



WALGA

WORKING FOR LOCAL GOVERNMENT

2019-2020 State Budget Submission

WALGA is committed to advancing the vision for Local Government in Western Australia where:

- Local Governments will be built on good governance, autonomy, local leadership, democracy, community engagement and diversity.
- Local Governments will have the capacity to provide economically, socially and environmentally sustainable services and infrastructure that meets the needs of their communities.



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Introduction

The Western Australian Local Government Association (WALGA or 'the Association') is the peak organisation for Local Government in Western Australia. The Association is an independent, membership-based group representing and supporting the work and interests of 136 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 more than 1,200 Elected Members, approximately 14,500 Local Government employees, and the 2.4 million constituents that they serve and represent. The Association also provides professional advice and offers services that provide financial benefits to the Local Governments.

WALGA is grateful for the opportunity to provide a submission in advance of the 2019-20 State Budget.

After a difficult period, the WA economy is starting to show signs of improvement. This is welcome news, and over time will relieve some of the pressure on the budget position as revenues improve in line with the increase in economic activity. The state budget will also benefit in coming years as a result of the Commonwealth Government's commitment to increase funding to WA under the revised GST arrangements.

While this is good news, it is important that we do not lose sight of the need to repair the state's budget position. Since coming to office, the State Government has focussed on fiscal repair and has made headway in improving the state's financial position. It is important that this commitment to fiscal repair remains in the future, with a focus on paying down the record levels of debt that have accumulated in recent years.

While reducing wasteful and inefficient spending will be essential to addressing structural imbalances in the budget and must remain a priority, expenditure cuts are not the only solution. WALGA considers that a priority for the 2019-20 budget should be to introduce measures to grow the state's economy in order to address both the short term fiscal constraints, and deliver continued improvements in wellbeing for communities over the longer term. Local Governments are increasingly focussed on the role that they can play in driving sustainable economic development outcomes, and there is a significant opportunity for both levels of Government to work collaboratively to achieve these outcomes through the State Local Government Partnership Agreement.

WALGA's submission identifies a number of priority areas where reform is needed from the sector's perspective to set WA on a path for future economic growth and prosperity. The submission also identifies priority areas for Government spending in 2019-20 as defined by Local Governments and their communities.



Executive Summary

The past few years have been challenging for Western Australians, as the economy has transitioned from the mining investment boom. As well as the more difficult economic environment, there has been limited capacity for spending on services and infrastructure as the Government has been forced to focus on the important task of budget repair.

Although the WA economy is starting to improve, it will take some time for this to translate through into an improved and sustainable financial position. Although the State is on track to return to surplus, underpinned by the improvement in revenues as the economy gains pace and windfall revenues from the proposed changes to the GST allocation formula, there still remains a significant task to pay down the record levels of debt that were accumulated during the mining boom years.

As well as addressing the challenges necessary to bring the state's finances back onto a sustainable footing, the Government will also need to put in place measures to ensure the state's prosperity into the future by identifying new sources of economic growth, managing expenditure relative to that growth and generally enhancing WA's economic resilience. The state's continued economic success will be a critical strategy to grow revenues and improve the overall budget position.

Against this backdrop, WALGA considers that the 2019-20 Budget should be used to introduce measures to grow the state's economy in order to address both the short term fiscal constraints, and deliver continued improvements in well being for communities over the longer term. The 2019-20 Budget should concentrate on strategies to encourage sustainable economic growth and diversification, and ensure our economy and communities are resilient and well placed for the future.

Local Government is endowed with a power of general competence under the *Local Government Act 1995*, and this, combined with the nature of the sector's prescribed functions and activities, means that it has a significant impact on local economic outcomes and can be an important partner for the State government in delivering on its economic priorities.

The State-Local Government Partnership Agreement provides an important opportunity for a closer, more collaborative relationship between the two levels of Government across a range of issues including economic development. While specific areas for collaboration are not articulated, economic development clearly fits within the scope of the Agreement which notes that improved quality of life relies on workforce participation, social inclusion, a healthy environment, a growing economy, improving productivity and vibrant communities.

WALGA's recent research has demonstrated that Local Governments are increasingly focussed on economic development, and that they have an important role to play in terms of coordinating stakeholders, planning for the future, direct service and infrastructure provision, and creating a business friendly environment through its role as a regulator.

However, in exercising this role, Local Governments often require support from the State Government to effectively deliver on these important activities, due to the restrictions that are imposed on its operations – in particular the capacity to raise revenue and recover costs, and engage in structures that will allow more efficient resource and asset management. These restrictions create significant challenges for the sector in managing the impact of changing economic and fiscal conditions on its budget, and mean that Local Government is reliant on funding from other levels of government to supplement revenue from rates, fees and charges in order to provide the services and infrastructure that are demanded by the community.

To ensure it can deliver on its role in supporting the state's future growth and development and facilitate improvements in wellbeing for local communities, it is critical that the Local Government sector is enabled to deliver on these functions, and retains access to reliable, long term funding from the State Government to support revenue shortfalls and the provision of important services and infrastructure.

WALGA's submission identifies a number of priority areas for spending and microeconomic reform that are needed from the sector's perspective to help progress WA along the State's path for future economic growth and prosperity. These priorities align with the broader national agenda identified by the Productivity Commission and will help to position the WA economy for the future.

Recommendations

Policy Area	Spending Priority	Reform Priority
Better Government		
Economic Development	<ul style="list-style-type: none"> Funding should be provided in the 2019-20 Budget to create an Economic Development Strategy for WA. 	<ul style="list-style-type: none"> The State Government should take a leadership role to bring together all stakeholders to develop a joined up approach to the future development of the WA economy.
Fiscal management		<ul style="list-style-type: none"> Fiscal repair must remain a priority for the 2019-20 Budget. Spending cuts must first be targeted at removing waste and inefficiencies from the public sector, and then focussed on moving service delivery to a sustainable base. Spending cuts must deliver genuine savings, rather than shifting costs onto Local Government, the not-for-profit or private sectors. Windfall gains from reform to the GST distribution mechanism must not be wasted. A strategic decision must be made around priorities for investing in key local infrastructure and paying down debt, and resist the temptation to direct windfall GST revenue into new spending initiatives. The WA Government should advocate to the Commonwealth for a review of the tax system as part of a longer term reform agenda.
Local Government Act Review	<ul style="list-style-type: none"> The 2019-20 Budget must include provision for sufficient funding to enable a comprehensive consultation process with the Local Government sector and the general community as part of the development of the New Local Government Act. 	
Local Government Fees and Charges	<ul style="list-style-type: none"> Funding should be provided in the 2019-20 Budget for an independent review into Local Government Fees and Charges, to inform the New Local Government Act. 	<ul style="list-style-type: none"> Local Governments should have the autonomy to set the level of their fees and charges.
Better Cities, Towns and Regions		
Waste	<ul style="list-style-type: none"> Establishment costs for the Container Deposit Scheme should be funded by funds collected through the Waste Avoidance and Resource Recovery Levy. 	<ul style="list-style-type: none"> All revenues raised from the Waste Avoidance and Resource Recovery Levy should be directed into strategic waste management activities.
Planning	<ul style="list-style-type: none"> Funding should be provided for the planning and delivery of infrastructure upgrades at priority METRONET and other train precincts where significant forward planning has already been undertaken by the Local Government. 	<ul style="list-style-type: none"> Monies raised from the Metropolitan Regional Improvement Tax should be used for their intended purpose to assist in long term planning for the metropolitan region and fund the cost of land acquisition for major infrastructure projects. WALGA supports the investigation of whether the inclusion of a similar Improvement Tax within the Greater Bunbury and Peel Region Schemes would be beneficial for these specific Regional areas. It will be critical that Local Governments located within the Greater Bunbury and Peel areas are consulted as part of this process

