser after 25 years or upon the sale of the home. The Government retains the value of its equity share in the property, so upon the sale of the property, if Government assistance provided 20% of the purchase price, it will receive 20% of the sale price. Homeowners can purchase the Governments equity share in the property. This is charged at rate that accords with the value of the property estimated value as determined by an independent valuer.33

However, despite the relative success of these types of schemes in increasing the number of more affordable housing, they are focused very much on increasing the affordability of homes to those people who only just fail to access home ownership through open market lending. As such, these schemes generally fail to offer any solutions to those in the most vulnerable groups of society.

3.6 Rating Strategies

Land supply is a critical factor in housing affordability. In examining issues concerning housing affordability, the State Government’s, Community Development and Justice Standing Committee found that “undeveloped land in Western Australia is relatively plentiful [and] 25,000 subdivided and undeveloped lots are being withheld from the market in the Perth region by developers.” To help resolve this, the Committee recommended that “the State Government investigate the feasibility of requiring developers to release developed lots within a specific timeframe, such as a differential

land tax regime on long-term unimproved land".  

Similarly, Local Governments may seek to encourage the release of housing land for development by levying higher rates on vacant land.

In addition to blockages in the supply of housing land, using census data, the Community Housing Coalition of WA (CHCWA) published information highlighting a high level of vacancy in the housing stock across the Perth and Peel Metropolitan Region. The CHCWA study found a total of 66,231 vacant homes; 9.6% of the region’s total housing stock. The largest concentrations of vacant homes were found to be within the Peel region, in coastal areas such as Rockingham and Yanchep and in the newly developed suburbs. In addition, there were also a number of areas close to Perth’s CBD with vacancy rates between 12 -16%.  

In the newly developed areas, the high vacancy rate is likely to be caused by the fact that many homes are awaiting occupancy whilst a high number of holiday homes may account for the high vacancy rate in the coastal areas. However, there is no apparent reason why there would be a high vacancy in more established suburbs within the inner metropolitan region.

As such, any differential ratings structures adopted by Local Governments may also wish to take into consideration the possibility of charging higher rates to those residential properties that have been vacant for excessive periods of time.

The use of differential rating strategies

WA’s rating regime uses ‘Gross Rental Valuation’ (GRV) in urban areas and ‘Unimproved Valuation’ (UV) for rural areas. A key disadvantage of GRV is that it provides no incentive for capital improvements – when someone owns a vacant piece of land, building on this land will increase the assessed GRV of their property and subsequently increase their rates bill. As an example, consider the difference in the rates bill between a vacant lot and an improved lot on two otherwise identical pieces of land:  

<table>
<thead>
<tr>
<th></th>
<th>Vacant land</th>
<th>Improved land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land value</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>House value</td>
<td>0</td>
<td>200,000</td>
</tr>
<tr>
<td>Total property value</td>
<td>300,000</td>
<td>500,000</td>
</tr>
<tr>
<td>GRV</td>
<td>9,000*</td>
<td>20,000#</td>
</tr>
<tr>
<td>GRV rate in the dollar (cents)</td>
<td>6.5</td>
<td>6.5</td>
</tr>
<tr>
<td>Rates bill</td>
<td>585</td>
<td>1,300</td>
</tr>
<tr>
<td><strong>Total rates revenue (for the two properties)</strong></td>
<td><strong>1,885</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note * Landgate states that ‘residential land for which no rental value can be determined is valued on the basis of 3% of its total capital value’ – see Landgate (2012), Valuer General’s Guide to Rating and Taxing Values.  
Note # Assumed rental yield of 4%.  

Table 7: Gross Rental Valuation, no incentives for capital improvement

The increased rates bill itself, is not necessarily a significant disincentive to build on the property, since rates are still charged at the same rate in proportion to the value of the property. Nonetheless, GRV provides no incentive for capital improvement. This becomes important during periods when land prices are rising strongly. During such periods there is often speculative holding of land in anticipation of large profits from selling in the future. Furthermore, if construction costs are high, this may also discourage building.

34 Community Development & Justice Standing Committee (2011) A Fading Dream, Affordable Housing In Western Australia  
36 For simplicity, it is assumed that minimum payments do not apply.
Some Local Governments have used differential rating to apply a higher rate in the dollar to vacant land. This provides more of an incentive to develop vacant land. Typical arguments made by Local Governments in favour of such differential rating include:

- The higher rate is imposed to discourage holdings of undeveloped land within the City, which reduce the amenity of the area. The higher rate encourages early development.\(^{37}\)

- The object of, and reason for, the higher rate in the dollar on Vacant Land is to ‘promote the development of all properties to their full potential thereby stimulating economic growth and development in all areas of our community’.\(^{38}\)

Using the two properties from the previous example shows how applying a differential rate to vacant property could be used to encourage development (since building will cause the landowner to access a lower rate in the dollar):

### Table 8: Differential Ratings

<table>
<thead>
<tr>
<th></th>
<th>Vacant land</th>
<th>Improved land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Value</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>House value</td>
<td>0</td>
<td>200,000</td>
</tr>
<tr>
<td>Total property value</td>
<td>300,000</td>
<td>500,000</td>
</tr>
<tr>
<td>GRV</td>
<td>9,000</td>
<td>20,000</td>
</tr>
<tr>
<td>Rate in the dollar (cents) – differential rate for vacant land</td>
<td>9.9211</td>
<td></td>
</tr>
<tr>
<td>Rate in the dollar (cents) – general rate for improved land</td>
<td></td>
<td>4.9605</td>
</tr>
<tr>
<td>Rates bill</td>
<td>892.90</td>
<td>992.10</td>
</tr>
</tbody>
</table>

Note: * It is assumed that the same amount of rates revenue needs to be recovered by the Local Government as in the first example
Source: WALGA

Of the thirty Local Governments in Metropolitan Perth, eleven use differential rating on vacant residential property.\(^{39}\) The table 9 shows the standard residential rate for these Local Governments and the differential rate that applies to vacant residential land.

### Table 9: Differential Ratings in Perth

<table>
<thead>
<tr>
<th>Local Government</th>
<th>Improved</th>
<th>Vacant</th>
<th>Percentage difference between vacant &amp; improved rates</th>
<th>Vacant differential rate multiple</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kwinana</td>
<td>8.0588</td>
<td>19.2155</td>
<td>138.4%</td>
<td>2.38</td>
</tr>
<tr>
<td>Cockburn</td>
<td>5.089</td>
<td>10.129</td>
<td>99.0%</td>
<td>1.99</td>
</tr>
<tr>
<td>Fremantle</td>
<td>7.344</td>
<td>13.893</td>
<td>89.2%</td>
<td>1.89</td>
</tr>
<tr>
<td>Armadale</td>
<td>8.876</td>
<td>14.682</td>
<td>65.4%</td>
<td>1.65</td>
</tr>
<tr>
<td>Serpentine-Jarrahdale</td>
<td>9.2055</td>
<td>13.6285</td>
<td>48.0%</td>
<td>1.48</td>
</tr>
<tr>
<td>Joondalup</td>
<td>5.8036</td>
<td>8.1772</td>
<td>40.9%</td>
<td>1.41</td>
</tr>
<tr>
<td>Wanneroo</td>
<td>7.353</td>
<td>10.2772</td>
<td>39.8%</td>
<td>1.40</td>
</tr>
<tr>
<td>Kalamunda</td>
<td>5.7378</td>
<td>8</td>
<td>39.4%</td>
<td>1.39</td>
</tr>
<tr>
<td>Perth</td>
<td>4.131</td>
<td>5.392</td>
<td>30.5%</td>
<td>1.31</td>
</tr>
<tr>
<td>Nedlands</td>
<td>5.652</td>
<td>7.337</td>
<td>29.8%</td>
<td>1.30</td>
</tr>
<tr>
<td>Melville</td>
<td>5.401866</td>
<td>6.807744</td>
<td>26.0%</td>
<td>1.26</td>
</tr>
</tbody>
</table>

Source: WALGA

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\(^{38}\) City of Armadale (2013), Annual Budget 2013-14.

\(^{39}\) For simplicity the analysis only looks at the vacant/non-vacant differential rates that are applicable to residential property. Some Local Governments further distinguish their vacant/non-vacant differential rates in categories such as commercial and industrial.
All other things being equal, Local Governments using differential rates for vacant land would have lower proportions of vacant land than those Local Governments that do not use this type of differential rating. However, it is difficult to know how large the difference between vacant land rates and improved land rates needs to be to significantly reduce the proportion of vacant land. This is because a number of factors affect the market for vacant land in an area, such as: State Government land releases, business and consumer confidence, developer sentiment, construction costs and community attitudes to infill development.

The above table shows there is a wide range of variations between differential rates. The City of Kwinana’s residential vacant land rate is 2.38 times larger than the residential improved rate, whereas the City of Melville’s vacant land rate is only 1.26 times the improved rate. The wide range in differential rate variations is probably appropriate since every Local Government’s circumstances will be different. Indeed, Local Governments should be conscious of local conditions such as the amenity effects of vacant land, community preferences and economic factors when setting their differential rates. However, it is also important to note that the potential to charge a higher differential rate is restricted by the Local Government Act 1995:

“In imposing a differential general rate a local government is not to, without the approval of the Minister, impose a differential general rate which is more than twice the lowest differential general rate imposed by it”.

The use of minimum payments, within a general rating context, is an alternative strategy that could be used to encourage development. If vacant land in a district tends to be of a lower value than improved land then the minimum payments effectively charge a higher rate in the dollar for vacant land owners relative to improved land owners. However, this is a poorly targeted approach for encouraging development of vacant land – owners of lower priced developed properties (perhaps those that are on small lots) may also be liable for the minimum payment.

Minimum payments could also be applied within the differential rating category for vacant land. Relative to higher value land holdings, this would provide more incentive to develop lower value land holdings, since a minimum would effectively mean a higher rate in the dollar for these properties. But for the development of vacant land in general, the key factor will be its effective rate in the dollar relative to improved land.

The use of differential rates and minimum payments are effectively the only rating options that Local Governments can use to provide direct incentives to build on vacant land. This is because WA’s rating regime dictates that GRV is used in urban areas. However, if the rating regime was instead based on UV for all areas, this would also provide an incentive to improve vacant land. This is because the nominal dollar amount of rates under a UV regime will remain the same, regardless of how much capital improvement takes place.

While the owner of a vacant property would not be penalised to the same extent as they could be under differential rating (unless the Local Government applied differential UV ratings to its district), UV has the further advantage of providing incentives to improve underdeveloped as well as vacant land. This is shown in the table below, which adds a third property to the previous example. The third property is on an identical land holding, but includes a deteriorated, and therefore lower valued, house. As the table shows there is an incentive to improve the property, because as its value increases, the relative size of the rate bill falls.
Table 10: Unimproved Valuation, Incentivising Development

<table>
<thead>
<tr>
<th></th>
<th>Vacant land</th>
<th>Improved land (with poor quality house)</th>
<th>Improved land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Value (UV)</td>
<td>300,000</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>House value</td>
<td>0</td>
<td>100,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Total property value</td>
<td>300,000</td>
<td>400,000</td>
<td>500,000</td>
</tr>
<tr>
<td>GRV</td>
<td>9,000</td>
<td>16,000</td>
<td>20,000</td>
</tr>
<tr>
<td>GRV rate in the dollar (cents)</td>
<td>6.2833</td>
<td>6.2833</td>
<td>6.2833</td>
</tr>
<tr>
<td>GRV rates bill</td>
<td>565.5</td>
<td>1,005.33</td>
<td>1,256.67</td>
</tr>
<tr>
<td>UV rate in the dollar (cents)</td>
<td>0.3142</td>
<td>0.3142</td>
<td>0.3142</td>
</tr>
<tr>
<td>UV rates bill</td>
<td>942.5</td>
<td>942.5</td>
<td>942.5</td>
</tr>
<tr>
<td>UV rates bill as a percentage of total property value</td>
<td>0.3142%</td>
<td>0.2356%</td>
<td>0.1885%</td>
</tr>
</tbody>
</table>

Source WALGA

The use of UV rating in urban areas would require legislative changes in WA. Therefore, in the short term at least, differential rating is the only rating based method that Local Governments can use to encourage the development of vacant land. While higher rates on vacant land relative to general rates provide an incentive for development, it is not known what level of difference is needed to provide the desired response by landholders. In the absence of such information, Local Governments will need to use their own judgement of local conditions in setting the appropriate differential rate for vacant land. It is also important to note that the cost of rates is relatively small compared to other costs of land ownership and development. This may limit the impact that rating based strategies can have.

Advocacy in relation to rating inequities

In addition to the guidance set out above, it is important to recognise that WALGA’s State Council has adopted various positions in relation to ratings by Local Government. Most recently, the Metropolitan Local Government Review Panel’s Final Report recommended that, “the State Government give consideration to the inequities that exist in local government rating, including rate-equivalent payments and State Agreement Acts.” In reply, WALGA’s position on various rating inequity issues and the response from the State Government are set out in Appendix 3.