Policy Area	Spending Priority	Reform Priority
Infrastructure	<ul style="list-style-type: none"> • Additional funding support will be needed to address the local infrastructure backlog given the constraints on the ability of Local Governments to raise own sourced revenue. The priority areas are: <ul style="list-style-type: none"> • Improvements that will reduce run-off road crashes on the local road network; • Additional funding across the forward estimates to support the Perth integrated cycling network; • Priority investments identified under the Revitalising Agricultural Regional Freight Strategy; and • Telecommunications infrastructure in regional areas identified through the State Telecommunications Infrastructure Audit. 	<ul style="list-style-type: none"> • Effective, transparent and genuinely open consultative and engagement processes with all stakeholders, including Local Governments, is critical to ensuring that the value of Infrastructure WA is realised. In developing an infrastructure plan for WA, Infrastructure WA should adopt a state-wide focus and consult with appropriate community groups and Local Government. • The Local Government sector seeks representation on the Infrastructure WA Board on the basis that Local Governments are a key strategic partner in the delivery, care, control and management of community infrastructure and contribute to planned, integrated and sustainable outcomes. A well respected leader with strong understanding of the Local Government sector would make a valuable contribution to the Infrastructure WA Board, particularly during the establishment phase as systems and processes are developed and implemented. • Infrastructure WA needs to have a sufficiently broad mandate and sufficient resourcing to identify infrastructure gaps that may not have yet been adequately defined and developed by Government agencies. Given the proposed \$100 million threshold for projects, which aligns with Infrastructure Australia, there may be advantages in defining projects broadly, either across functions or spatially, and considering the costs and benefits over a long term time horizon. • Within the forward estimates, the State Government needs to develop an appropriate mechanism through which the increased infrastructure costs from the use of heavy vehicles and those loaded in excess of limits can be recovered from those benefiting, and redirected into the cost of road maintenance. • The State Government must examine options for the replacement of mercury vapour street lights in line with the anticipated requirements of the Minamata Convention. Options that should be examined include bulk replacements and reform to street lighting tariffs to include a range of options to facilitate and encourage managed re-investment in this important community infrastructure. • WALGA considers that LED should be the default replacement technology now that it is available in Western Power's standard product list.

Policy Area	Spending Priority	Reform Priority
Environment	<ul style="list-style-type: none"> The Independent Review of the Strategic Assessment of the Perth and Peel Regions must be progressed as a matter of priority. Sufficient funding must be provided to ensure appropriate consultation and ensure that the review is fully inclusive of the views and requirements of Local Government Funding should be provided in the 2019-20 Budget to undertake a full review of the <i>Biosecurity and Agriculture Management Act (2007)</i>. 	<ul style="list-style-type: none"> The Government should respond to the independent review of the Strategic Assessment of the Perth and Peel Regions as soon as possible with a view to implementing the Perth and Peel Green Growth Plan to facilitate future development and provide a long term framework for the protection of the environment and provide certainty for sustainable land development. The State Government, through a State Local Government Climate Change Partnership Agreement, should work collaboratively with Local Government to adequately prepare the required adaptation and mitigation strategies to address climate change. The cost of climate change adaptation and mitigation measures should be equitably shared between both levels of Government.
Healthy Western Australians		
Essential Services in Regional Communities	<ul style="list-style-type: none"> Funding should be provided in the 2019-20 Budget to develop workforce strategies to assist communities in regional areas of the state to access and retain an essential services workforce including medical and healthcare professionals, police, and teachers and other education providers. 	
Sport and recreation	<ul style="list-style-type: none"> The Community Sporting and Recreation Facilities Fund should be reinstated to \$20 million per annum. 	
Public Health	<ul style="list-style-type: none"> The State Government must continue to fund the implementation of the <i>Public Health Act 2016</i> including the provision of funding to build the capacity of the Local Government workforce and support the development of local health plans. 	
Future Skills and Work		
Public Libraries	<ul style="list-style-type: none"> Funding must be provided to in the 2019-20 Budget to progress the implementation of the WA Public Library Strategy. As a starting point, the introduction of a system for the allocation of annual State Government funding should be considered as a priority. 	

Economic and Fiscal Context



WA Economic Snapshot

After a difficult period, there are signs emerging that the WA economy has turned the corner and will return to growth in the years ahead.

After falling into recession for the first time in almost 30 years during 2016-17, the WA economy has returned to growth in 2018-17 with Gross State Product expanding by 1.9%. The return to growth was led by strong growth in merchandise exports (up 4.8%), and an improvement in household spending (up 1.6%). The rate of decline in business investment has also eased (to -2.8% in 2017-18, compared to -24% in the previous year), which has also contributed to the improvement in the WA economy in the past year.

The state's labour market has also shown signs of improvement, with employment growth increasing in annual terms for the past 19 consecutive months. Some 28,600 jobs have been created over the year to October 2018. The state's unemployment rate has also improved compared to recent years, standing at 5.7% in October 2018 – however, this is well above the record low of 2.3% recorded a decade earlier.

Looking ahead, the WA economy is expected to strengthen with Treasury predicting that Gross State Product will expand by 3.5% in 2019-20, and 3% in the following two years. Although the economy is expected to recover, a return to the exceptional rates of growth recorded during the mining boom years is not

likely in the foreseeable future, with growth predicted to remain below the long run average of 4.7% per annum across the forward estimates.

The improvement in the WA economy has been welcome news for the state's finances. The latest figures contained in the Mid-Year Financial Projections Statement show that the budget is on track to return to surplus a year earlier than expected. An operating surplus of \$1 billion is now expected for 2019-20. However this will in large part be driven by the Commonwealth's moves to address the State's declining share of the GST revenue, which will increase State revenue by \$2.4 billion over the next three years.

While the improvement in revenue will help to drive the budget back into the black, this does not mean that the state's financial problems are solved. While the State Government has undertaken significant work to rein in the excessive rates of growth in spending that have occurred under successive Governments for a number of years now, this must remain a priority. Government spending is predicted to grow by less than 1% on average across the forward estimates, and it will be important that the Government holds firm on this commitment.