## APPENDIX 1: PERTH HOUSING STOCK

### Table 11: Housing Affordability: Income to House Value Ratio

<table>
<thead>
<tr>
<th>Suburb</th>
<th>Local Government</th>
<th>Median House Value ($)</th>
<th>Median Annual Earnings ($)</th>
<th>Ratio of Household Value to Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secret Harbour</td>
<td>Rockingham</td>
<td>464,327</td>
<td>112,216</td>
<td>4.1</td>
</tr>
<tr>
<td>Leda</td>
<td>Kwinana</td>
<td>301,706</td>
<td>71,396</td>
<td>4.2</td>
</tr>
<tr>
<td>Bertram</td>
<td>Kwinana</td>
<td>373,787</td>
<td>87,776</td>
<td>4.3</td>
</tr>
<tr>
<td>Seville Grove</td>
<td>Armadale</td>
<td>322,686</td>
<td>74,880</td>
<td>4.3</td>
</tr>
<tr>
<td>Brookdale</td>
<td>Armadale</td>
<td>264,527</td>
<td>60,944</td>
<td>4.3</td>
</tr>
<tr>
<td>Baldinvis</td>
<td>Rockingham</td>
<td>448,121</td>
<td>100,412</td>
<td>4.5</td>
</tr>
<tr>
<td>Bullsbrook</td>
<td>Swan</td>
<td>340,734</td>
<td>76,336</td>
<td>4.5</td>
</tr>
<tr>
<td>Ellenbrook</td>
<td>Swan</td>
<td>393,777</td>
<td>87,204</td>
<td>4.5</td>
</tr>
<tr>
<td>Banksia Grove</td>
<td>Wanneroo</td>
<td>365,206</td>
<td>80,860</td>
<td>4.5</td>
</tr>
<tr>
<td>Aubin Grove</td>
<td>Cockburn</td>
<td>526,112</td>
<td>116,480</td>
<td>4.5</td>
</tr>
<tr>
<td>Piara Waters</td>
<td>Armadale</td>
<td>521,024</td>
<td>114,816</td>
<td>4.5</td>
</tr>
<tr>
<td>Port Kennedy</td>
<td>Rockingham</td>
<td>394,539</td>
<td>86,788</td>
<td>4.5</td>
</tr>
<tr>
<td>Golden Bay</td>
<td>Rockingham</td>
<td>379,984</td>
<td>83,408</td>
<td>4.6</td>
</tr>
<tr>
<td>Hammond Park</td>
<td>Cockburn</td>
<td>509,592</td>
<td>111,124</td>
<td>4.6</td>
</tr>
<tr>
<td>Wellard</td>
<td>Kwinana</td>
<td>447,835</td>
<td>96,824</td>
<td>4.6</td>
</tr>
<tr>
<td>Orelia</td>
<td>Kwinana</td>
<td>267,647</td>
<td>57,356</td>
<td>4.7</td>
</tr>
<tr>
<td>Hillman</td>
<td>Rockingham</td>
<td>273,489</td>
<td>57,928</td>
<td>4.7</td>
</tr>
<tr>
<td>Clarkson</td>
<td>Wanneroo</td>
<td>364,527</td>
<td>77,012</td>
<td>4.7</td>
</tr>
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Source: ABS 2011 Census
Table 12: Housing Stock Size

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<td>29.7%</td>
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<td>35.1%</td>
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<td>2.8%</td>
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<td>31.7%</td>
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<td>24.9%</td>
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<td>1.9%</td>
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<td>34.8%</td>
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<td>2.1%</td>
<td>0.4%</td>
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<td>1.3%</td>
<td>5.3%</td>
<td>30.7%</td>
<td>56.2%</td>
<td>5.4%</td>
<td>0.8%</td>
<td>49,562</td>
</tr>
</tbody>
</table>

**Western Australia**  
1%  4%  13%  40%  37%  5%  1%  799963

Source: ABS 2011 Census of Population and Housing
Figure 5: Average Dwelling Size Western Australia

Source: ABS 2011 Census of Population and Housing
Table 13: Occupied Dwellings: Occupancy levels.

<table>
<thead>
<tr>
<th>Local Government</th>
<th>One person</th>
<th>Two persons</th>
<th>Three persons</th>
<th>Four persons</th>
<th>Five persons</th>
<th>Six or more persons</th>
<th>Occupied Dwellings Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armadale</td>
<td>21.1%</td>
<td>34.8%</td>
<td>17.3%</td>
<td>15.7%</td>
<td>7.0%</td>
<td>4.1%</td>
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<td>Bassendean</td>
<td>28.7%</td>
<td>35.0%</td>
<td>15.5%</td>
<td>13.4%</td>
<td>5.2%</td>
<td>2.2%</td>
<td>5,712</td>
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<td>35.5%</td>
<td>15.6%</td>
<td>13.1%</td>
<td>4.9%</td>
<td>2.0%</td>
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<td>5.0%</td>
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<td>14.2%</td>
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<td>8.5%</td>
<td>2.3%</td>
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<td>7.8%</td>
<td>3.7%</td>
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<td>15.3%</td>
<td>7.0%</td>
<td>2.0%</td>
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<td>East Fremantle</td>
<td>26.7%</td>
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<td>14.5%</td>
<td>16.7%</td>
<td>7.2%</td>
<td>1.3%</td>
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<tr>
<td>Fremantle</td>
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<td>35.8%</td>
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<td>13.4%</td>
<td>5.3%</td>
<td>2.3%</td>
<td>26,455</td>
</tr>
<tr>
<td>Melville</td>
<td>23.8%</td>
<td>33.5%</td>
<td>16.1%</td>
<td>17.7%</td>
<td>6.7%</td>
<td>2.2%</td>
<td>35,577</td>
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<td>5.7%</td>
<td>1.5%</td>
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<td>17.8%</td>
<td>9.6%</td>
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<td>3.4%</td>
<td>0.6%</td>
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<td>18.0%</td>
<td>20.8%</td>
<td>8.8%</td>
<td>4.7%</td>
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</tbody>
</table>

| Western Australia | 23.8% | 34.5% | 15.9% | 16.1% | 6.6% | 3.1% | 794,165 |

Source: ABS 2011 Census of Population and Housing
Figure 6: Number of Persons per Occupied Dwelling

Source ABS 2011 Census of Population and Housing
### Table 14: Occupied Dwellings: Occupancy Ratios

<table>
<thead>
<tr>
<th>Local Government</th>
<th>Average No of Bedrooms per Dwelling</th>
<th>Mode Dwelling Size</th>
<th>Persons per Dwelling</th>
<th>Bedrooms per Person</th>
<th>Mode of Persons per Dwelling</th>
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<td>Armadale</td>
<td>3.43</td>
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<td>1.27</td>
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<td>Two Persons</td>
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<td>Two Persons</td>
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</tr>
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<td>Two Persons</td>
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</table>

Source: ABS 2011 Census of Population and Housing
Figure 7: Dwelling Occupancy Ratios
## Table 15: Occupied Dwellings by Tenure

<table>
<thead>
<tr>
<th>Local Government</th>
<th>Owned outright</th>
<th>Owned with a mortgage</th>
<th>Purchased under a rent/buy scheme</th>
<th>Rented</th>
<th>Occupied rent-free</th>
<th>Occupied under a life tenure scheme</th>
<th>Other tenure type</th>
<th>Not stated</th>
<th>N/A*</th>
<th>Total</th>
</tr>
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<td>0%</td>
<td>0%</td>
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<td>8%</td>
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Source ABS 2011 Census of Population and Housing

Note* Includes, unoccupied private dwellings, non-private dwellings and migratory, off-shore and shipping SA1s
### Table 16: Occupied Rental Dwellings by Landlord Type

<table>
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<tr>
<th>Local Government</th>
<th>Real estate agent</th>
<th>State or territory housing authority</th>
<th>Person not in the same household</th>
<th>Residential park (caravan parks and marinas)</th>
<th>Employer</th>
<th>Housing co-operative / community group</th>
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<td>Bassendean</td>
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<td>2.4%</td>
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<td>0.0%</td>
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<td>0.4%</td>
</tr>
<tr>
<td>Bayswater</td>
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<td>2.3%</td>
<td>7.7%</td>
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</tr>
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<td>0.1%</td>
<td>0.6%</td>
<td>0.6%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Serpentine-Jarrahdale</td>
<td>5.0%</td>
<td>0.4%</td>
<td>1.6%</td>
<td>4.3%</td>
<td>0.1%</td>
<td>0.0%</td>
<td>0.9%</td>
<td>0.1%</td>
</tr>
<tr>
<td>South Perth</td>
<td>18.3%</td>
<td>3.8%</td>
<td>3.0%</td>
<td>6.8%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.6%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Stirling</td>
<td>14.1%</td>
<td>3.9%</td>
<td>2.1%</td>
<td>7.3%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.9%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Subiaco</td>
<td>22.5%</td>
<td>4.0%</td>
<td>2.3%</td>
<td>8.3%</td>
<td>0.0%</td>
<td>0.3%</td>
<td>0.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Swan</td>
<td>8.7%</td>
<td>3.7%</td>
<td>2.0%</td>
<td>4.5%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.7%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Victoria Park</td>
<td>19.7%</td>
<td>4.2%</td>
<td>2.5%</td>
<td>8.4%</td>
<td>0.2%</td>
<td>0.0%</td>
<td>1.0%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Vincent</td>
<td>19.2%</td>
<td>2.8%</td>
<td>2.0%</td>
<td>9.6%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Wanneroo</td>
<td>9.9%</td>
<td>2.4%</td>
<td>1.9%</td>
<td>4.4%</td>
<td>0.1%</td>
<td>0.1%</td>
<td>0.5%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

| Metro Region     | 12.1%            | 2.9%                                | 2.1%                             | 5.7%                                        | 0.1%     | 0.1%                                   | 0.7%      | 0.4% | 0.4% | 75% |
| Western Australia| 10.9%            | 3.3%                                | 1.9%                             | 5.4%                                        | 0.2%     | 0.5%                                   | 1.4%      | 0.5% | 0.6% | 75% |

Source ABS 2011 Census of Population and Housing

Note* Includes, occupied private dwellings (with Tenure Type of 'owned outright', 'owned with a mortgage', 'being purchased under a rent/buy scheme', 'being occupied under a life tenure scheme', 'other' and 'not stated') unoccupied private dwellings, non-private dwellings and migratory, off-shore and shipping SA1s.
Understanding the Issues

Placing a Strategy in Context & Defining the Housing Market

Local Governments will need to be mindful of the fact that the ‘local housing market’ will, in most instances, not align intrinsically to the Local Government boundaries and a functional housing market may overlap local government boundaries. As an example of the complexity of accurately defining housing market areas, the UK Government undertook a study to accurately define housing markets areas across England to help local planning authorities better address local housing needs and identify opportunities cross administrative border partnerships. In summary, the survey’s findings were based upon a combination of travel to work areas, migration patterns (the extents of areas within which households are willing to move) and consistent price of housing. Whilst factors such as FIFO working patterns, make such direct comparisons with WA more difficult, the same variables factors can be readily translated to the WA housing market. Therefore, REIWA’s ‘Property Market Indicators’ can be considered to accurately reflect the housing market areas within WA. REIWA’s property market indicators highlight 12 housing market areas within WA, including,

- Perth Metropolitan
- Mandurah - Murray
- Bunbury
- Geraldton - Greenough
- Kalgoorlie - Boulder
- Albany
- Broome
- Busselton
- Esperance
- Karratha
- Northam
- Port Hedland

Understanding the Issues

Once the local housing market has been recognised, it is important to understand the market and the issues and challenges that it presents. There are two key elements that this assessment will need to understand, the issues affecting the demand for homes and supply factors. The evidence collected should ultimately determine whether there is a reasonable balance between the supply and demand for homes and secondly whether the type of homes provided are both affordable and appropriate to the community. Tables 17 and 18 provide an overview of how to measure these differing dynamics and possible data sources.
<table>
<thead>
<tr>
<th>Factor</th>
<th>Issue</th>
<th>Data Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic trends</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Population Trends             | Population growth or decline is likely to have a direct impact upon the demand for homes.                                                                                                                | • WA Tomorrow, Population Report No. 7, Current Projections, DoP • ABS Census population 
|                               |                                                                                                                                                                                                        | • DoP – State of Land Housing Supply                                                                                                                                                                       |
| Age Structure                 | The age structure of a population is important for a number of reasons. It influences include migration patterns with young adults more likely to readily move in search of employment and education opportunities. Populations with a large percentage of persons aged 65+ may highlight the need special needs housing. | • ABS - Time Series Profile Table T01, T02 & T03 • REIWA Perth Suburb Profiles                                                                                                                          |
| Household structure           | Recent trends have seen the average household size decline with an increasing number of lone person households. This in turn has led to an increased demand for housing, even in areas where there has not been population growth. | • WA Tomorrow, Population Report No. 8, Household Forecasts, DoP • ABS - Time Series Profile Table T02                                                                                                    |
| Special Needs groups          | It may be beneficial to recognise specific groups within the community with special needs, such as those with a disability, the elderly, homeless and culturally and linguistically diverse.                         | • State wide information-ABS- Disability, Ageing and Carers, Australia 2009. • Best information likely to be available by engaging with local organisations.                                                        |
| Household Earnings            | Data on household incomes (rather than the income of individuals) are the most relevant to housing market studies as they highlight a household’s ability to be able satisfy their housing needs.                          | • ABS- 2011 Census Household incomes                                                                                                                                                                       |
| Economic factors              |                                                                                                                                                                                                        |                                                                                                                                                                                                            |
| Local Economy Structure       | The structure and make-up of the local economy can be an important factor; particularly away from the Perth Metropolitan Region where there is likely to be less diversity in the economy. Structural change of the economy and various sectors within the economy may very rapidly lead to strong demand for labour and therefore housing and accordingly vice versa. | • ABS- 2011 Census Community Profiles-Working Population Profile                                                                                                                                              |
| Employment Trends             | The recent shift towards more part-time and casual working has affected the ability of some households to be able to access mortgage lending. As such, in areas with high numbers of casual labour, a large proportion of the population may be unable to get on to the property ladder. | • ABS- 6202.0 - Labour Force, Australia 2013 • ABS- 2011 Census Community Profiles-Working Population Profile                                                                                         |
### Table 18: Measuring Housing Supply

<table>
<thead>
<tr>
<th>Factor</th>
<th>Issue</th>
<th>Data Sources</th>
</tr>
</thead>
</table>
| Housing Stock| It is important to understand how the current housing stock relates to the needs of the community and to determine how this stock needs to evolve to satisfy future population needs. | • ABS - Census Community Profiles - Time Series Profile T14 - T18  
• REIWA Perth Suburb Profiles                                                                 |
| Rental Market| Rental information is a good housing affordability indicator. Rents are more likely to be stable where supply and demand are in equilibrium. When the number of rental vacancies drops below 3%, steep increases in rental price are often seen. | • ABS - Census Community Profiles - Time Series Profile T19 – T21  
• REIWA - Perth Suburbs Rental Data                                                                                           |
| House Prices | House prices are evidently one of the leading indicators of housing affordability. It is however important to note that there is often a considerable time lapse between when a contract is exchange (when sales figures are reported) and the date when a sale is agreed. Median house prices are seen as being more reliable than average prices which can be significantly skewed by abnormally high or low sales values. | • REIWA Perth Suburbs Price Data.                                                                                                                                 |
| Building Approvals | Trends in building approvals are considered to be leading housing market performance indicator. Building approvals can be quite volatile on a monthly basis (the ABS accounts for this by providing seasonally adjusted figures) however building approval statistics are seen as a good barometer of the housing market and wider economic cycle. | • ABS - Building Approvals (8731.0)  
• Local Government approval statistics                                                                                   |
| Land Supply  | The volume of serviceable housing land available locally is an important consideration. Indeed the quantity of housing land available may indicate problems and blockages in either the planning or building sectors. | • DoP – State of Land Housing Supply                                                                                                                                 |

### Developing a Strategy

Once a clear understanding of the issues affecting the local housing market have been gained, possible strategies to achieve a Housing Strategy’s aim and objectives can be considered. Possible strategies may include working in partnership with other agencies, offering support to providers of affordable housing and adopting particular planning mechanisms. It is important however, that the chosen strategy(s) is able to demonstrate its performance in satisfying the aims and objectives of the Housing Strategy given the issues and challenges presented locally.