There also remains a significant task to pay down the record levels of debt that were accumulated during the mining boom years. Total public sector net debt is now expected to peak at \$37.9 billion in 2019-20 (which is down from the previous

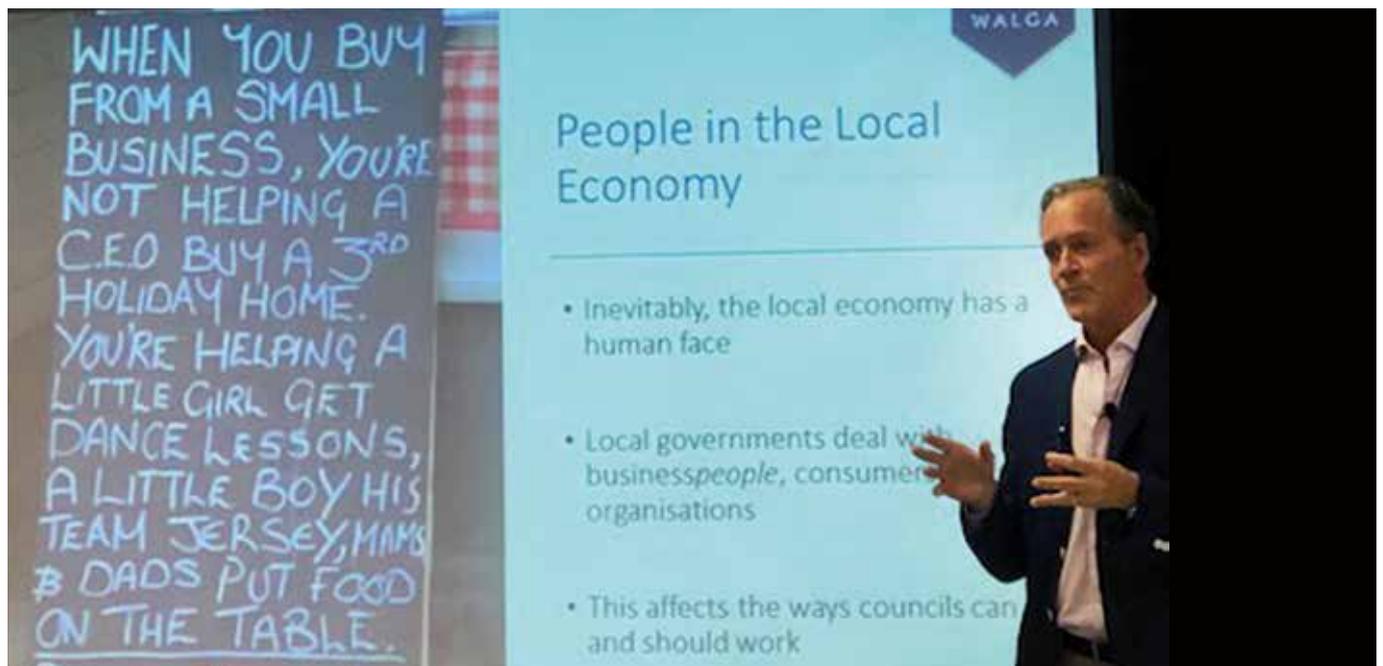
projection for \$40.8 billion), this still remains at record high levels (75% of total public sector revenue). While the return to surplus will help see debt start to fall to \$36.7 billion in 2021-22 (or 69% of revenue), it will take years to return to more sustainable levels (for example to meet the previous financial target of a 55% net debt to revenue ratio). In this environment, it will be critical that the Government remains focussed on fiscal repair and that the improvement in revenues is used towards debt repayment.

As well as addressing the challenges necessary to bring the state's finances back onto a sustainable footing, the Government will also need to put in place measures to ensure the state's prosperity into the future by identifying new sources of economic growth, managing expenditure relative to that growth and generally enhancing WA's economic resilience. The state's continued economic success will be a critical strategy to grow revenues and improve the overall budget position.

There are a range of challenges on the horizon for the state. WA, like many other nations, will be impacted by significant shifts in the global economy with the rise of Asia and developing nations; the ageing population; new technologies that will change the way we live, work and do business; and our changing climate and environment.

However, it's not all bad news and there are many opportunities for WA to continue to build on our strong industry base particularly in resources, as well as the potential to capture the opportunities presented by new and emerging industries such as lithium, renewable energy, space, tourism, mining technology and services, agriculture and food, and education and training.

The 2019-20 Budget is an ideal time for the State to put in place measures to prepare the state for these future challenges and opportunities.



Local Government Context

The Local Government sector plays a significant role in the community through the delivery of essential services and infrastructure.

WA Local Governments spent \$4.1 billion in 2016-17 on important services for the community, with the majority directed towards transport and communications, recreation and culture and housing and community amenities. Local Governments also manage assets worth more than \$48 billion, including responsibility for more than 88% of the public road network. The key roles and responsibilities of the sector include:

- infrastructure and property services, including local roads, bridges, footpaths, drainage, waste collection and management;
- provision of recreation facilities, such as parks, sports fields and stadiums, golf courses, swimming pools, sport centres, halls, camping grounds and caravan parks;
- health services such as water and food inspection, immunisation services, toilet facilities, noise control and meat inspection and animal control;
- community services, such as child-care, aged care and accommodation, community care and welfare services;
- building services, including inspections, licensing, certification and enforcement;
- planning and development approval;
- administration of facilities, such as airports and aerodromes, ports and marinas, cemeteries, parking facilities and street parking; and
- cultural facilities and services, such as libraries, art galleries and museums.

Local Government is endowed with a power of general competence under the *Local Government Act 1995*, and this, combined with the nature of the sectors prescribed functions and activities, means that it has a significant impact on local economic outcomes and can be an important partner for the State government in delivering on its economic priorities. This important role has been acknowledged by the World Bank, which stated that “strategically planned local economic development is used by communities to strengthen the local economic capacity of an area, improve the investment climate, and increase the productivity and competitiveness of local businesses, entrepreneurs and workers.”ⁱ



Particularly through its role in addressing market failures through regulation and delivery of services and infrastructure, Local Governments have a direct impact on economic activity, and can also influence the environment indirectly through the creation of vibrant and liveable communities.

The State-Local Government Partnership Agreement provides an important opportunity for a closer, more collaborative relationship between the two levels of Government across a range of issues including economic development. While specific areas for collaboration are not articulated, economic development clearly fits within the scope of the Agreement which notes that improved quality of life relies on workforce participation, social inclusion, a healthy environment, a growing economy, improving productivity and vibrant communities. The Partnership Agreement also notes that the State Government, with its leadership and ability to set policy and implement programs for all of Western Australia, and the Local Government sector, with a presence in all Western Australian communities, have complementary strengths that can be combined to benefit the state overall.

WALGA's recent research has demonstrated that Local Governments are increasingly focussed on economic development, and that they have an important role to play in terms of coordinating stakeholders, planning for the future, direct service and infrastructure provision, and creating a business friendly environment through its role as a regulator.

However in exercising this role, Local Governments often require support from the State Government to effectively deliver these important activities, due to the restrictions that are imposed on its operations – in particular the capacity to

ⁱ Swinburn, D., Goga, S., and Murphy, F., 2006, “Local Economic Development Primer”, World Bank

raise revenue and recover costs, and engage in structures that will allow more efficient resource and asset management. These restrictions create significant challenges for the sector in managing the impact of changing economic and fiscal conditions on its budget, and mean that Local Government is reliant on funding from other levels of government to supplement revenue from rates, fees and charges in order to provide the services and infrastructure that are demanded by the community.

In the current financially-constrained environment, the recent focus on fiscal consolidation at other levels of Government has affected Local Governments own budgets and ability to meet community needs and priorities. WALGA acknowledges that this has been a necessity, as the task of budget repair is in the best long term interests of the state and must be shared among the community.

Local Governments have contributed to budget repair in a number of different ways. Principally, funding provided to the sector through the 2011-12 to 2015-16 State Road Funds to Local Government Agreement was reduced from 27% of vehicle licence revenue to approximately 20%. The combination of these progressive funding cuts and conservative forward estimates of vehicle licence fees (VLF) have resulted in total allocated funding of \$791 million over the term of the Agreement, or 22.6% of total VLF revenue. This is \$155 million less than initially established under the Agreement. There has also been a 40% reduction to the direct grant component of State funding for Local Roads. Under the new agreement, funding for local roads will remain at 20% of vehicle licence revenue.

Local Government has also increasingly taken on responsibility for services to the community that were provided by the State Government, without access to an additional revenue source to fund them. Some examples include assuming responsibility for the metropolitan library courier service; club development officers; and community and human services such as aged care and disability services, mosquito control, Aboriginal Health; Domestic Violence; and public and preventative health such as mosquito control, smoking in venues and programs to encourage physical activity.

To ensure it can deliver on its role in supporting the state's future growth and development and facilitate improvements in well being for local communities, it is critical that the Local Government sector is enabled to deliver on these functions, and retains access to reliable, long term funding from the State Government to support revenue shortfalls and the provision of important services and infrastructure.



Local Governments are increasingly focussed on economic development, and that they have an important role to play in terms of coordinating stakeholders, planning for the future, direct service and infrastructure provision.

2019-20 State Budget Priorities

Against this backdrop, WALGA considers that the 2019-20 Budget should be used to introduce measures to grow the state's economy in order to address both the short term fiscal constraints, and deliver continued improvements in wellbeing for communities over the longer term. The 2019 20 Budget should set out a strategy to ensure our economy is flexible, resilient, and prepared for the future.

The challenges on the horizon are not unique to WA, but are being influenced by trends that will shape economies around the globe. These trends have already been considered at a national level by the Productivity Commission, which set out a reform agenda to ensure the nation's ongoing growth and prosperity. This agenda focuses on:

- More Efficient Government;
- Better Towns and Cities;
- Healthy Australians; and
- Future Skills and Work.

The work undertaken by the Productivity Commission in setting out a national reform agenda and the themes identified are also relevant at other levels of Government, and provides an important guide for the State and Local Governments in planning for WA's economic future.

WALGA's submission identifies a number of priority areas for spending and microeconomic reform that are needed from the sector's perspective to set WA on a path for future economic growth and prosperity. These priorities align with the broader national agenda set out by the Productivity Commission and will help to position the WA economy for the future.

More Efficient Government

State Economic Development Plan

Although there is a range of activities currently under way to support our future economic development, there is scope to do more to ensure our state is well positioned to ride out the challenges and to make the most of the opportunities that lie before us.

A more strategic approach needs to be taken to the future economic development of our state, to ensure that all levels of government, business and the community are working towards a common goal. This will require a partnership approach which sees closer collaboration and alignment between Governments at all levels, industry and the community.

There is a clear role for the State Government to take the lead and bring together all stakeholders to develop a joined up approach to the future development of the WA economy.

Within WA, there is a range of organisations whose focus is on encouraging economic development. Organisations from all levels of Government, business and industry groups, research bodies, think tanks and academia are involved in activities aimed at driving economic development in the state. With such a large number of organisations operating in this area, it is essential that roles and responsibilities are understood and activities are coordinated and directed towards achieving a common agenda.

The State Government should set aside funding in the 2019-20 Budget for the establishment of a State Economic Development Strategy, that will be used to guide all economic development activities in the state and set out a clear direction for all stakeholders in order to facilitate closer alignment of goals and reduce areas of duplication, overlap and inconsistency. It is essential that any economic development strategy for WA does not focus on 'picking winners', but is based upon the state's industry strengths and comparative advantages. There are a number of important elements of a State Economic Development Strategy, including a long-term perspective, measurable targets and alignment with a national economic policy agenda.

The State Economic Development Strategy should also be based on a vision for the future of the WA economy that is developed in collaboration with key stakeholders from Government, industry and the community. Local Governments are a key stakeholder in this process and should be involved to ensure the unique needs and challenges for individual areas and regions are taken into consideration.

Developing a shared vision will be a critical step towards a more collaborative approach to economic development, and will reduce areas of duplication, overlap or inconsistency by providing a common basis on which each organisation's economic development activities are built.

Recommendations

- An Economic Development Strategy for WA should be created, which sets out an overarching plan for the future direction of WA. In developing the strategy, the Government must consult with stakeholders including Local Governments to ensure that the unique needs and challenges for individual areas and regions are taken into consideration.

- A State Economic Development Strategy should:
 - Be based on a shared vision for the state's future developed in consultation with key stakeholders and the community.
 - Consider a long term time horizon.
 - Build on the State's existing industry base and comparative advantages to capture the benefits from new and emerging industries.
 - Include measurable targets and allocate responsibility for achieving these.
 - Align with the national policy agenda.

Budget Repair

It is recognised that repairing the state's finances has been an important focus for the McGowan Government since coming to office, and this must remain a priority in the 2019-20 Budget.

The Association recognises that efforts to restore the budget are critical to the long-term best interests of all Western Australians. Prudent financial management means that there is less pressure to increase taxes and charges on households and businesses. It also means that funds are managed with an eye to the future service and infrastructure needs of the community.

Addressing the structural issues facing the budget will ultimately require reductions to spending, and it is important that any cuts are first targeted at removing waste and inefficiencies from the public sector, and then focussed on moving service delivery to a sustainable base. While spending cuts are necessary, funding must still be made available for priority services for the community. In determining spending cuts and ensuring that taxpayer dollars are directed to priority areas, consultation with all affected stakeholders will be critical to ensure that scarce funds are directed to essential services that will deliver the greatest benefits to local communities, and to identify any unintended consequences of proposed spending cuts.

Local Governments are an important and willing partner in this process. Local Governments are part of their communities, and are best placed to understand their unique needs. Working with Local Governments can help ensure that the State's scarce resources are targeted to priority areas, and ensure vibrant, well-planned and inclusive communities.

It is critical that any efforts to address excessive levels of State Government spending deliver genuine savings, and do not merely shift costs onto Local Government, the not-for-profit or private sectors. The Local Government sector has come under growing pressure in recent times, as it has taken on a greater role in the delivery of services that were previously undertaken by other levels of Government. The Australian Local Government Association has estimated that cost shifting is costing the sector nationally in the order of \$500 million

to \$1 billion per annum. Funding these additional activities is a challenge given that the sector has only one source of its own tax revenue (rates) and it is not feasible for most Councils to provide a sufficient level of services from rates revenue alone.

Recommendations

- Fiscal repair must remain a priority for the 2019-20 Budget. Addressing the structural issues facing the budget will ultimately require reductions to spending. These should first be targeted at removing waste and inefficiencies from the public sector, and then focussed on moving service delivery to a sustainable base.
- It is critical that any efforts to address excessive levels of State Government spending deliver genuine savings, and do not simply shift costs onto Local Government, the not-for-profit or private sectors.



Tax Reform and the GST

The State's declining share of GST revenue has been a significant issue for a number of years now. Recently, the Commonwealth Government has moved to increase WA's share of GST while ensuring no state is worse off. The reforms were passed by Federal Parliament in November 2018 and will deliver WA an extra \$4.7 billion in GST revenue by 2026-27.

While this will help address the State's fiscal challenges, it is important that this windfall is not squandered. There needs to be a proper strategic decision made around priorities for investing in key local infrastructure, paying down the record levels of debt that have accumulated in recent years, and resisting committing to new recurrent spending initiatives.

While the proposed solution will provide some relief for WA, there remains some unanswered questions, particularly as to how the injections to the funding pool will be funded, and what the State's contingency is to guard against a potential fall in the total GST pool if this were to occur in the future.

The plan to reform the GST distribution to the states has also raised in the public debate a call for the Federal Government to examine raising the rate of the GST as part of a broader review of the tax system. WALGA supports these calls for a broader review of the tax system and urges the State Government to advocate to the Commonwealth for review to identify reforms that will improve the efficiency and adequacy of the tax system, beyond the specifics of the GST.