When determining which strategies to undertake it is important to take the following considerations into account:

- Local housing needs – increased stock, does the stock match existing /future needs.
- Feasibility of approach.
- Resource availability - financial, staff, time.
- Impact – how successful is the adopted approach likely to be in relation to the overall aims and objectives, have any possible negative impacts also been considered?
• Political & regulatory support.
• Consistency with other strategies.
• Costs & risks of unintended consequences – eg could development viabilities be reduced?

In addition to the opportunities set out in chapter 2 of this report, a summary of possible strategy responses are set out in table 19:

**Table 19: Housing Market Analysis & Strategic Responses**

<table>
<thead>
<tr>
<th>Housing market analysis results</th>
<th>Potential approach</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Need for new housing due to forecast increase in households and or population</strong></td>
<td>Assess existing supply of residential land; identify new housing opportunities and consider rezoning for residential uses or higher density residential development in appropriate locations (near transport and services).</td>
</tr>
<tr>
<td><strong>Need for larger/smaller dwellings, or adaptable/accessible dwellings due to changing demographic profile and household size, for example:</strong></td>
<td>Assess residential development opportunities, and consider changing zones or development controls to encourage:</td>
</tr>
<tr>
<td>• Increase in numbers of families with children or group households.</td>
<td>• Appropriate residential lot sizes to meet projected housing need and promote housing diversity.</td>
</tr>
<tr>
<td>• Increase in couple or lone person households.</td>
<td>• A sufficient new supply of larger or smaller dwellings (for instance, a requirement that medium density developments include a minimum number of one, two and three-bedroom configurations).</td>
</tr>
<tr>
<td>• Ageing population.</td>
<td>• A sufficient supply of adaptable or accessible housing (for instance requirements that certain housing forms include a proportion of adaptable housing).</td>
</tr>
<tr>
<td><strong>Need for additional housing for projected population increase associated with forecast economic/employment trends, e.g.</strong></td>
<td>Consider existing supply of residential land;</td>
</tr>
<tr>
<td>• Anticipated new industrial development</td>
<td>• Identify new housing opportunities and consider rezoning for residential uses or higher density residential development in appropriate locations (near transport and services).</td>
</tr>
<tr>
<td>• Growth in service sector.</td>
<td>• Consider introducing planning approaches to ensure affordability of housing for ‘key workers’ and those in the service sector (e.g. nurses, personal care assistants, childcare workers, hospitality staff, teachers, police).</td>
</tr>
<tr>
<td>• Ageing population and need for aged care services.</td>
<td>• Consider need for appropriate seasonal housing opportunities, such as well-located and serviced caravan parks, manufactured home estates, or zoning provisions for temporary/permanent employee housing.</td>
</tr>
<tr>
<td>• Seasonal employment trends.</td>
<td></td>
</tr>
<tr>
<td><strong>Proportion of population on very low incomes experiencing housing stress or at risk of</strong></td>
<td>• Consider the introduction or enhancement of local community services for people in</td>
</tr>
<tr>
<td>Housing market analysis results</td>
<td>Potential approach</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td><strong>housing stress</strong>, including:</td>
<td><strong>housing need</strong>, such as an emergency referral network, or services for people in caravan parks and manufactured home estates</td>
</tr>
<tr>
<td>- Increasing numbers of homeless people or people at risk of homelessness</td>
<td>- Consider developing a joint venture or partnership with a social housing provider or community organization to provide crisis accommodation or support services.</td>
</tr>
<tr>
<td>- People living in semi-permanent accommodation such as residential parks and manufactured home estates</td>
<td></td>
</tr>
<tr>
<td><strong>High spatial concentrations of people on low incomes, who may be at risk of social marginalisation or exclusion, such as:</strong></td>
<td></td>
</tr>
<tr>
<td>- Large public housing estates</td>
<td><strong>Consider working with social housing landlords to improve services for tenants or to promote new, mixed residential developments within or in proximity to large estates</strong></td>
</tr>
<tr>
<td>- Large concentrations of private tenants on low or moderate incomes</td>
<td><strong>Consider ways to coordinate services for low income private tenants</strong></td>
</tr>
<tr>
<td><strong>Loss or shortage of low cost rental housing stock and declining housing affordability, e.g.</strong></td>
<td><strong>Consider planning approaches to protect, promote or provide affordable housing, such as:</strong></td>
</tr>
<tr>
<td>- Loss of low cost rental housing opportunities such as boarding houses, rental flats, older housing stock, caravan parks, manufactured housing estates.</td>
<td>- Controls to protect existing sources of low priced housing stock (and the development of internal training and/or guidelines to maximize efficacy of existing planning controls)</td>
</tr>
<tr>
<td>- Loss or potential of lower cost home purchase opportunities due to forecast increase in housing demand, due to population increase or likely process of urban renewal or gentrification.</td>
<td>- Ensuring an adequate supply of serviced residential land or redevelopment opportunities (subject to local capacity).</td>
</tr>
<tr>
<td>- Shortage of social housing opportunities (e.g. public or community housing, relative to demand).</td>
<td>- Controls to allow and encourage more affordable and diverse housing types, such as mixed commercial/residential development.</td>
</tr>
<tr>
<td></td>
<td>- Examining the impact of development controls on housing affordability, and ensuring that a wide diversity of housing forms are permissible in as many well located areas as possible.</td>
</tr>
<tr>
<td></td>
<td>- Consider facilitating specific housing projects for affordable housing or special needs groups (refer internal link).</td>
</tr>
<tr>
<td></td>
<td>- Develop an advocacy strategy to demonstrate the need for more affordable housing within the local community.</td>
</tr>
</tbody>
</table>

Source: Family and Community Services, NSW State Government, NSW Local Government Housing Kit

[www.housing.nsw.gov.au/Centre+For+Affordable+Housing](http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing)
### APPENDIX 3: WALGA ADVOCACY IN RELATION TO RATING INEQUITIES

#### Table 20: Ratings Advocacy

<table>
<thead>
<tr>
<th>Panel Recommendation</th>
<th>WALGA position</th>
<th>State Government position</th>
<th>WALGA Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>The State Government give consideration to the inequities that exist in local government rating, including rate-equivalent payments &amp; State Agreement Acts.</td>
<td>Panel Recommendation 1 is CONDITIONALLY SUPPORTED subject to direct action being taken to address the inequities that exist in Local Government rating.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate exemptions for charitable purposes</td>
<td>(Long-standing position of SUPPORT)</td>
<td>The basis for rate exemptions for charitable purposes will be considered in a further stage of reform.</td>
<td>The Local Government sector is seeking clarity regarding exemptions for charitable purposes. This issue should be resolved as soon as possible.</td>
</tr>
<tr>
<td>The appropriateness of using the Unimproved Valuation rating method in the metropolitan area</td>
<td>No position</td>
<td>Not supported. There is no demonstrable relationship between using either the GRV or UV valuation methods and the ongoing financial sustainability of local governments. Moving to GRV across the metropolitan area may disadvantage those using their land for rural purposes.</td>
<td>No position</td>
</tr>
<tr>
<td>Matters relating to the Cambridge Endowment Lands Act</td>
<td>No position</td>
<td>There is no demonstrable relationship between the Cambridge Endowment Act valuation issue and the ongoing sustainability of the Cambridge local government.</td>
<td>No position</td>
</tr>
<tr>
<td>Panel Recommendation</td>
<td>WALGA position</td>
<td>State Government position</td>
<td>WALGA Comment</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>The exemption provided by State Agreement Acts and the payment of local government</td>
<td>The rating exemption provided by existing State Agreement Acts should be</td>
<td>Supported. Issues concerning State Agreements have already been addressed.</td>
<td>Rating issues concerning new State Agreement Acts have been addressed (Local Governments can apply Gross Rental Valuation to certain improvements on land within mining tenements). However, these arrangements only apply for a ‘trial period’ for the three years from July 1, 2012.</td>
</tr>
<tr>
<td>rates</td>
<td>removed.</td>
<td></td>
<td>Existing State Agreement Acts, on the other hand, essentially continue to provide rate exemptions. Local Governments can only rate projects covered by existing Agreements in the unlikely event that ‘both parties agree to adopt the policy’.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Alternatively, the State Government has also stated that ‘projects that operate under existing State Agreements and currently exempt from rates may apply the policy as part of their respective Agreement Variation processes with the Department of State Development during the trial period’. Again, this statement suggests it is unlikely that the rating exemptions will be removed for existing State Agreements.</td>
</tr>
<tr>
<td>Whether Local Government rate Equivalent payments paid by State trading enterprises</td>
<td>(Long-standing position of SUPPORT)</td>
<td>Not supported. There is a long-standing agreement that governments do not tax each other.</td>
<td>As per WALGA’s Submission to the Issues Paper: A similar issue relates to rate exemptions for State Government trading entities. A particular example is the exemption granted to LandCorp by the Land Authority Act 1992. In 1998, the Act was amended to include provisions for LandCorp to pay the Treasurer an amount equal to that which would have otherwise been payable in Local Government rates, based on the principle of ‘competitive neutrality’. This matter is of serious concern to Local Governments with significant LandCorp holdings in their district. The shortfall in rates are effectively paid by other ratepayers, which means ratepayers have to pay increased rates because LandCorp has a presence in the district.</td>
</tr>
<tr>
<td>to the State Government should go to local governments</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
5.8 Interim submission to the Productivity Commission’s Geographic Labour Mobility Study (05-051-02-0001 PS)

By Paul Schollum, Policy Manager Economics

Moved: Cr G Amphlett
Seconded: Cr C Mitchell

That the Association’s interim submission to the Productivity Commission’s Geographic Labour Mobility Study be endorsed.

RESOLUTION 10.1/2014 CARRIED UNANIMOUSLY

In Brief

- The Productivity Commission is currently undertaking a research study on geographic labour mobility within Australia.
- The Commission’s draft report found that labour mobility was generally working well in Australia.
- The Association’s submission in response to the draft report generally agreed with the findings and recommendations that were relevant to Local Government.

Attachment

Interim submission to the Productivity Commission’s Geographic Labour Mobility Study

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

Nil

Background

The Productivity Commission is currently undertaking a research study on geographic labour mobility within Australia and its role in a well-functioning labour market. In November 2013, the Commission released the draft report for this study.

The Commission found that labour mobility was generally working well in Australia. The increased use of fly-in, fly-out (FIFO) practices and temporary immigration had been critical to meeting labour demand in many parts of the country. However, it also found there are many areas experiencing skills shortages while other areas have high unemployment.

The Commission's draft recommendations included: cutting stamp duties; improving the efficiency of land-use planning and land release processes; reviewing restrictions on Local Governments’ own-source revenue; and improving the measurement of service populations.
Comment

The Association’s submission supported the Commission’s finding that there are gaps in the understanding and measurement of temporary and service populations. The submission also provided some evidence on how FIFO workforces can impact mining communities, particularly the challenges this causes for Local Governments in the provision of infrastructure.

The Association also agreed with the Commission’s recommendation that State Governments should ‘review the restrictions imposed on local governments’ capacity to raise own-source revenue’. The submission provided examples of constraints on Local Government revenue in WA, including: fee and charge setting restrictions, State Agreement Acts and the rates exemption granted to ILU accommodation operated by the not-for-profit sector.

The Association supported the Commission’s recommendation that ‘State governments should ensure that local governments have the capacity and capability to manage the effects of population change in their areas’. This is particularly relevant to WA, since it is the Australian jurisdiction with the highest population growth.

The Productivity Commission required submissions to be made by 7 February 2014. Therefore, the Association prepared an interim submission, subject to State Council approval. Before the Association’s comments were submitted, the WALGA President and members of the Mining Communities Policy Forum were given the opportunity to provide comments. Support for the interim submission was obtained.
Dear Sir/Madam

Draft Report – Geographic Labour Mobility

Thank you for the opportunity to respond to the Productivity Commission’s Draft Report on Geographic Labour Mobility. Please note that due to meeting schedules, this submission has not yet been endorsed by the Western Australian Local Government Association’s State Council. The Commission will be informed of any changes to this submission following consideration by the State Council in March 2014.

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

Impacts of Long Distance Commuting on Communities and Governments

In section 3 of the Draft Report the Commission notes 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 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 regions.

These problems have all been encountered to some extent in mining communities across Western Australia. 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) 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 WA Local Government Areas with significant mining activity:
Table 1 Selected LGAs by difference in POE count and RP (2011 Census)

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

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 Commission noted that long distance commuting arrangements can also affect the ‘source’ communities where workers normally reside. Communities have found that family relationships can be disrupted and strained by the absence of workers during the working period of a FIFO cycle. Consequently, a number of support groups and informal networks have been established across WA to help families manage the impact of long distance commuting arrangements.

The Association supports the Commission’s finding that ‘there are gaps in the understanding and measurement of geographic mobility, particularly of temporary or service populations’ (p.249). Indeed, the Association recently 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 believes that improving data on long distance commuting and service populations is important for two reasons. Firstly, this information would assist Local Governments’ planning functions, particularly in the areas of infrastructure and service provision. Secondly, it would provide an evidence base on service populations for possible inclusion in Local Government grant allocation models.