Recommendations

- Utilisation of windfall gains from reform to the GST distribution mechanism must be maximised. A strategic decision must be made around priorities for investing in key local infrastructure and paying down the record levels of debt that have accumulated in recent years. The State Government must resist the temptation to direct windfall GST revenue into new spending initiatives.
- While the solution will benefit WA in the short term, there still remains a need to examine the GST as part of a broader review of the tax system that looks to improve the efficiency and adequacy of the tax system. The WA Government should advocate to the Commonwealth for a review of the tax system as part of a longer term reform agenda.

Local Government Act Review

The Minister for Local Government has commenced a process to review the *Local Government Act 1995*. This will involve a two stage process, focussed around modernising Local Government, and delivering for the community.

While the process commenced in 2017, and the first phase amendments will be introduced to Parliament in late 2018/early

2019, the second phase of the Review which includes preparing a new Local Government Act and the preparation of a Green Bill, which is scheduled to occur throughout 2019-20. This will comprise of a complete review of the Local Government Act including policy development and consultation related to all areas of the Act together with a focus on the following subjects:

- Financial Management
- Rates
- Beneficial Enterprises
- Administrative efficiencies
- Local laws
- Council Meetings
- Interventions
- Community Engagement
- Integrated Planning & Reporting
- Complaints Management
- Elections

Appropriate resources will need to be allocated to the Department of Local Government, Sport and Cultural Activities and the State Solicitor's Office in the 2019-20 budget to progress the Review and enable a Bill to be introduced by 2020-21 in line with the time-frames articulated.

The budget provision needs to include sufficient funding to enable a comprehensive consultation process with the Local Government sector and the general community.

Recommendation

- The 2019-20 Budget must include provision for sufficient funding to enable a comprehensive consultation process with the Local Government sector and the general community as part of the development of the New Local Government Act.

Local Government Fees and Charges

Local Governments in WA face a number of restrictions on their 'own-source' revenue, including restrictions on Local Government fees and charges.

State Government restrictions on Local Government fees and charges are arbitrary (the same fees in other States are often deregulated) and inefficient. Local Governments can impose fees and charges on users of specific, often incidental, services. However, a number of fees and charges are prescribed and restricted by legislation, and are specifically limited to recouping the cost of service provision. Fees determined by State



Government legislation are of particular concern to Local Governments and represent significant revenue leakage because of:

- lack of indexation;
- lack of regular review (fees may remain at the same nominal levels for decades); and
- lack of transparent methodology in setting the fees (fees do not appear to be set with regard to appropriate costs recovery levels).

Examples of fees and charges of this nature include dog registrations fees, town planning fees and building permits. Since Local Governments do not have direct control over the determination of fees set by legislation, this revenue leakage is recovered from rate revenue. This leads to unfair community outcomes in that all ratepayers subsidise services that are only used by a few.

The Association considers that it is appropriate that Local Governments have the freedom to set the level of their fees and charges. In the few cases where legislative restrictions are deemed necessary, they should be justified by a clear and logical rationale. Furthermore, those fees and charges that are prescribed by legislation should be reviewed and indexed on an annual basis to ensure they are set at appropriate cost recovery levels.

An independent review of the various fees and charges levied by Local Government should be undertaken in conjunction with the development of the New Local Government Act.

Recommendations

- Funding should be provided in the 2019-20 Budget for an independent review of Local Government Fees and Charges, to compliment the development of the New Local Government Act.
- Local Governments should have the autonomy to set the level of their fees and charges.



Waste Avoidance and Resource Recovery Levy

Only 25% of the amount raised by the Waste Avoidance and Resource Recovery Levy is hypothecated into the Waste Avoidance and Resource Recovery Account for strategic waste management activities. Further, this is also used to fund the operational costs of the waste branch within the Department of Water and Environment Regulation.

Increased investment is required to assist WA to meet the targets in the new State Waste Strategy (Waste Strategy 2030), increase employment opportunities and assist Local Government and the private sector to increase operational efficiencies. This is highlighted in both the Recycling Activity in Western Australia 2015-16 report and the 2015-16 Census of Local Government Waste and Recycling Services, which found that despite Local Governments in Western Australia spending \$288 million in collecting 1.5 million tonnes of domestic waste in 2015-16, the recycling rate in the municipal waste sector fell to 36% in the Perth metropolitan region in 2015-16, well below the State's current target of 50%.

WALGA considers that better outcomes would be achieved by directing all funds collected from the Waste Avoidance and Resource Recovery Levy into strategic waste management activities.

Recommendation

- All revenues raised from the Waste Avoidance and Resource Recovery Levy should be directed into strategic waste management activities.

Better Towns, Cities and Regions

Infrastructure

Planning and Prioritisation

Infrastructure is a key enabler of economic and productivity growth. Investing in appropriate infrastructure will be an important way to ensure that the WA economy can transition to a new phase of growth by unlocking new industries and creating jobs over the longer term.

All levels of Government have an important role in the provision of infrastructure. For Local Government, this is largely centred on the provision of roads, public lighting and community infrastructure.

The development an infrastructure plan for the state is an important step to improve infrastructure planning and address existing constraints. This will assist with prioritising projects and ensure that WA is better placed to attract funding from the Commonwealth Government, as well as the private sector. It is critical that appropriate funding is provided to progress the Infrastructure WA initiative and the development of a long term infrastructure plan for the state.

There is strong support from the Local Government sector for the establishment of Infrastructure WA as a statutory body under legislation and the development of a long term infrastructure plan to provide certainty to Local Governments and the private sector about future investments.

It is critical though that any future infrastructure plan is developed in a genuinely collaborative way. A transparent, open and consultative engagement process with all stakeholders will be essential for the full value of Infrastructure WA to be realised. Local Government is a key stakeholder to the extent that almost every proposal intersects with Local Government's role in land use planning, infrastructure provision, transport planning, economic and community development. In alignment with the State and Local Government Partnership Agreement, Local Government should be engaged directly throughout the whole process to ensure a 'whole of government approach'.

Further, the sector seeks representation on the Infrastructure WA Board on the basis that Local Governments are a key strategic partner in the delivery, care, control and management of community infrastructure and contribute to planned, integrated and sustainable outcomes. A well respected leader with strong understanding of the Local Government sector would make a valuable contribution to the Infrastructure WA Board, particularly during the establishment phase as systems and processes are developed and implemented.

Local Governments support the need for the State Government to finalise and/or review State Government departmental/ agency strategic plans before work commences on the State Infrastructure Strategy to be prepared by Infrastructure WA. The objectives of existing State Government strategies including Regional Blueprints, Regional Freight Transport Network Plan and the State Aviation Strategy should be considered or if necessary explicitly reviewed to ensure that Infrastructure WA's recommendations and Government Agency plans are aligned. It will also be important that the process for preparing business cases for IWA aligns with the process for Infrastructure Australia to minimise the time and costs to project proponents.

It will also be important that Infrastructure WA has a sufficiently broad mandate and is appropriately resourced to identify infrastructure gaps that may not yet have been adequately defined and developed by Government agencies but will be crucial to the state's economic development.

In examining WA's future infrastructure needs, the State Government will need to be mindful of the important role that it can play in supporting and enabling the growth of emerging and infant industries, for example in WA the lithium and space industries.

In considering the infrastructure needs for our future economy, it is important that the State Government takes a longer term and broader perspective in assessing potential projects.