Constraints on Local Government revenue

Fee and Charge setting restrictions

In section 12.3 of the Draft Report the Commission notes that Local Government’s capacity to raise revenue is often constrained by State Government policies. In Western Australia, this includes restrictions on Local Government’s ability to set fees and charges for a wide range of Local Government services. The following table presents a selection of these fees and charges and the applicable legislation:

Table 2 Legislation prescribing selected WA Local Government fees and charges

<table>
<thead>
<tr>
<th>Fees and charges</th>
<th>Legislation containing applicable fee and charge restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning and Development</td>
<td>Planning and Development Regulations 2009</td>
</tr>
<tr>
<td>Building</td>
<td>Building Act 2011</td>
</tr>
<tr>
<td>Dog registration</td>
<td>Dog regulations 1976</td>
</tr>
<tr>
<td>FOI requests</td>
<td>Freedom of Information Regulations 1993</td>
</tr>
<tr>
<td>Cattle impoundment</td>
<td>Local Government (Miscellaneous Provisions) Act 1960</td>
</tr>
<tr>
<td>Public Building Approvals</td>
<td>Health (Public Buildings) Regulations 1992</td>
</tr>
<tr>
<td>Caravan parks and camping grounds</td>
<td>Caravan Parks and Camping Grounds Regulations 1997</td>
</tr>
</tbody>
</table>
Unfortunately, these restrictions 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.

State Agreement Acts
The Commission also states that ‘state agreements negotiated with mining companies often include significantly reduced rates’ (p.244). In fact, almost all State Agreement Acts include significantly reduced rates for mining companies. Agreements negotiated before July 2012 are set on an unimproved valuation basis according to rates prescribed in the Local Government Act 1995. The Act sets the highest Local Government rate applicable to pre-July 2012 State Agreement Act sites at $1.00 per 4,000 square metres, with the rates getting progressively smaller as the applicable area increases.

For the few State Agreement Acts that have been initiated from July 2012, Local Governments can apply Gross Rental Valuation (GRV) to certain improvements on land within mining tenements. However, these arrangements only apply for a ‘trial period’ for the three years from July 1, 2012.

Furthermore, current State Government policy is that Local Governments can only apply GRV rating to projects covered by pre-July 2012 Agreements if:

- both parties agree to adopt the policy; or,
- rating exemptions are removed during an Agreement Variation process with the Department of State Development.

In practice, GRV has not been applied to pre-July 2012 agreements: on the first point, both parties are unlikely to agree on adopting the policy and, on the second point, the Association has been advised by the Department of State Development that the timing of Agreement Variation processes is confidential and Local Governments cannot be notified when these processes occur. A consequence of such restrictions on rating mining projects is that affected Local Governments are denied an efficient source of revenue.

Exemptions from Local Government Rates
Legislated exemptions from the rates base also constrain Local Government revenue. 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 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.

On many occasions the Association has asked the WA State Government to address fee and charge setting restrictions and rate exemptions for State Agreements and ILU accommodation. Therefore, the Association strongly supports the Commission’s draft recommendation that State Governments should ‘review the restrictions imposed on local governments’ capacity to raise own-source revenue’ (p.245).
Royalties for Regions

In section 12.3 of the quoted passage from the Minerals Council of Australia’s submission states that, because of Royalties for Regions (RFR) funding, ‘in some cases a shire’s operating budget has doubled’ (p.243). It should be noted that RFR payments to Local Governments provide capital funding for infrastructure projects. RFR contributions do not increase the operating budget of Local Governments.

Large Population Growth

In section 11.4 of the Draft Report the Commission states:

Large population shifts can impose external costs on affected communities where there are market failures or an inefficient provision of public goods. In particular, the Commission’s analysis suggests that local government capacity to manage population growth may be constrained, and more broadly, planning for population growth and provision of infrastructure may not be socially optimal (p.219).

This is a particularly important issue in Western Australia – between the 2006 and 2011 Censuses the State’s population grew by 14.3% (Australian population growth over the same period was 8.3%). Many Local Governments have indicated to the Association that population growth is outstripping their capacity to adequately invest in infrastructure.

A number of Local Governments covering the outer suburbs of Metropolitan Perth have absorbed a substantial proportion of WA’s population growth. For example, the City of Wanneroo’s population increased by 41,136 (37.1%) between the 2006 and 2011 Censuses. Other outer Metropolitan Local Government Areas including Rockingham, Stirling, Cockburn, Swan and Gosnells had population increases of between 15,000 and 20,000. Such large increases in population make it difficult for Local Governments to provide the required infrastructure in the timeframes desired by the community. Therefore, the Association supports the Draft Report’s recommendation that ‘State governments should ensure that local governments have the capacity and capability to manage the effects of population change in their areas’ (p.245).

Thank you again for the opportunity to comment. For enquiries please contact Paul Schollum, Economic Policy Manager, on 9213 2096 or pschollum@walga.asn.au.

Yours sincerely

Ricky Burges
Chief Executive Officer
5.9 Selection Committee Minutes (01-006-03-0011 MD)

State Councillors who declared an interest left the room

Moved: Cr L Craigie
Seconded: Cr E O'Connell

That the recommendations from the Selection Committee Meeting Minutes dated 27 February 2014 be endorsed by State Council

AMENDMENT

Moved: Cr L Craigie
Seconded: Mayor T Roberts

The WALGA Selection form be modified to include the statement:
“that canvassing of Selection Committee members and WALGA State Councillors will result in disqualification from the selection process”

CARRIED UNANIMOUSLY

THE AMENDMENT BECAME THE MOTION

That the recommendations from the Selection Committee Meeting Minutes dated 27 February 2014 be endorsed by State Council.

The WALGA Selection form be modified to include the statement:
“that canvassing of Selection Committee members and WALGA State Councillors will result in disqualification from the selection process”

RESOLUTION 11.1/2014 CARRIED UNANIMOUSLY

State Councillors who declared an interest returned to the meeting 5.33pm.
Cr D Michael left the meeting at 5.33pm and did not return.

5.10 Finance & Services Committee Minutes (01-006-03-0006 TB)

Moved: Mayor L Howlett
Seconded: Cr K Chappel

That the Minutes of the Finance and Services Committee meetings held 25 February be received.

RESOLUTION 12.1/2014 CARRIED UNANIMOUSLY
5.11 Use of the Association's Common Seal (01-004-07-0001 RB)

Moved: Mayor C Adams  
Seconded: Cr W Sanford

That the use of the Association’s common seal for the following purposes be noted.

<table>
<thead>
<tr>
<th>Document</th>
<th>Document Description</th>
<th>Signatory</th>
<th>State Council prior approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review &amp; Variation Letter – WALGA as Trustee for the LGIS Local Government Insurance Scheme</td>
<td>Review &amp; Variation Letter</td>
<td>Mayor Troy Pickard Ricky Burges</td>
<td>No</td>
</tr>
<tr>
<td>Agreement to Ensure Public Access to Pedestrian Path: 168-170 Railway Parade, West Leederville</td>
<td>Agreement</td>
<td>Mayor Troy Pickard Ricky Burges</td>
<td>No</td>
</tr>
<tr>
<td>Notification Under Section 70A (re conditions of development approval dated 20 December 2013 that public art has been or will be erected on the land)</td>
<td>Notification</td>
<td>Mayor Troy Pickard Ricky Burges</td>
<td>No</td>
</tr>
<tr>
<td>First Deed of Amendment and Restatement Facility Agreement</td>
<td>Deed of Amendment and Restatement Facility Agreement</td>
<td>Mayor Troy Pickard Ricky Burges</td>
<td>No</td>
</tr>
<tr>
<td>Bankwest General Security Interest – Details</td>
<td>General Security Interest</td>
<td>Mayor Troy Pickard Ricky Burges</td>
<td>No</td>
</tr>
<tr>
<td>Bankwest Irrevocable Authority</td>
<td>Irrevocable Authority</td>
<td>Mayor Troy Pickard Ricky Burges</td>
<td>No</td>
</tr>
</tbody>
</table>

RESOLUTION 13.1/2014 CARRIED
6. MATTERS FOR NOTING / INFORMATION

6.1 Metropolitan Local Government Reform (05-034-01-0018 TL)

By: Tony Brown, Executive Manager Governance and Corporate Services, Tim Lane, Manager Strategy and Reform

Moved: Cr C Mitchell
Seconded: Cr G Amphlett

That State Council note this update in relation to Metropolitan Local Government Reform.

RESOLUTION 14.1/2014 CARRIED UNANIMOUSLY

In Brief

- The Local Government Advisory Board (LGAB) has commenced its Inquiry into the 34 submissions received as part of the Metropolitan Local Government Reform process and is expected to make recommendations to the Minister for Local Government by July 2014;
- WALGA’s response to Metropolitan Local Government Reform has been multi-faceted and includes:
  i. Advocacy relating to a range of issues;
  ii. Development of the Local Government Reform Toolkit in partnership with the Department of Local Government and Communities and LGMA (WA), and;
  iii. Ongoing support and assistance.
- Key issues that have been the subject of WALGA’s advocacy include:
  i. Authority of Local Implementation Committees (LIC);
  ii. Discussions regarding amalgamations as opposed to boundary changes;
  iii. State Government funding of reform;
  iv. Oversight of the transition process by Elected Members; and,
  v. Sector involvement in reform decision making.

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 response to the 34 proposals received during the Metropolitan Local Government Reform process, the Local Government Advisory Board (LGAB) is seeking public submissions until 13 March 2014.

Of the 34 proposals, 21 were from Local Governments, 12 were submitted by the Minister for Local Government and one was submitted by electors of the City of Cockburn.


The LGAB is expected to make recommendations to the Minister for Local Government by July 2014.

Comment

WALGA’s response to the Metropolitan Local Government Reform process has been multi-faceted, primarily consisting of three pillars:

1. Advocacy relating to a range of issues;
2. Development of the Local Government Reform Toolkit in partnership with the Department of Local Government and Communities and LGMA (WA), and;
3. Ongoing support and assistance.

1. Advocacy

WALGA has been advocating to the State Government on a range of matters relating to the Metropolitan Local Government Reform process.

To assist WALGA with its advocacy, the WALGA President, Mayor Troy Pickard, established the Metropolitan Reform Implementation Policy Forum.

The Policy Forum has discussed all the advocacy issues detailed in this report. Further information regarding the activities of the Policy Forum is contained in the Policy Forum Report of this agenda (Item 7.2).

The following are WALGA’s key metropolitan reform advocacy priorities.

Authority of Local Implementation Committees (LIC)

In September 2013, State Council resolved:

That WALGA request the Minister for Local Government to urgently develop legislation or regulations guiding the functions of the Local Implementation Committee and the appointment of an Interim CEO.

The WALGA President subsequently wrote to the Minister for Local Government requesting that legislation be amended in accordance with State Council’s resolution. The Minister replied stating that he did not intend to amend the legislation.

Following discussion at the Metropolitan Reform Implementation Policy Forum, WALGA has continued to advocate for legislative authority for LICs.

Amalgamation vs. Boundary Change
There is some confusion in the Local Government sector regarding the application of a boundary change versus the application of an amalgamation in the context of Metropolitan Local Government Reform.

It is noted that there are proposals with the LGAB for both amalgamations and boundary changes and some involving the same Local Governments.

A boundary change would not invoke the poll provisions.

Notwithstanding or leaving aside, the issue of the poll provisions, processing a merger of two Local Governments as a ‘boundary adjustment’ may present a number of problems in terms of implementation.

It is not appropriate for WALGA, as a member-based association, to comment on individual amalgamation or boundary change proposals other than to advocate for local governments to undertake the transition process in a collaborative and cooperative manner.

State Government Funding

State Council’s position in relation to funding of metropolitan reform is that:

Any change to the structure and governance of Local Governments, whether forced or voluntary, is funded by the State Government.

Accordingly WALGA has continued to advocate for State Government funding of the implementation of metropolitan reform.

The Minister for Local Government has stated that funding will be available for implementation of metropolitan reform.

Transition Process

In relation to oversight of the transition process, State Council’s position is that:

Transitionary arrangements are managed by selected serving Elected Members from the amalgamating Local Governments rather than appointed commissioners.

While commissioners are likely to be appointed in some cases from 1 July 2015 until the October 2015 Local Government elections, the lead-up to changeover day will be overseen by serving Elected Members.

Sector Involvement

Regarding sector involvement during the reform process, State Council’s position is 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.

Both WALGA and LGMA are represented on MetRIC. Further, WALGA and LGMA nominees serve on the Local Government Advisory Board that is currently considering 34 amalgamation and boundary change proposals.

2. Local Government Reform Toolkit
The Local Government Reform Toolkit was launched on Wednesday 5 February by the Minister for Local Government, Hon Tony Simpson MLA, WALGA President, Mayor Troy Pickard and LGMA (WA) President, Mark Chester.

Development of the Toolkit was a joint project between the three key Local Government sector organisations: WALGA, the Department of Local Government and Communities and the LGMA (WA).

The Toolkit is primarily an online resource that provides practical, hands-on guidance to assist local governments navigate the numerous tasks that must be managed in the lead-up to the metropolitan reform commencement date of 1 July 2015 and beyond. While developed in the context of Metropolitan Local Government Reform, the Toolkit will be useful across the sector to guide best practice processes.

Visit www.reformtoolkit.com.au to log on or contact toolkit@reformtoolkit.com.au for more information.

3. Support and Assistance

As part of WALGA’s ongoing commitment to support and assist members during the Metropolitan Local Government Reform process, WALGA formally offered the assistance of a WALGA officer at all Local Implementation Committee (LIC) meetings.

WALGA officers will be able to assist the LICs by providing advice, sharing information regarding the progress and undertakings of other LICs and facilitating access to resources and specialist WALGA staff as required.

WALGA has also established a support group for metropolitan Mayors and Presidents of Local Governments affected by the Metropolitan Reform process. The support group meets for breakfast to discuss the reform process and hear from guest speakers.

4. Future Forums

During the November 2013 Zone process, a number of Zones requested that a forum be held for Mayors and Chief Executive Officers to obtain information about the reform process and the Minister for Local Government’s submissions to the Local Government Advisory Board. WALGA contacted the Office of the Minister for Local Government and has been successful in coordinating lunch forums between the Minister and Local Governments throughout 2014.

In addition, the Metropolitan Reform Implementation Policy Forum has endorsed a Communications Plan that includes WALGA hosting a number of forums on the reform process during 2014 and 2015.

Vanessa Jackson, Policy Manager Planning Reform and Improvement

Moved: Cr C Mitchell
Seconded: Mayor R Yuryevich

That State Council note the Report of the Independent Review Committee on the Liquor Control Act 1988 that has been presented to the Minister for Racing and Gaming.