While a thorough and transparent cost benefit analysis is essential to make sure funding is directed to those which will deliver the greatest benefits to the WA community in terms of enhanced productivity and long term job creation, this must take into consideration the direct and indirect effects of the project. For example, an infrastructure investment in the region may not just directly benefit that area, but deliver broader benefits in terms of reduced congestion in urban areas by creating local jobs. Further, the benefits must be examined over a long time frame, given that particular in the case of new industries, these may not be fully realised in the short term.

Given the proposed \$100 million threshold for projects considered by Infrastructure WA, there may also be advantages in defining projects more broadly across functions or spatially to ensure that important projects are not left off the agenda.

This more holistic view of the economic benefits of an infrastructure investment is particularly important in regional areas of WA, where it may be more difficult to justify investment purely on the short term financial metrics.



Recommendations

- Effective, transparent and genuinely open consultative and engagement processes with all stakeholders, including and particularly with Local Governments is critical to ensuring that the value of Infrastructure WA is realised. In developing an infrastructure plan for WA, Infrastructure WA should adopt a state-wide focus and consult with appropriate community groups and Local Government.
- The Local Government sector seeks representation on the Infrastructure WA Board on the basis that Local Governments are a key strategic partner in the delivery, care, control and management of community infrastructure and contribute to planned, integrated and sustainable outcomes. A well respected leader with strong understanding of the Local Government sector would make a valuable contribution to the Infrastructure WA Board, particularly during the establishment phase as systems and processes are developed and implemented.
- Infrastructure WA needs to have a sufficiently broad mandate and sufficient resourcing to identify infrastructure gaps that may not have yet been adequately defined and developed by Government agencies. Given the proposed \$100 million threshold for projects, which aligns with Infrastructure Australia, there may be advantages in defining projects broadly, either across functions or spatially, and considering the costs and benefits over a long term time horizon.

Heavy Vehicle Productivity

Western Australia has a leading position nationally in facilitating and encouraging increased freight productivity. Many key industries are critically dependent on highly efficient supply chains for movement of inputs and products to market.

Critical parts of the supply chain for these industries require use of the Local Government road network, which were often not designed or constructed to support large volumes of heavy vehicles or the larger, or heavier vehicles often associated with increased road freight productivity. In order to operate safely with other traffic, these vehicles often necessitate road upgrades.

Not as obvious is the impact of increased axle loads from vehicles operating under various schemes that allow them to be loaded in excess of the limits that apply under standard regulations.

These increased loads necessitate more frequent maintenance and in some cases upgrades to road pavements and bridges.

To address these issues, the State Government needs to develop an appropriate mechanism through which the increased infrastructure costs can be recovered from those benefiting within the forward estimate period.

Recommendation

- Within the forward estimates, the State Government needs to develop an appropriate mechanism through which the increased infrastructure costs from the use of heavy vehicles and those loaded in excess of limits can be recovered from those benefitting, and redirected into the cost of road maintenance.

Local Infrastructure Funding

Additional funding support will also be needed to address the local infrastructure backlog given the constraints on the ability of Local Governments to raise own sourced revenue. Priority areas for funding in the 2019-20 Budget include:

- *Regional run off road crashes* – There has been a significant reduction (approximately 38%) in the number of people killed or seriously injured in run-off road crashes over the past decade. However, in rural areas it remains the most common type of crash in which people are killed or seriously injured. The 2019-20 Budget should include funding from the Road Trauma Trust account to deliver cost effective improvements that will reduce run-off road crashes on the local road network.
- *Cycling* – The out years of the 2018-19 budget provides \$5 million per year for Bicycle Network Grants to 2020-21 and a further \$3 million per year for the State Active Street Program. This co-investment with Local Government remains a small proportion of the State's investment in cycling infrastructure. As the integrated cycling network for Perth is further developed this will need reconsideration in the out years to ensure that funding is directed to priority areas.
- *Priority investments identified in the Revitalising Agricultural Region Freight Strategy* – Ensuring appropriate freight routes to move goods to market is essential to the future economic development of the state. The supply chain in WA is integrated and complex, and consist of both road and rail services. WALGA has concerns that the current rail access regime is not operating effectively given that during its period of operation, it has not facilitated the maintenance of the existing railway facilities with closure of rail line as outlined above, which has placed pressure on local roads. In situations where a freight task is to move from rail to Local Government controlled roads, it is important that the sector has access to adequate funding to ensure that designated roads are upgraded and maintained to ensure their efficient operation and with road safety considerations paramount. Given the constraints on the sector's ability to raise revenue, in these circumstances the State Government must provide funding to Local Governments to meet these costs.

- *Telecommunications* - Telecommunications infrastructure has been identified as a key challenge for many regional communities across the state, and a critical area to address to ensure that these areas can benefit from the new technologies that are becoming available. The recently completed the State Telecommunications Infrastructure Audit provides an important guide to understand the existing infrastructure gaps and to direct future investments including those made through the \$22 million Agriculture Telecommunications Infrastructure Fund. While this is a useful tool to identify where there is greatest need for investment, it is important that funding is provided to address these gaps.

Recommendations

- Additional funding support will also be needed to address the local infrastructure backlog given the constraints on the ability of Local Governments to raise own sourced revenue. The priority areas are:
 - Improvements that will reduce run-off road crashes on the local road network;
 - Additional funding across the forward estimates to support the Perth integrated cycling network;
 - Priority investments identified under the Revitalising Agricultural Regional Freight Strategy; and
 - Telecommunications infrastructure in regional areas identified through the State Telecommunications Infrastructure Audit.

Additional funding support will also be needed to address the local infrastructure backlog given the constraints on the ability of Local Governments to raise own sourced revenue.

Metropolitan Region Improvement Tax

Local Government is concerned about the apparent reluctance by the State Government to utilise the monies held in the Metropolitan Region Improvement Account for their intended purpose.

Funds collected through the Metropolitan Region Improvement Tax (MRIT) are held in the Metropolitan Region Improvement Account, and used to finance the cost of acquiring land to deliver roads, open spaces, parks and other facilities which are critical to the state's economic development. There is estimated to be \$465 million in the Metropolitan Regional Improvement Account in 2018-19.

The long-term economic benefits and cost savings related to the timely use of these funds are well understood, particularly in periods of deflated land values and reduced demand. Research by the WA Planning Commission found that using the MRIT to purchase and reserve land for future requirements will deliver savings to the State in the future.ⁱⁱ WALGA is concerned that the reluctance to use the funds in the Metropolitan Region Improvement Account will continue into the future and that this will further restrict the strategic planning of urban corridors, acquisition of land for regional open spaces and major infrastructure projects, including METRONET projects.

Further to this, the consideration of the proposed expansion of a Metropolitan Region Improvement Tax (MRIT) mechanism into other Region Planning Schemes, previously supported by multiple planning reforms, has not progressed. WALGA supports the investigation of whether the inclusion of a similar Improvement Tax within the Greater Bunbury and Peel Region Schemes would be beneficial for these specific Regional areas.



ⁱⁱ WA Planning Commission, 2007, *The Case for Retaining the Metropolitan Region Improvement Tax*.

WALGA considers that a starting point should be to explore whether there would be benefits to include a 'Region Improvement Tax' into the Greater Bunbury and Peel regions, due to the anticipated growth within these regions. It will be critical that Local Governments located within the Greater Bunbury and Peel Zones are consulted as part of this process.