RESOLUTION 15.1/2014 CARRIED UNANIMOUSLY

In Brief

- A total of 141 recommendations have been made to Government by the Committee in its 266 page report.
- The State Government is currently considering the review’s recommendations.

Attachment

The report presented to the Minister for Racing and Gaming can be accessed via this link:


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

The Liquor Licensing Act 1988 (‘the Act’) came into operation on 1 February 1989 and effectively remained unchanged for ten years. Over the years there has been community interest in the operation and effectiveness of various provisions of the Liquor Control Act 1988, particularly from members of the Parliament, media, stakeholders in the liquor and tourism industries and the health sector, in the application of the public interest test to liquor licensing matters.

In December 2012, the Honorable Terry Waldron MLA, Minister for Racing and Gaming, appointed an Independent Review Committee. The Committee sought input and comments from a wide cross section of the community on the matters raised in the Terms of Reference in January 2013.

In conducting the review, the Committee considered matters relevant to the operation and effectiveness of the Liquor Control Act 1988, having regard to the changing community needs and attitudes relating to the accessibility of liquor and related services, with particular regard to:

- balancing the requirements of consumers for liquor and related services with minimizing harm or ill health caused to people or any group of people, due to the use of liquor;
the interests and needs of persons selling or supplying liquor; and
the interests and needs of the tourism industry and other hospitality industries in this state.

Comment

The Association did not receive any formal notification of the review being undertaken, and due to the timing of the release of the public comment period over December 2012/January 2013 coinciding with staff leave, the Association did not prepare a submission to the Independent Review Committee.

The Independent Review Committee has considered that both short term and long term alcohol related harm needs to be addressed and believes this will require a degree of cultural change around our society’s habits and behaviours. While regulation is an important part of the solution, it cannot achieve cultural change alone.

141 recommendations are outlined within the report and focused on:
- Minimising harm and protecting juveniles and other at risk members groups in the community;
- Providing certainty for applicants, stakeholders and industry participants and improving transparency and expediency;
- Improving stakeholder and community engagement;
- Regulatory reform and reducing regulatory burden;
- Strengthening compliance and enforcement provisions; and
- Community attitudes and culture.

The following recommendations relate specifically to WALGA and Local Government’s involvement in the liquor licensing process:

Recommendation 118  The Liquor Industry Advisory Committee, WALGA and the Licensing Authority progress the implementation of parallel processing of applications as a matter of priority.

Recommendation 126  The Licensing Authority review the content and layout of the section 39 and section 40 certificate forms.

Recommendation 127  The licensing authority and the Western Australian Local Government Association undertake a program to educate local government authorities in their roles, responsibilities and capacity for participation under the Act.

Recommendation 128  The licensing authority’s information technology system should contain the functionality to integrate with local government authorities, WA Police and the Executive Director Public Health.

The Minister for Racing and Gaming, Minister Terry Waldron has advised that the State Government will read the review in detail and will meet with key stakeholders over its content. No timeframes or further advice has been provided.
6.3 Review of the Western Australian Community Resource Network (05-039-03-0001 EF)

By Erin Fuery, Senior Community Policy Advisor

Moved: Cr C Mitchell
Seconded: Mayor R Yuryevich

That the update on the Western Australian Community Resource Network Review be noted.

RESOLUTION 16.1/2014 CARRIED UNANIMOUSLY

In Brief

- In October 2013, the State Government released the findings of the Western Australia Community Resource Network Review.
- The Review Report includes a number of recommendations, including the exploration of fee-for-service arrangements, ensuring a tighter link between Community Resource Centres (CRC) funding and measurable Royalties for Regions funding, and the need to develop new funding and business models to ensure that CRCs are outcomes-based.
- The Department of Regional Development has begun discussions with CRCs alerting them to changes to the reporting and funding arrangements for CRCs as a result of the Review.

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

The Western Australian Community Resource Network (the Network) consists of not-for-profit non-government Community Resource Centres (CRCs) that are locally owned and operated. There are 109 CRCs operating throughout regional Western Australia. The Network is supported by the Department of Regional Development, with significant funding provided through the Royalties for Regions Regional Community Services Fund.

In late October 2013, the State Government released the Review of the Western Australian Community Resource Network Report, containing research and recommendations to maximise the role of the Network.

The purpose of the Review was to look at the Network in relation to its current and potential contribution to regional service delivery and regional development in Western Australia, including the future strategic direction of the Network, and potential for expansion.

The Western Australian Regional Development Trust (the Trust) engaged with community groups, and ran a public submission period where they received 98 submissions and 3 supplementary submissions.
The Trust has made 10 recommendations relating to the future of the Network. Key recommendations include supporting the future funding of the Network through Royalties for Regions while exploring fee for service opportunities; ensuring a tighter link between CRC funding and measurable Royalties for Regions funding; and, the need to develop new funding and business models to ensure that CRCs are outcomes-based.

Comment
Associated staff met with the Department of Regional Development to discuss the recommendations, and the potential impact on Local Governments.

The Department of Regional Development has started discussions with CRCs throughout Western Australia concerning the new changes to the Network, funding system, and reporting arrangements. The funding system, in particular, will be changed significantly; changes include:

- Automatic quarterly payment of funds;
- Targeted support, rather than only in response to a crisis;
- Focus on what was achieved, rather than how much money has been spent;
- Clarity around what the minimum expectations are for payment;
- Anticipated fee-for-service arrangement, with tiered levels of service, in three core areas:
  - Integrated Government Services;
  - Economic and Business Development Services; and
  - Social Development Services.
- Building and Infrastructure funding and availability, subject to availability of funding pool.

CRCs will also be expected to develop an Action Plan, to which funding will be tied.

Department of Regional Development will be offering training for CRCs from March to June 2014. More information on the changes will be made available soon.
6.4 Community Pool Revitalisation Fund (CPRF) Update (05-019-02-0004 EF)

By Erin Fuery, Senior Community Policy Advisor

Moved: Cr C Mitchell
Seconded: Mayor R Yuryevich

That the update on the Community Pool Revitalisation Fund (CPRF) be noted.

RESOLUTION 17.1/2014 CARRIED UNANIMOUSLY

In Brief

- In August 2013, the State Government announced a commitment to fund the Community Pool Revitalisation Fund (CPRF) from Royalties for Regions.
- The CPRF grants will be available to regional Local Governments with public swimming pools, starting in the 2014/15 financial year.
- The Department of Sport and Recreation is in the process of finalising the criteria for which funding can be applied.

Attachment

Nil.

Relevance to Strategic / Business Plan

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

Background

There are more than 120 public swimming pools throughout Western Australia, providing significant benefit to their communities in terms of community development, sport, recreation and health and fitness.

Since the 1960s, Local Governments with a public swimming pool received $3000 Operating Subsidy a year to assist with the significant costs associated with managing these facilities. In 2013, the State Government announced that this funding will cease throughout the State, and proposed the introduction of the Community Pool Revitalisation Fund (CPRF).

The Association has been advocating for an increase to the Operating Subsidy for many years, and was surprised at the State Government’s announcement in August 2013 that it would in fact cease. Since the announcement, the Association has been in contact with the Minister for Local Government, the Minister for Sport and Recreation and the Minister for Finance to outline the sector’s disappointment about the decision and to seek more information about the new CPRF.

Comment

Association staff met with the Department of Sport and Recreation in order to understand more about the new CPRF. The Scheme will be funded through Royalties for Regions offering $30,000 per regional aquatic centre per year. The Scheme will be administered by the Department of Sport and Recreation. At this stage, the State Government has made a commitment to fund the Scheme until the end of the 2016/17 financial year.
The CPRF was originally scheduled to begin at the start of the 2015/16 financial year, but the State Government has brought the start date forward to 1 July 2014. This is a significant win for Local Government, reducing the funding gap created through the cessation of the original Operating Subsidy.

The Department of Sport and Recreation has begun to develop the guidelines for the CPRF, and is proposing an online application process for regional Local Governments with public aquatic facilities. The Department is proposing that this is an annual application process, with funding in future financial years dependent on Local Governments acquitting the previous years’ funding.

The Department of Sport and Recreation is in the process of developing criteria for which the funding can be applied. More details will be made available in the coming months.

On a related note, the Department of Health has appointed a consultant to review the Health (Aquatic Facilities) Regulations 2007 and the supporting Code of Practice for the Design, Construction, Operation, Management and Maintenance of Aquatic Facilities. The Department of Sport and Recreation has been made aware of the review to ensure that the new funding scheme will align with current requirements for managers of aquatic facilities.
6.5 Water Resource Management Reform (05-064-01-0006MJB)

By Mark Batty, Executive Manager Environment and Waste

Moved: Cr C Mitchell
Seconded: Mayor R Yuryevich

That State Council notes both the Department of Water position paper entitled “Reforming Water Resource Management” and key elements under consideration for potential water resource management legislative reforms.

RESOLUTION 18.1/2014 CARRIED UNANIMOUSLY

In Brief
- The Department of Water is revisiting the need to reform aspects of water resource management, and released a position paper in September 2013, with comments to be submitted by 31 December 2013. The position paper reflects the requirements of the State Government to comply with key aspects of the COAG National Water Initiative, and builds on its previous discussion paper of 2009.
- A series for workshops have been undertaken by the Department of Water across the state to discuss the proposed legislative and regulatory reforms with interested stakeholders.
- The substantive issues for local government in relation to water resource management reform previously endorsed by State Council (resolution 35.2/2010) in April 2010, have been reiterated to the Department through its Water Law Reform Stakeholder Reference Group.
- The Department will release a response to comments received on in its position paper early in the New Year, before developing drafting instructions for new legislation.

Attachment
The Department of Water position paper on water resource management reform can be found at http://www.water.wa.gov.au/PublicationStore/first/106021.pdf

Relevance to Strategic / Business Plan
- Providing strong representation for Local Government
- Providing effective leadership for Local Government
- Enhancing the capacity of Local Government to deliver services

Background
The Department of Water is proposing to revisit a new legislative and policy framework for water resources management in Western Australia, a process that began with the development of the State Water Plan in 2007.

In 2009 the Department of Water released a discussion paper on proposed legislative changes to a raft on water related Acts going back to the Rights in Water Irrigation Act 1914, and in September 2013 released its most recent position paper on proposed water resource management reforms entitled “Reforming Water Resource Management”. This follows on from more recent water legislative reforms that culminated in the Water Service Act 2012 that came into effect last year.
The Reforming Water Resource Management position paper takes into account feedback from stakeholders to the previous position paper of 2009, to which the Association submitted a submission which was endorsed by State Council in April 2010 (resolution 35.2/2010).

The anticipated timelines for the drafting of the legislation is as follows:

- Finalisation of the drafting instructions for the Bill: Early March 2014
- Finalisation of the DRIS: Early March 2014
- Drafting instructions, DRIS, response paper cleared by the Minister for consideration by Government: End March 2014
- Drafting of the Bill commences: March 2014
- Review by the Reference Group: March to May 2015
- PCO completes drafting of the Bill: May 2015
- Draft Bill cleared by the Minister for consideration by Government: June 2015
- Introduction and second reading of Bill: July/August 2015
- Commence the process of Preparing Drafting Instructions for the Regulations: 2015
- Stakeholder feedback on the policy issues arising from the drafting instructions of the Regulations: 2015

Comment

The Association is continuing to represent Local Government through the Water Law Reform Stakeholder Reference Group, chaired by the Director General of the Department of Water. The Association is communicating the following key points throughout the reform process, as previously adopted by State Council resolution 35.2/2010 in April 2010:

- the need for the State Government to demonstrate to the sector that the proposed separation of land and water title will have no impact on Local Government rating systems;
- that the provision of water for the environment and public benefit, as outlined in the National Water Initiative, is to be exempt from any proposed trading regime;
- that any legislative and regulatory reform needs to address the requirement for improved governance concerning urban drainage.

The key areas under consideration by the Department of Water continue to be:

- The proposed formation of local water advisory groups, to work with the Department of Water to inform and advise on water management and allocation issues.

- The creation of statutory water allocation plans. Water allocation plans are the principal tool for water resource management at the local level. Under the proposed reforms, new statutory water allocation plans will be more robust than a guidance document as with present plans. Input from local advisory groups and key stakeholders will be an essential part of the planning process.

- The ability to set a statutory allocation limit. The introduction of statutory allocation limits is proposed to give greater security to water users. Allocation limits seek to establish the sustainable amount of water able to be taken from a resource and will be set through a transparent process built around stakeholder consultation. Statutory allocation limits will be set where the management of risk to the water resource, other water users or the environment is required.

A process for releasing unallocated water, including the establishment of mechanisms in addition to the current “first in first served” system to better accommodate different local circumstances when releasing unallocated water in systems that are approaching full allocation.
A process to manage over-allocated systems, including clearly-defined processes to return over-allocated systems to the statutory allocation limit, with a view to increasing transparency and security to water users.

The need for improved water measurement, including metering via the introduction of a series of staged extensions to current practice, to enable measurement including metering when and where required and;

The creation of a risk assignment framework and the development of a process to address issues of compensation is required to provide water users and the State Government with greater clarity on whether compensation will apply.

It is worth noting that the State Government has already indicated that it will not introduce cost recovery for water licenses, and that it will maintain the existing licensing arrangements for farm dams, two highly contentious issues that last time the State Government sought to reform water resource management legislation.

As part of the reform process, the Department of Water had conducted a number of workshops across the state, and a response paper to comments received by the Department on the position paper will be developed, before consideration by the State Government is given to the detail of the proposed legislation. Due to amount of consultation undertaken since 2009, the Department does not intend to undertake further broad scale consultation.

A response paper to comments received by the Department on the position paper will be developed by the Department of Water, before consideration by the State Government of the detail for new legislation. Once more detail is forthcoming, the Association will develop and circulate a discussion paper for the sector, articulating the issues and opportunities of the proposed legislation, with a view developing and executing advocacy for any required changes to the draft legislation.
6.6 Report Municipal Waste Advisory Council (MWAC) (01-006-03-0008 RNB)

By Rebecca Brown, Manager, Waste & Recycling

Moved: Cr C Mitchell
Seconded: Mayor R Yuryevich

That the resolutions of the Municipal Waste Advisory Council at its 11 December 2013 meetings be noted.

RESOLUTION 19.1/2014 CARRIED UNANIMOUSLY

In Brief
- This item covers the key outcomes of the Municipal Waste Advisory Council meeting held on 11 December.

Attachment
The full minutes of the Municipal Waste Advisory Council meeting for December are available from the State Council section of the WALGA website at:

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 full minutes of the Municipal Waste Advisory Council meetings and relevant documents are available from the State Council section of the WALGA website. The Municipal Waste Advisory Council is seeking State Council noting of the resolutions from 11 December 2013, 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 meetings held on 11 December 2013 included:

Plastic Bags Local Law
On 29 October, the Legislative Council disallowed the City of Fremantle’s Plastic Bag Reduction Local Law 2012. This occurred after consideration of the Joint Standing Committee’s report on the matter. The Legislative Council disallowed the Local Law, based on a clause permitting retailers to charge a 10c minimum fee for a compliant biodegradable bag.

The Local Law was adopted by the City of Fremantle on 30 January 2013, and published in the Government Gazette on 22 February. It came into effect on 21 August 2013, but was not implemented. MWAC had previously agreed to keep a watching brief on this issue and take further action in this area dependent on the outcome of the Fremantle Local Law consideration.

A number of Local Governments have previously demonstrated interest in taking action on Plastic Bags. The disallowance of the Local Law provides MWAC with the opportunity to exercise leadership on the issue of non-biodegradable plastic bags. A number of strategies are possible in relation to addressing this issue.

Previously MWAC has not been actively involved in the issue of plastic bags, as they are small part of the overall waste stream. However given the increasing awareness of the impacts of plastic in the marine environment, the negative effect of plastic bags in Alternative Waste Treatment facilities and an increased awareness of this issue in Local Government, an approach to the issues facilitated by MWAC now seems appropriate.

MUNICIPAL WASTE ADVISORY COUNCIL MOTION
That the Municipal Waste Advisory Council investigates plastic bag alternatives and relevant issues in order to encourage the reduction in use of non-biodegradable plastic bags state wide.

Action on Used Tyres

In February 2013, MWAC endorsed a Research Paper on used tyres in Australia. This Paper recommended ongoing advocacy for the implementation of a co-regulatory or mandatory tyre Extended Producer Responsibility (EPR) Scheme. A voluntary Product Stewardship Scheme is currently in place, however recent media articles on large tyre stockpiles indicate the Scheme is not effective.

MWAC has the opportunity to actively advocate for a Tyre EPR Scheme, including bringing Local Government concerns to the attention of the State and Federal Environment Ministers and raising the matter in the media. MWAC determined that this was a matter of significance and requested that an approach to advocacy be developed.

MUNICIPAL WASTE ADVISORY COUNCIL MOTION
That the Municipal Waste Advisory Council develop and implement an advocacy plan for a co-regulatory or mandatory tyre Extended Producer Scheme.
7. ORGANISATIONAL REPORTS

7.1 Key Activity Reports

7.1.1 Report on Key Activities, Environment and Waste Policy Team (01-006-03-0017 MB)

By Mark Batty, Executive Manager Environment & Waste

Moved: Mayor L Howlett
Seconded: Mayor H Zelones

That the Key Activities Report from the Environment and Waste Unit to the March 2014 State Council meeting be noted.

RESOLUTION 20.1/2014 CARRIED

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

Environment Policy

Biosecurity Management
With the release of the Auditor General’s report “Managing the Impact of Plant and Animal Pests: A State-wide Challenge”, the Association has resumed its lobbying of the State Government for improved biosecurity governance and management. The Association is working with a number of local governments to identify case studies of the financial impacts of problem species for local government and landowners, and is writing to the Minister of Agriculture, all members of Parliament, and the Department of Agriculture and Food to reiterate the concerns of both the sector and the Auditor General with biosecurity governance and management in Western Australia.

In summary, the Auditor General notes that “An effective state-wide pest management framework is not yet in place. Specifically, there is no integrated state-wide plan, and information on the impact of established pests is limited. The prioritisation of some established pests and programs over others is not always clear and DAFWA conducts little or no enforcement activity to ensure landholders control pests on their land. Individually, these issues raise concerns about whether resources are effectively used and targeted and whether landholders are controlling established pests on their land. Taken together and over time they expose the state to an increased risk that established pests will spread and have a growing impact on agriculture, forests, the environment, social amenity and public health”.


Water Resources Management Act
The Department of Water is proposing to revisit a new legislative and policy framework for water resources management in Western Australia and the Association is working to ensure Local Government needs are considered during this process. The Department of Water released its position paper on proposed water resource management reforms “Reforming Water Resource Management” in September 2013, and had conducted a number of workshops across the state. The Department of Water position paper can be found at http://www.water.wa.gov.au/PublicationStore/first/106021.pdf
The Association is continuing to represent Local Government through the Water Resources Reform Working Group, chaired by the Department of Water. The Association is communicating the following key points throughout the reform process, as previously adopted by State Council resolution 35.2/2010 in April 2010:-

- the need for the State Government to demonstrate to the sector that the proposed separation of land and water title will have no impact on Local Government rating systems;
- that the provision of water for the environment and public benefit, as outlined in the National Water Initiative, is to be exempt from any proposed trading regime;
- that any legislative and regulatory reform needs to address the requirement for improved governance concerning urban drainage.

**Contaminated Sites Act Review**

The Department of Environment Regulation (DER) launched a second round of community consultation as part of its statutory review of the *Contaminated Sites Act 2003*. The DER prepared a discussion paper that identified several areas of the Act and Regulations requiring modification, and asked for feedback on the possible changes.

The Association prepared a submission on the discussion paper, in consultation with Local Governments. As requested by DER, the Association provided recommendations for issues outlined in the discussion paper. The Association also highlighted that all contaminated sites information should be made freely available and that the State Government should accept responsibility for the remediation and management of Local Government sites that became contaminated under inadequate historical State legislation and previous State Government ownership. The deadline for submissions closed on February 21st. Accordingly, the Associations interim submission will be presented for State Council consideration at the May 2014 State Council meeting.

**Climate Change**

**Submission to Emission Reduction Fund Green Paper**

The Commonwealth Government released its Emissions Reduction Fund (ERF) Green Paper in December 2013, which outlined its preferred design options for the Emissions Reduction Fund, the central plank of its Direct Action policy. The Association prepared a submission on behalf of Local Government, with input from the sector. Key messages delivered in the submission were:

- LED street lighting is an opportunity to reduce emissions, and the Commonwealth Government should provide a mechanism to facilitate Local Government participation.
- The proposed reverse auction mechanism is difficult for Local Government to engage in, as it requires upfront investment or financing.
- The proposed Emission Reduction Fund is designed primarily for industry, and misses the opportunity to build on and complement extensive work already being undertaken by the Local Government sector.

As comments on the ERF Green Paper were due by COB on Friday 21st February, the Association will seek endorsement of its full interim submission at the May 2014 State Council meeting. The Commonwealth Government will be releasing its Emissions Reduction Fund White Paper in early 2014, and the Association will disseminate information to Local Government as soon as it is available.

**Improved Climate Change Coordination**

At the 2013 Annual General Meeting, the motion was passed “that WALGA seek a more committed and coordinated approach through Western Australian State Government, Local Government and WALGA in addressing the impacts of climate change.”
In response, the Association has placed its Climate Change Coordinator in the Department of Environment Regulation’s Climate Change Unit under a short term, part time contract. Through this placement, the Association seeks to further influence State Government climate change policy, and is building networks across State Government departments. The Association has identified a number of opportunities to better coordinate climate change management between State and Local Government, and is now working to implement these projects. The Climate Change Coordinator will be working at the Department of Environment Regulation for two days each week from January to April 2014.

Local Biodiversity Program

Briefings delivered on the Albany Regional Vegetation Study Phase 2
The Association’s Local Biodiversity Program (LBP) recently completed a draft conservation planning report for the Albany region, the second phase of the Albany Regional Vegetation Study. City of Albany planning and natural area management staff, Department of Planning and the Office of EPA was briefed on the methodology and outcomes and implementation options. The final report will be published in March 2014.

LBP Mapping Viewer/Environmental Planning Tool
Two workshops on the effective use of LBP’s online mapping applications were delivered to key stakeholders at the 2014 Wetlands Conference last month. Forty five participants from State and Local Government and the community attended the two workshop sessions. Functions of the mapping applications and their benefits to local natural area management planning were demonstrated to the Outer Metropolitan Growth Council’s group and the Office of Environment Protection Authority.

An update on datasets and functions of the LBP’s Mapping Viewer and the Environmental Planning Tool was given in February.
7.1.2 Report on Key Activities, Governance and Strategy (01-006-03-0007 TB)

By Tony Brown, Executive Manager Governance & Strategy

Moved: Mayor L Howlett
Seconded: Mayor H Zelones

That the Key Activities Report from the Governance and Strategy Unit to the March 2014 State Council meeting be noted.

RESOLUTION 21.1/2014 CARRIED

The following provides an outline of the key activities of the Governance & Strategy Policy Unit since the last State Council meeting.

Governance

Elector’s General Meetings (Section 5.27 of the Local Government Act)

WALGA has advocated for some years that the current statutory requirement to conduct an annual Electors’ General Meeting under Section 5.27 of the Local Government Act, be amended in favour of providing Councils with the discretion to continue to conduct this as a stand-alone meeting or incorporate the matters to be discussed (i.e. presentation of the Annual Report) under the business of an Ordinary Meeting of Council.

The Minister for Local Government recently informed that he does not support amending the Local Government Act in this regard, which essentially is an about face to the former Minister for Local Government’s support for change and appreciation of the rationale for the request.

This outcome whilst disappointing, will not bring a close to WALGA’s advocacy on this issue. Many Local Governments continue to experience extremely low levels of attendance at Electors’ General Meetings, a continuation of past experience where Electors voted with their feet in terms of the importance of this meeting and participation in the affairs of their Local Government.

The Local Government Act has been amended over the years to increase public participation. The Act currently allows for substantial opportunity for the public to be involved in Local Government issues, such as one or more of the following methods:

- attending meetings (S 5.23);
- participating in Public Question Time (5.24);
- lodging petitions with the Council (Standing Orders Local Laws);
- participating in delegations to the Council (Standing Orders Local Laws);
- requesting Elector’s Special Meetings (S 5.28);
- having access to a wide range of Local Government information (S 5.94);
- participating in Council established committees, as ‘other persons’ (S 5.9); and
- standing for nomination as an Elected Member (S 4.48 and 4.49).
Reform & Strategy

Country Local Government Fund (CLGF)

The Association CEO, Ricky Burges and senior staff met with the Department of Regional Development Director General, Paul Rosair and senior officers on Thursday 16 January 2014 to discuss the CLGF generally, however particular focus was on the issues and impacts of the State Government change in policy with regard to eligibility for the 2012-13 allocation based on 2010-11 individual allocation audited acquittals. The recent change in the Regional Development portfolio has created an opportunity for the Association to meet with the new Minister and brief him on matters affecting the Local Government sector particularly with regard to the Royalties for Regions program.

The new Minister for Regional Development; Lands, Terry Redman has been briefed by his Department and he is currently considering matters regarding the CLGF.

The Association has requested a meeting with the Minister with a focus on outlining the sector position regarding the CLGF and seeking a workable solution for those Local Governments that have been affected by the State Governments change in policy.

Local Government Reform – Support and Assistance

The Local Government Reform Toolkit was launched on Wednesday 5 February by the Minister for Local Government, Hon Tony Simpson MLA, WALGA President, Mayor Troy Pickard and LGMA (WA) President, Mark Chester.

The Toolkit which was developed in partnership by the three organisations is primarily an online resource that provides practical, hands-on guidance to assist Local Governments navigate the numerous tasks that must be managed in the lead-up to the metropolitan reform commencement date of 1 July 2015 and beyond. While developed in the context of Metropolitan Local Government Reform, the Toolkit will be useful across the sector to guide best practice processes.

The Toolkit is designed to be used as a guide for Local Governments and can be tailored to each Local Government’s needs.

To view the toolkit please visit www.reformtoolkit.com.au

In addition to the reform toolkit, WALGA staff will be available to assist Metropolitan Local Governments through the reform process by attending Local Implementation Committees.

Regional Local Government Reform

South East Avon RTG (Cunderdin, Quairading, York & Tammin)

The Local Government Advisory Board (LGAB) has completed its inquiry into the proposal to amalgamate the Shires of Cunderdin, Quairading, Tammin and York with the Board rejecting the proposal. The LGAB Report has been released which can be viewed at http://dlg.wa.gov.au/Content/LG/AdvisoryBoard/CurrentInquiries/Default.aspx

The report states that “on balance, the Board does not believe at this point in time that the current circumstances within the four local governments would facilitate an effective transition to a new local government entity”. Thus the following was the recommendation to the Minister:

In accordance with clause 6 of Schedule 2.1 of the Local Government Act 1995, the Local Government Advisory Board recommends to the Minister for Local Government that the proposal for the Shires of Cunderdin, Quairading, Tammin and York to amalgamate, be rejected.
Where a proposal is rejected by the LGAB; the Minister is only able to accept that recommendation.

The SEARTG Board recently met with the LGAB to discuss the outcome and further understand the Board’s recommendation. The group remain committed to working together and will continue to resource share and collaborate into the future.
7.1.3 Report on Key Activities, Infrastructure (05-001-02-0003 ID)

By Ian Duncan, Executive Manager Infrastructure

Moved: Mayor L Howlett
Seconded: Mayor H Zelones

That the Key Activities Report from the Infrastructure Unit to the March 2014 State Council meeting be noted.

RESOLUTION 22.1/2014
CARIED

The following provides an outline of the key activities of Infrastructure since the last State Council meeting.

2014 Local Government Transport and Roads Forum

The Transport and Roads Forum will be held on Thursday, 6 March 2014 at Crown in Burswood. The Conference theme *Decide, Design, Deliver* will be explored and applied to address the transport needs of Western Australian communities. Keynote presenters include Peter Coop from Integral Development who will share his experiences in project delivery and provide insights into ensuring that infrastructure projects are delivered as planned and Dr Soames Job, Adjunct Professor at Transport and Road Safety UNSW, and Managing Director Global Road Safety Solutions, who will share his expertise in road safety gained over many years as head of lead agencies in Government and as the Director of a research unit. Influential State Government decision-makers including Reece Waldock, Director General, Transport and Stephen Troughton, Managing Director Main Roads and Hon Jim Chown MLC (Parliamentary Secretary to the Treasurer, Minister for Transport) will also present at the Forum. Registrations are now open through the WALGA website (www.walga.asn.au).