Recommendations

- Monies raised from the Metropolitan Regional Improvement Tax should be used for their intended purpose to assist in long term planning for the metropolitan region and fund the cost of land acquisition for major infrastructure projects.
- WALGA supports the investigation of whether the inclusion of a similar Improvement Tax within the Greater Bunbury and Peel Region Schemes would be beneficial for these specific Regional areas.
- It will be critical that Local Governments located within the Greater Bunbury and Peel areas are consulted as part of this process.

METRONET Precincts

Many Local Governments have shown a willingness to support integrated planning around established train station precincts. This has been done through activity centre plans, increases to housing densities, and public works improvement projects. However, the timing and delivery of these precinct plans is often limited by the necessary cost of upgrades to state infrastructure, delivery of which is often beyond the scope of a single Local Government. Adequate funding should be provided in the 2019-20 Budget for the planning, in consultation with Local Government, and delivery of infrastructure upgrades at priority METRONET precincts.

It is also unclear as to how the METRONET precincts are being prioritised, therefore, it would be beneficial for the Local Government sector to be involved in the prioritisation process.

Adequate funding should be provided in the 2019-20 Budget for the planning and delivery of infrastructure upgrades at both the priority METRONET precincts and other train precincts where significant forward planning has already been undertaken by the Local Government. Local Government must be consulted as part of this process.

Recommendation

- Adequate funding should be provided in the 2019-20 Budget for the planning, in consultation with Local Government, and delivery of infrastructure upgrades at both the priority METRONET precincts and other train precincts where significant forward planning has already been undertaken by the Local Government.

Smart Cities and Suburbs

It is anticipated that the street lighting technology (mercury vapour and compact fluorescent) used in the vast majority of Western Power and Horizon Power operated street lights will be redundant within a decade.

Many Councils have been exploring opportunities to move to more energy efficient public lighting options such as LED luminaires as a way to control rising electricity costs, reduce greenhouse gas emissions and improve amenity. However, progress has been slow, as there are a range of regulatory and other barriers to the adoption of this technology. Some of the key barriers include:

- *The regulatory environment* – The majority of street lights installed by developers and Local Governments have been gifted to Western Power or Horizon Power to manage and operate. As the lights are unmetered and physically connected to other electricity distributor infrastructure there are limited opportunities for Councils to have lighting provided by new and more efficient technology and take advantage of alternative service offerings.
- *Non-contestability* – At present, only those customers within the South West Interconnected System that are consuming more than 50 megawatt hours (MWh) of electricity a year (an average of 137 units per day) can choose their electricity retailer. Given that individual streetlights are classed as separate exit points, they consume less energy than is required to be eligible for contestable electricity supply – using a maximum of around 2 MWh per year.
- *Lack of Transparency* – Local Governments have no visibility of what contributes to the cost of providing street lights as a service in each luminaire class.
- *Service standards* – At present, the only service standards for street lighting that are included in the current Access Arrangement relate to repair timeframes. There are no standards that relate to other issues such as light levels and spillage.
- *Funding* – As the number of luminaires involved is large, replacing these will ultimately cost well over \$100 million. The level of investment required and operational considerations mean that this resource intensive program must be well planned and executed.

The Minamata Convention that bans manufacturing or importing mercury vapour lamps from the end of 2020 has been signed by 128 countries, including many of Australia's key trading partners, and is being considered for ratification by the Australian Government. The need to install alternative lighting technologies will be driven by the lack of availability of mercury vapour and,

to a lesser extent, compact fluorescent globes. This will have significant implications for WA given that approximately 58% of the 264,000 street lights in the South West Interconnected System use mercury vapour lamps.

In light of this looming deadline, it is important that the State Government starts planning now to identify options to address this issue.

Some options that should be examined include the allocation of funding towards a bulk replacement program, or reforms to regulated street lighting tariffs to include a range of options to facilitate and encourage managed re-investment in this important community infrastructure.

WALGA considers that LED should be the default replacement technology now that it is available in Western Power's standard product list.

Recommendation

- The State Government must examine options for the replacement of mercury vapour street lights in line with the anticipated requirements of the Minamata Convention. Options that should be examined include bulk replacements and reform to street lighting tariffs to include a range of options to facilitate and encourage managed re-investment in this important community infrastructure.
- WALGA considers that LED should be the default replacement technology now that it is available in Western Power's standard product list.

Many Councils have been exploring opportunities such as LED luminaires as a way to control rising electricity costs, reduce greenhouse gas emissions and improve amenity.

Strategic Assessment of the Perth and Peel Regions

In April 2018, the State Government decided to suspend work on the Strategic Assessment of the Perth and Peel Regions (SAPPR) until a review is completed and considered by Government. The Government has since appointed an independent, four member panel to undertake the review over the next six months.

WALGA welcomes the independent review of the SAPPR, as it is clear that despite the resources and time invested in the SAPPR, it was not progressing in a manner that would deliver an effective long term and strategic response to key environmental issues in the Perth and Peel regions, or streamline development approvals. WALGA has concerns that the process to date fell short in relation to both planning and conservation outcomes due to the absence of a clear implementation plan, including the connection with land use planning instruments and other statutory controls, and the lack of an equitable and sustainable funding model.

Developing a workable way forward is a priority for Local Government and the sector wishes to play a constructive role in achieving that outcome. The Association supports the intention of the SAPPR to deliver a long term strategic response to key environmental issues within the Perth and Peel regions whilst providing greater guidance about the long term supply of land for development purposes within the two regions, streamlining approval processes and cutting land use planning red tape. The strategy is critical to provide clarity about the long term supply of land to accommodate a growing population and economy.

Sufficient funding must be provided to ensure appropriate consultation and ensure that the review is fully inclusive of the views and requirements of Local Government.

While finalising and implementing the SAPPR is crucial to the future development of the Perth and Peel regions, the independent review must be progressed as a matter of priority to reduce ongoing uncertainty and to provide stakeholders, including Local Government, certainty in relation to both an implementation plan and the funding mechanism required.

The Government should respond to the independent review as soon as possible, and implement the Perth and Peel Green Growth Plan to facilitate future development and provide a long term framework for the protection of the environment and provide certainty for sustainable land development. Any further delays to what has already been a seven year process will jeopardise the delivery of a sustainable and appropriate plan for the future development of the Perth and Peel regions.

Recommendations

- The Independent Review of the SAPPR must be progressed as a matter of priority to reduce ongoing uncertainty and to provide stakeholders, including Local Government, certainty in relation to both an implementation plan and the funding mechanism required.
- Sufficient funding must be provided to ensure appropriate consultation and ensure that the review is fully inclusive of the views and requirements of Local Government.
- The Government should respond to the independent review as soon as possible and implement the Perth and Peel Green Growth Plan to facilitate future development and provide a long term framework for the protection of the environment and provide certainty for sustainable land development.



Review of WA Climate Change Strategy

Local Government acknowledges that the science is clear: climate change is occurring and greenhouse gas emissions from human activities are the dominant cause. Climate change threatens human societies and the Earth's ecosystems, and urgent action is required to reduce emissions, and to adapt to the impacts from climate change that are now unavoidable.

A failure to adequately address this climate change emergency places an unacceptable burden on future generations. Local Government is committed to contributing to national and international emissions reduction targets to achieve the Paris Agreement goal of limiting global temperature rise to well below 2° Celsius and to pursue efforts to limit the temperature increase even further to 1.5° Celsius, and urges the State Government, through a State / Local Government Climate Change Partnership Agreement, to work collaboratively with Local Government, in order for the communities of Western Australia to adequately prepare the required adaptation and mitigation strategies.