State Road Funds to Local Government Agreement

The State Government Mid-Year Review, released in December 2013, announced a $70.4 million reduction in funding made available for Local Government roads over three years including 2013/14. The Association has been very active in response to this significant reduction in road funding. In addition to providing material for the media, a detailed paper and a legal review have been prepared, setting out why statements made by the Government justifying this decision are fundamentally flawed. The WALGA President and senior staff met with Hon Jim Chown MLC, in his capacity as Parliamentary Secretary to the Treasurer; Minister for Transport, and his advisors to explain these arguments. A meeting with Hon Troy Buswell MLA; Treasurer; Minister for Transport is being sought.

The State Road Funds to Local Government Advisory Committee (SAC) will consider a range of implementation options for adjustments to the 2013/14, 2014/15 and 2015/16 Local Roads Programs. Changes to procedures and guidelines for the 2014/15 Local Roads Program have been implemented to improve forecasting of cashflow and encourage a stronger focus on project planning.

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

Applications for the Metropolitan Intersection Crash Program and a Regional Run-off Road Crash Program for the 2014/2015 financial year have closed and are being considered by Main Roads WA. The programs will assist Local Governments to apply Safe System solutions to the local road network and contribute to reducing road trauma in WA. WALGA continues to receive feedback from Local Governments and Regional Road Groups, which has resulted in the program guidelines being
amended for the next round of applications in 2015/2016 so as to achieve the best outcomes for the Local Government sector.

**Western Australian Natural Disaster Relief and Recovery Arrangements**

More than $23 million was provided to Local Governments in 2012/13 under the WA Natural Disaster Recovery and Relief Arrangements (WANDRRA) to repair public infrastructure, primarily roads, damaged by floods and storms. The backlog of claims to be processed and paid has now largely been cleared. The length of time to process some claims and eligibility to claim some expenditure remain significant issues for Local Governments.

The State Emergency Management Committee secretariat is reviewing WANDRRA arrangements in relation to damage to Local Government infrastructure resulting from natural disasters.

**The Impact of Heavy Vehicles on Road Wear**

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 compensation. WALGA has developed a method framework to calculate costs based on a marginal cost of road damage for different road structural types.

ARRB have completed a pilot study to model the costs of some typical West Australian road structures. WALGA has now appointed ARRB for the next stage of the project which is to produce a catalogue of marginal cost values for typical WA scenarios which will then be used to produce a guide to calculate the cost of road wear on local roads.

**Commodity Routes Supplementary Fund**

The CRSF program allocation for 2014 / 2015 has been approved by the Technical Review Group and submitted to SAC for endorsement. It is expected that the program will be distributed to the Regional Road Groups during February.

**Roads 2030**

Strategic road development plans guide funding allocation by Regional Road Groups outside the Perth metropolitan area. The last review of these plans (Roads 2025) was undertaken in 2006 and 2007. A new review has been initiated by Main Roads and WALGA for the development of strategies up to 2030 (Roads 2030). The review requires that each region update their roads and strategies and this stage has now been completed. Main Roads have completed the documents and they are scheduled to be submitted to SAC for approval in February and thereafter they will be published on the WALGA website. It is proposed that there be an annual opportunity for Regional Road Groups to add or delete roads from the approved Roads 2030 strategy.

The December meeting of the Council of Australian Governments (COAG) endorsed a proposed program of pilot studies and trials that are intended to lead to a fundamental change to the way in which heavy vehicles are charged to access the public road network and the way in which funds collected from heavy vehicle operators are invested. Up until this time it was unclear whether the in-coming Federal Government was keen to pursue this reform. In their role as provider of around 80% of the road network nationally, it is important that Local Government needs are addressed throughout this reform process. With ALGA and other State Associations, WALGA will be meeting with the Heavy Vehicle Charging and Investment Reform (HVOI) project team during February to progress elements of the project that impact Local Governments.
Local Government Grain Infrastructure Group
The Local Government Grain Infrastructure Group, which comprises representatives from WALGA Zones impacted by the movement of grain through their regions met in early February 2014. Matters discussed included the content of a submission to the Terms of Reference for the proposed WALGA Freight Policy Forum, a submission to the ERA Cost Determination for parts of the Brookfield Rail Network and the response from the Minister for Transport to a request for a land transport study to assess the impact on grain exports through the Bunbury and Albany Ports.

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. Local Governments have commenced signing Interface Agreements with various Rail Infrastructure Managers.

Road Crash Data Report Prototype
WALGA has engaged Urban Modelling Solutions (Urbsol) to develop a road crash statistical report for the Local Government sector. It is intended the report will inform Local Government strategic and operational decision-making; and influence decisions on road network funding, management and monitoring. Discussions are underway with Urbsol and other partners to determine the content and structure of the report so as to provide maximum benefit the sector.

Guide to the use of Towed Agricultural Implements in WA
WALGA is representing the Local Government sector on a Working Group reviewing the “Guide to the use of Towed Agricultural Implements in WA” published by the Department of Planning and Infrastructure in November 2007. The revision takes into account the size increase of towed and self-propelled agricultural implements/machinery on public roads; changing requirements of State Government agencies; needs of the primary industry sector; needs of Local Government; and providing a safe road network for the travelling public. The guidelines will be available prior to the 2014 seeding season. WALGA will assist the Department of Transport and Main Roads WA to communicate the release of the guidelines.

Operational Responsibility for Roads – Draft Guidelines
WALGA in partnership with Main Roads WA and the WA Division of the Institute of Public Works Engineering Australia developed a draft document outlining the principles and practical guidelines for determining how the responsibility for operating and maintaining the different parts or elements of highways and roads is to be allocated between Main Roads WA and Local Governments. Potential financial implications from a logical way of dealing with the interface at signalised intersections and intersections on heavy vehicle routes are a barrier to concluding this agreement. WALGA commissioned independent consultants, Opus, to analyse a sample of intersections that would be effected and provide information on the financial implications over time to underpin negotiations with Main Roads WA. The report was completed in February and WALGA will now resume discussions with MRWA.

Road Safety Council Update
The Road Safety Council (RSC) meets on a regular basis to oversee and monitor road safety progress in WA. At the November 2013 meeting, the RSC received updates on: the Repeat Drink Driving Strategy (Alcohol Interlocks); changes to licence renewal requirements for drivers aged 85 years and older; upcoming Police campaigns including double demerits and targeting mobile phone use by drivers; and the latest crash statistics. The Curtin Monash University Accident Research Centre also presented their workplan for 2013-14 which for includes research into illicit drug-related...

**Local Government Road Safety Awards**

The Local Government Road Safety Awards seek to acknowledge outstanding achievements by Local Governments and individuals in the area of road safety. The award categories are aligned with *Towards Zero* – WA’s Road Safety Strategy 2008-2020, which aims to improve road safety by incorporating the safe system approach through four cornerstones (categories): safe road use; safe roads and roadsides; safe speeds; and safe vehicles. Local Governments have been invited to nominate road safety projects completed in one of the four categories. As well as acknowledging projects under the four cornerstones, the awards will recognise an individual who has made an outstanding contribution to road safety by being presented with the Joe North Award. The award submissions have closed and a panel of judges from a range of expertise have scored and chosen winners under each category. Winners will be presented with an award at the Transport and Roads Forum on 6 March 2014. Hon. Liza Harvey MLA, Minister for Police; Tourism; Road Safety; and Women’s Interest will be attending the forum and presenting the awards.

**White Ribbons™ for Road Safety 2013 campaign**

WALGA’s RoadWise Program received more than 120 orders for the 2013 White Ribbons™ for Road Safety campaign which began on Sunday, 17 November 2013. Once again, participants included Local Governments, road safety committees, WA Police, private organisations and other stakeholders. State Parliament was involved this year, requesting a White Ribbon for members to wear during the campaign. The RoadWise Program mailed out a total of 29,373 white ribbons, and these exclude what other participants used from their leftover stocks from the previous year.

A campaign report will be available for download on the RoadWise website during the first quarter of 2014 and will also be distributed through the Local Government Newsletter, the LG News.

**Blessing of the Roads 2014 campaign**

A resources kit will be available in February for Local Governments, road safety committees and the general community to use in preparation for the annual Blessing of the Roads campaign in the lead up to and during the Easter long weekend. Local Governments seeking to participate for the first time are encouraged to contact their local Road Safety Advisor. Visit [www.roadwise.asn.au](http://www.roadwise.asn.au) for their details.

**RoadWise website**

The new RoadWise website is under final stage of development and will be launched in February. The new website will host plenty of information for Local Governments and other road safety stakeholders to access, including local road safety news from all over Western Australia, ways to get involved, statewide road safety campaigns, and information for those seeking guidance in child car restraints.

**Road Safety Round-Up makeover**

The Road Safety newsletter design has been revised and the first edition for 2014 will be issued in February to coincide with the launch of the new website. To join the mailing list, send an email to roadwise@walga.asn.au.

RoadWise network survey

In August 2013 research was initiated by WALGA to explore how members of the RoadWise road safety network feel about the program, how it operates in their community, and how it could be improved in the future. Research Solutions, an independent research company, conducted focus groups, in-depth interviews and an online survey between August and December 2013 to measure and benchmark:

- participation and community ownership;
- opportunities for leadership;
- community structures – with a focus on the health and successful functioning of RoadWise Committees;
- access to resources for effective road safety activity; and
- facilitation of skills and knowledge development within the network.

The findings of this research were presented to the WALGA Strategic Executive Team on 4 February. A number of recommendations from the research will be considered for implementation as part of the RoadWise Program operational planning.

Type 1 Child Car Restraint Fitting Program

The Type 1 Child Car Restraint Fitting Program is a state-wide program which provides advocacy and support for a network of Type 1 Fitters. Currently, there is a Type 1 Fitting service available for members of the community in all regions of the state, with 197 Fitters currently having their details available publicly on the Program’s website and many others providing a service on an organisation level. During the period of November to January, one Type 1 Fitter training course was delivered, in Metro North (Joondalup) resulting in an additional 7 potential Fitters being trained and 3 current Fitters refreshing their skills. The Type 1 Child Car Restraint Fitting Program also provides an information line, email and website support for the community and Fitters state-wide.
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

Moved: Mayor L Howlett
Seconded: Mayor H Zelones

That the Key Activities Report from the Planning and Community Development Unit to March 2014 State Council meeting be noted.

RESOLUTION 23.1/2014

Cr K Chappel left the meeting 6.03pm

The following outlines the key activities of the Planning and Community Development Policy Team since the last State Council meeting:

LAND USE PLANNING

Review of Residential Planning and Building Approvals Processes - Department of Finance, Regulatory Gatekeeping Unit

In July last year, the State Government committed to simplifying and streamlining the current residential building and planning approvals processes as part of a broader housing supply package, focusing on turning zoned land into titled blocks, and lots into housing. The Department of Finance’s Regulatory Gatekeeping Unit was tasked with:

1) Reviewing previous planning & building approvals reviews and “assess the functions and accountability of each body involved in building and planning approval decision making”.
2) Consulting with a range of stakeholders to identify opportunities to streamline the approvals process

WALGA's President and Association Officers met with the Department of Finance in January to discuss the terms of reference for the review and the preliminary findings in their Stage One Report. WALGA expressed strong concerns about many of the assumptions and findings set out in the Stage One report, in particular that the Report: fails to fully understand the planning system; is littered with factual errors and inaccuracies concerning the planning and building approvals process; is not founded upon a robust, reliable and accurate evidence base and does not present a balanced review of the existing planning system.

The Department is currently working on Stage Two of the Review which will recommend improvements to the Minister for Finance in the following areas:

- Direction in strategic planning
- A clear hierarchical structure
- Process of regulatory scrutiny
- Embedded incentive in planning institutions and processes
- Different approval paths for developments of different scale and natures
- Consistency across local governments
- Connection of planning and building

Further details will be provided when the next report is available for review.
Liveable Neighbourhoods Policy – Review of Communities and Movement sections
The Department of Planning has been engaging with stakeholders on the review of the Communities and Movement sections of the Liveable Neighbourhoods policy document (http://www.planning.wa.gov.au/650.asp).

In December 2013, the Department of Planning’s Liveable Neighbourhoods Technical Advisory Committee discussed the current Community Facilities section, in particular the provisions related to the location and design of school and other community facilities. Following this meeting, WALGA organised a workshop with local government facilities planners, to seek additional feedback for the Liveable Neighbourhoods Advisory Committee in regard to the size, location and considerations in the siting and design of new community facilities. The information will hopefully be referred to in the Liveable Neighbourhoods document to provide other local governments with a broad outline of the type of facilities that are included under the ‘community facilities’ umbrella, both within Liveable Neighbourhoods and in discussions with developers on State Planning Policy 3.6 Development Contributions.

The Department of Planning also held a Technical Advisory Group meeting on the Movement network on the 2nd February 2014, to discuss the comments submitted by stakeholders on the traffic and road network provisions within the document.

Building Act Updates
The Building Commission has commenced work to implement a tiered registration scheme for builders in WA under the Building Services (Registration) Act 2011 (the Registration Act). It is also proposed, as part of this project, to better align builder registration and building permit requirements, as well as examining the feasibility of extending these requirements to the whole of the state. A Tiered Registration Reference Group, comprising key stakeholders, including WALGA, has been established to provide advice and assist in the development of recommendations for the Minister for Commerce. Preliminary consultation has been undertaken with local government building surveyors on Schedules 4 and 5 of the Building Regulations 2012, with a more formal public consultation process anticipated in April/May. The project is anticipated to be completed by November 2014.

The Building Commission has also established a new Permit Authority Working Group to discuss and debate improvements to the Building Act and regulations. Members of the Working Group are local government building surveyors from Perth, Rockingham, Waroona, Joondalup, Mandurah, Victoria Park and Belmont. The first meeting was held on the 18th December 2013 with meetings planned every 3 – 4 months. Further details will be provided when specific items raised at these meetings require formal consultation to be undertaken.

Comments on a draft Industry Bulletin entitled ‘Planning and Building Interface’ were recently sought by the Commission. The Bulletin specifically outlined that “Where planning conditions are to be imposed on development approvals, local governments are encouraged to make these conditions contingent upon commencement of the development, rather than requiring that these development approval conditions be satisfied prior to the lodgement of a building permit application (section 16) or the granting of a building permit (section 20). “

Legal advice obtained by the Association disagrees with this statement, which indicates that framing a condition which requires something to be done, submitted or approved prior to the issue of a building permit, would be consistent with the provisions of the Building Act.

Caravan Parks and Camping Grounds Act 1995 Review
The Department of Local Government and Communities (DLGC) is coordinating a review into the Caravan Park and Camping Grounds Act 1995 with the purpose to develop a single new Act and associated subsidiary legislation.

The Association has attended a number of workshops on key areas of the legislation to identify potential barriers to be addressed by the new legislation. The workshop series has now been
completed, with the DLGC to release a discussion paper based on the information gathered at the workshops. The discussion paper will be released for stakeholder comment in March 2014.

In addition to the review of the Act, the DLGC has also commenced a review of the Caravan Parks and Camping Grounds Regulations 1997 in relation to nature-based parks. The DLGC has released a questionnaire to facilitate feedback that has been distributed to all Local Governments for comment.

The review of both the Act and nature-based parks is causing some confusion within the Local Government sector unaware that both reviews are happening concurrently. More information on the release of the discussion paper and the results of the nature-based parks consultation will be made available soon.

**EMERGENCY MANAGEMENT**

**Building Local Government Emergency Management Capacity in Aboriginal Communities.** WALGA has appointed WINTERACTIVE Consultants to manage the Natural Disaster Resilience Program (NDRP) funded project ‘Building Local Government Emergency Management Capacity in Aboriginal Communities.’ The purpose of the project is to clarify Local Governments’ responsibilities for emergency management planning and support in remote Aboriginal communities, as well as the identification of: a) what services will be required; b) what resources will need to be provided; and c) what service and infrastructure gaps exist.

In February and March 2014, the consultants will be running workshops in Kalgoorlie, Port Hedland, Halls Creek and Warburton to assist in the development of the project. The project is scheduled to finish at the end of April 2014.

**All West Australians Reducing Emergencies Fund (AWARE)**

The AWARE fund is available to assist Local Governments with their emergency management responsibilities. The scope of eligible projects has been extended beyond the previous scope of risk studies. SEMC Secretariat has reported that the fund is a rolling program and is undersubscribed this financial year, so Local Governments are encouraged to submit project proposals. The selection panel meets again in the first week of February, however Local Governments can apply to utilize this fund for emergency management related projects at any time.

For more information visit the SEMC Secretariat website. [https://semc.wa.gov.au/communityemergencymanagement/grants/Pages/AWAREProgram.aspx](https://semc.wa.gov.au/communityemergencymanagement/grants/Pages/AWAREProgram.aspx)

**National Partnership Agreement on Disaster Resilience**

During 2009, various Commonwealth programs for disaster mitigation works and support for emergency management volunteers were replaced by the National Partnership Agreement on Natural Disaster Resilience (NPA). The NPA provides approximately $27 million per year to states and territories to enhance the resilience of communities against the impact of natural disasters. This is done through the Natural Disaster Resilience Package.

The new Federal Government has recently reviewed the National Disaster Resilience Package (NDRP). It is understood that the Prime Minister has offered a new two year National Partnership Agreement (NPA) on Natural Disaster Resilience to State and Territory First Ministers. The content of the new agreement is not known at this time and we await further developments.

**Cessation of Very High Frequency (VHF) Mid-Band Use for Emergency Services Communications**

The cessation of the use of VHF Mid-band has been expected for some time now due to State emergency management agencies seeking to reduce the cost burden of maintaining the aging infrastructure. At the recent meeting of the Interagency Bushfire Management Committee (IBMC) Information Communication Technology Sub-committee the potential impacts on Local Government were discussed at length. Local Government is recognized as having a dependence on VHF Mid-
Band for normal daily operations. The cessation of the VHF Mid-Band for emergency communications will not affect these. However, Local Governments must be aware that in the immediate future emergency event communications with other emergency services will not be possible through the VHF Mid-Band as the State agencies will be using the High-Band.

WALGA recently distributed a Faxback to all Councils seeking feedback about the impact of this move and the legacy issues associated with the VHF Mid-Band frequency.

**Community Emergency Risk Assessment Tool (CERAT)**

The CERAT Development Group met for the first time in January to discuss future development options for the prototype of the CERAT. The development group consists of Local Government EM practitioners, risk managers from LGIS and the WALGA Manager ICT. The preferred option for the development of the CERAT is as an enhanced stand-alone spread sheet tool that enables smoother functioning and the ability to provide reports. The current WA version of the tool (which was originally developed by the Victorian SES) was supplied to the Victorian SES in late 2013 to enable them to consider the modifications and enhancements developed for WA to be utilized by Victorian users. It is encouraging that the Victorian version of the CERAT has been redeveloped and now closely resembles the WA version.

For further information please contact John Lane, Emergency Management Coordinator on 9213 2074 or via email jlane@walga.asn.au
7.2 Policy Forum Reports

The following provides an outline of the key activities of the Association's Policy Forums since the last State Council meeting.

Moved: Mayor L Howlett
Seconded: Mayor H Zelones

That the report on the key activities of the Association's Policy Forums to the March 2014 State Council meeting be noted.

RESOLUTION 24.1/2014  CARRIED

7.2.1 Metropolitan Reform Implementation Policy Forum (Tony Brown, Executive Manager, Governance & Corporate Services)

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

At the time of writing this report, the Metropolitan Reform Implementation Policy Forum has met twice since the last State Council meeting:

i. 12 December 2013
ii. 30 January 2013

The following issues have been considered by the Policy Forum:

i. Terms of Reference
ii. Local Government Amendment Bill
iii. Funding for Implementation of Metropolitan Local Government Reform
iv. Authority of Local Implementation Committees and Interim CEOs
v. Local Government Reform Toolkit
vi. Amalgamation vs. Boundary Change Proposals
vii. Draft Communications Strategy
viii. Transition Costs

See State Council Item 6.1 for further information.

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**

The first meeting of the Country Reform Policy Forum is scheduled for Monday 17 February 2013. At the time of writing this report the meeting had not been held.

It is anticipated that the first meeting will consider the Terms of Reference and discuss the various issues pertaining to Country Local Government. Consideration of various governance models for country reform will be held including a number of regional service delivery models.

Regular updates on the progress on the policy forum will be provided to the sector during the year.

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/DIDI 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

WALGA has previously requested that the Department of State Development (DSD) inform WALGA whenever a State Agreement Act was about to undergo the variation process. In September 2013, representatives from the Policy Forum met with staff from the DSD to discuss this request. DSD staff advised it was not possible to advise WALGA of variation processes as they are commercially sensitive negotiations and that rating some resources projects could make them unviable.

In October, the WALGA President, Deputy President and CEO met with the Premier, the Treasurer, the Minister for Local Government and the Minister for Planning. At the meeting, the Premier stated his belief that some Local Governments were trying to speak directly with mining companies about rating issues. The Premier suggested that a protocol could be developed between State and Local Government regarding Councils’ engagement with mining companies.

In November 2013, WALGA wrote to the DSD and Premier seeking more detail on the proposed protocol, but no response has yet been received.

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

The Metropolitan Mayors Policy Forum met on 21 November 2013 and considered a number of strategic, metropolitan issues:

1. Affordable Housing

i. The Policy Forum received a presentation from the Department of Planning in relation to their recently released discussion paper, Planning Provisions for Affordable Housing.

ii. The Policy Forum considered a paper prepared by the secretariat, Affordable Housing: Opportunities for Local Government, Understanding the Local Context & Exploring the Solutions.

The Policy Forum;

1. Noted the Affordable Housing: Opportunities for Local Government, Understanding the Local Context & Exploring the Solutions paper for presentation to WALGA’s State Council.

2. Supports the Association’s intention to establish a conference/workshop examining affordable housing issues and opportunities developing for Local Government partnerships with the not for profit, government and private sectors to deliver affordable housing solutions.

3. Encourages individual Mayors and Presidents to ensure their Local Government has an updated Housing Strategy.

See State Council Item 5.7 for further information.

2. Homelessness

The Policy Forum considered a background paper on homelessness and the Forum;

1. Supports the WALGA advocacy position to secure Local Government representation to the Western Australian Council for Homelessness;

2. Ensure Local Government consultation as part of the review of the State Government Opening Doors – to address Homelessness 2010-2013; and,

3. Request WALGA to establish a Local Government Homelessness Network to explore integrated strategies to address homelessness.

The next meeting of the Metropolitan Mayors Policy Forum is scheduled for 22 April 2014.
7.3 President’s Report

Moved: Mayor L Howlett
Seconded: Mayor H Zelones

That the President’s Report for March 2014 be received.

RESOLUTION 25.1/2014 CARRIED

Cr K Chappel returned to the meeting 6.04pm.
Cr F Reid left the meeting 6.15pm.

7.4 CEO’s Report

Moved: Mayor L Howlett
Seconded: Mayor H Zelones

That the CEO’s Report for March 2014 be received.

RESOLUTION 26.1/2014 CARRIED

Cr F Reid returned to the meeting 6.18pm.

The WALGA President invited LGMA President Mark Chester to provide an update on LGMA issues.

8. ADDITIONAL ZONE RESOLUTIONS

Moved: Cr W Sanford
Seconded: Cr C Mitchell

That the additional Zone Resolutions from the February 2014 round of Zones meetings including East Metropolitan Zone and Kimberley Zone and as follows be referred to the appropriate policy area for consideration.

RESOLUTION 27.1/2014 CARRIED

CENTRAL COUNTRY ZONE

“Forced” Local Government Reform – Shire of Wagin- (Governance & Corporate Services)

1. That the Central Country Zone request that WALGA:

   (a) reject any moves by the State Government to force the amalgamation of local governments; and

   (b) adopt as a matter of policy that amalgamations, mergers and boundary changes be supported but only if introduced and supported by the affected Local Governments.

2. That the Central Country Zone and WALGA write to the Premier and Minister for Local Government requesting that the State Government give an undertaking that each Local Government district be entitled to hold a poll if structural change of any form is proposed.
4. That to ensure this matter is listed for consideration at the earliest opportunity by the WALGA State Council, the Central Country Zone WALGA State Councillor initiate the process to have this matter included as an emerging issue at the WALGA State Council Meeting to be held on Wednesday 5 March 2014.

GREAT EASTERN COUNTRY ZONE

“Forced” Local Government Reform – Shire of Wagin - (Governance & Corporate Services)

1. That the Great Eastern Country Zone request that WALGA:

(a) reject any moves by the State Government to force the amalgamation of local governments; and

(b) adopt as a matter of policy that amalgamations, mergers and boundary changes be supported but only if introduced and supported by the affected Local Governments.

CENTRAL METROPOLITAN ZONE

Local Government Amalgamations - (Governance & Corporate Services)

The WALGA Central Metropolitan Zone requests that the WALGA State Council move the following:

1. That WALGA reject any moves by the State Government to force the amalgamation of Local Governments.

2. That amalgamations, mergers and boundary changes be supported by WALGA only if introduced and supported by the affected Local Governments.

3. That each Local Government community be entitled to hold a poll if structural change is proposed.

GOLDFIELDS ESPERANCE COUNTRY ZONE

Local Government Amalgamations - (Governance & Corporate Services)

1. That GVROC request that WALGA:

(c) reject any moves by the State Government to force the amalgamation of local governments; and

(d) adopt as a matter of policy that amalgamations, mergers and boundary changes be supported but only if introduced and supported by the affected Local Governments.

2. That GVROC write to the Premier seeking assurance that each Local Government community retains the right to hold a poll, as prescribed under Schedule 2.1 of the Local Government Act 1995 if structural change of any form is proposed.

NORTHERN COUNTRY ZONE

Local Government Amalgamations - (Governance & Corporate Services)

The Northern Country Zone (NCZ) of the Western Australian Local Government Association (WALGA) approach WALGA State Council and Shane Love, MLA, Member for Moore, seeking the following commitments from both WALGA and The National Party of WA:

a) The rejection of any moves by the State Government to force the amalgamation of local governments by any means (e.g. full district amalgamation, boundary changes merges);

b) Pursue changes to the Local Government Act and associated Regulations to introduce poll entitlements for all community affected by any proposed boundary change structural reform;

c) Insist all proposed amalgamations, mergers and boundary changes are encouraged only if introduced and supported by the affected Local Governments and their communities.
SOUTH WEST COUNTRY ZONE

Local Government Amalgamations - (Governance & Corporate Services)

That the SWZ supports the Motion by the Shire of Wagin that:

1. That WALGA reject any moves by the State Government to force the amalgamation of local governments.
2. That amalgamations, mergers and boundary changes be supported by WALGA only if introduced and supported by the effected Local Governments.
3. That each Local Government community be entitled to hold a poll if structural change is proposed.

Clearing Of Native Vegetation (Environment & Waste)

That the SWZ seek a detailed report from WALGA on the current status of the restraints on the clearing of native vegetation to enable it to determine what further action is required by members on this matter.

GASCOYNE ZONE

Patient Assisted Travel Program- (Governance & Corporate Services)

That WALGA be requested to update the Zone regarding any advocacy undertaken in relation to the Patient Assisted Travel program noting that the Standing Committee on Public Administration has commenced a Parliamentary Inquiry into the program.

EAST METROPOLITAN ZONE

That a report be prepared on bush fire prevention and education in WA and the establishment by a suitable agency, not Local Government, to implement a regime of inspection of power poles on private land.

KIMBERLEY ZONE

That the Kimberley Zone of WALGA & Regional Collaborative Group:

1. Endorse the Mount Isa City Council petition to the House
2. Authorises the Secretariat to distribute the petition is support of the Zone Allowance reform
3. Authorises the Secretariat to write its Chamber of Commerce seeking support in this matter
4. Request that the matter be forwarded to WALGA requesting its support

9. MEETING ASSESSMENT
Cr Simon Broad provided feedback as to the effectiveness of the meeting.

10. DATE OF NEXT MEETING
That the next meeting of the Western Australia Local Government Association State Council be held in Merredin on Friday 9 May 2014 commencing 9am.

11. CLOSURE
There being no further business, the President declared the meeting closed at 6.40pm