This includes the need to equitably share the cost of climate change adaptation and mitigation measures, and to ensure disadvantaged and marginalised groups receive adequate support, including but not exclusive to the provision of support and incentives for communities impacted by the transition to a low carbon future (e.g. by fostering innovation, and supporting workforce adjustment packages and new employment opportunities).

Recommendations

- The State Government, through a State / Local Government Climate Change Partnership Agreement, should to work collaboratively with Local Government to adequately prepare the required adaptation and mitigation strategies to address climate change.
- The cost of climate change adaptation and mitigation measures should be equitably shared between both levels of Government.

Biosecurity Management

The *Biosecurity and Agriculture Management Act (2007)* is now overdue for due for its statutory review. The Association is concerned at the lack of progress in the development of recognised biosecurity groups, the effectiveness of those groups already formed, and the lack of regulation undertaken by the Department of Primary industries and Regional Development (DPIRD) in relation to declared species.

The Association again calls on the Government to undertake a full review of the Act including the requirement of and resourcing for the DPIRD to fulfil its regulatory role for post border declared species, and that as part of its review, consider the reinstatement of the Agriculture Protection Board and associated powers, or adopt and adapt relevant aspects of the New South Wales *Local Land Services Act (2013)* approach.

In consideration of these options it is essential that:

- There are State Government approved strategic and operational plans which can be understood by landowners and other stakeholders, including Local Governments;
- There is direct contact with, and collaboration between Local Governments, State Government agencies and departments, and major industry groups;
- Either model be funded under the current funding arrangements as outlined in the *Biosecurity and Agriculture Management Act (2007)*; and
- It assists in the delivery of national, state and local priority species management.

Recommendation

- Funding should be provided in the 2019-20 Budget to undertake a full review of the *Biosecurity and Agriculture Management Act (2007)*.

Local Government acknowledges that the science is clear: climate change is occurring and greenhouse gas emissions from human activities are the dominant cause.

Introduction of a Container Deposit Scheme

The State Government has committed to introduce a container deposit scheme, to commence in 2020. Under the scheme, consumers will be able to return eligible drink containers for recycling and claim a 10 cent refund for each container.

There will be some costs associated with its initial establishment that should be funded in the 2019-20 Budget. The Association considers that this should be funded through the Waste Avoidance and Resource Recovery Levy, which exists to support waste management programs.

Once established, experience in other jurisdictions suggests that the scheme would be self-funding as there is a commercial incentive for retailers to participate through the purchase or lease of RVMs. In New South Wales, the Association understands that retailers will be purchasing or leasing RVMs as a key part of the introduction of the scheme, at no cost to Government. Government financial support will be needed to ensure there is reasonable access to the Scheme for those in remote areas.

Recommendation

- Establishment costs associated with the introduction of a Container Deposit Scheme should be funded in the 2019-20 budget by funds collected through the Waste Avoidance and Resource Recovery Levy.



Healthy Western Australians

Essential Services in Regional Communities

WALGA members in regional areas of WA have identified access to essential services as a key issue for their local community and many Local Governments are being forced to directly procure the services of health professionals or to provide financial incentives to address this issue and ensure equitable access to services for all Western Australians. Specifically some of the concerns that have been raised by WALGA members include:

- Difficulties attracting and retaining of appropriately skilled and experienced staff;
- Challenges in recruiting and retaining doctors, nurses and allied health staff (health professionals), police, teachers and education providers;
- Distance to travel to see a professionals or access to essential services; and
- Access to essential services and professionals (hours of operation or number of staff providing service that is not meeting demand).

WALGA recently conducted a survey of its members to better understand the challenges related to health services in regional areas. Some of the examples raised are as follows.

- Twenty-one Local Governments had no medical centre at all. Of those with a medical centre within their boundaries, sixteen have very limited hours, including the Shire of Cue with a doctor visiting one day per fortnight, the Shire of Coorow where a doctor is available 0.5 days per week and Coolgardie responding that they have had a doctor in the past, but not currently.
- Forty-two respondents stated that they had a nursing post operating in their local community, including nurses stationed at the hospital, medical centres, through Silverchain or in communities. Many of the responses stated that nurses worked in their community part-time with some areas having only one day of coverage per week.
- The Upper Gascoyne Hospital has a drive of 150km to reach from the Carnarvon Health Campus, some residents of the Shire would have to travel up to 500km to receive care. Outer metropolitan Local Governments, such as the Shire of Chittering, must use their closest metropolitan hospitals, despite a lengthy travel to these centres.
- Survey comments on access to health professionals included the hours that doctors and nurses are employed within their Shire with, for example in the Shire of Coorow a doctor visits for 0.5 days per week and Wandering, 120km South-East of Perth, has no health service provision at all.

WALGA considers that a collaborative approach is necessary to overcome these challenges and ensure access to services for regional communities. As part of a broader State Workforce Strategy, an important step will be the development of regional workforce strategies that prioritises the recruitment and retention of these key professions. These strategies should have clear targets for success, and be developed in consultation with Local Governments, private and not-for-profit providers, and the community. Funding should be allocated in the 2019-20 Budget as a priority to develop these strategies.

Recommendation

- Funding should be provided in the 2019-20 Budget to develop workforce strategies to assist communities in regional areas of the state to access and retain an essential services workforce including medical and healthcare professionals, police, and teachers and other education providers.

Community Sport and Recreation Facilities Fund

Sporting and recreation facilities deliver numerous benefits, ranging from preventative health and well being of the community to the ability to attract and retain a suitable workforce to support industry.

Research has consistently shown that obesity, stress, depression, mental illness, and associated medical conditions are increasing and forecast to affect up to a third of the population within the next 20 years. The significant costs imposed on health and welfare systems can be reduced by facilitating and encouraging increased physical activity.

The financial assistance provided to Local Government through the CSRFF enables facilities to be developed in a timely manner to meet community demand.

WALGA considers that this represents value for the State as its investment is typically matched by Local Government spending on the applicable projects. On average, each dollar of CSRFF spending is matched by more than four dollars of investment by Local Governments and others.

There have been cuts to funding for the CSRFF in recent years, which have limited the capacity to invest in sport and recreation infrastructure. The fund was reduced to \$7 million per annum in the 2015-16 State Budget, it was increased to \$20 million for 2016-17 and 2018-19 before being reduced to \$12 million per annum in 2019-2020.

Local Government is seeking restoration of the CSRFF to its previous levels in line with strong demand from the state's growing population. There is considerable unmet demand for the CSRFF – every year the program is oversubscribed by several million dollars in bids for sport and recreation infrastructure. Returning funding to \$20 million per annum will ensure funding is available to meet community needs, and to contribute towards a healthy and productive workforce.

Recommendation

- The Community Sporting and Recreation Facilities Fund should be reinstated to \$20 million per annum.





Public Health Plans

The *Public Health Act 2016* commenced in Western Australia on July 25, 2016, replacing the *Health Act 1911* and is a major public health initiative and regulatory reform undertaking for Western Australia.

The Act is being introduced in a staged approach, which a significant amount of work required to develop subsidiary legislation that will replace the 47 sets of regulations that currently sit under the *Health Act 1911*. Stage 4 of the process is now complete, which included the commencement of provisions relating to notifiable infectious diseases and related conditions, prescribed conditions of health, serious public health incident powers, and public health emergencies.

The focus of the Act on minimising risk gives the opportunity to address lifestyle issues as well as environmental health and communicable diseases. The Act acknowledges that Local Government needs effective and flexible mechanisms that fit into existing planning frameworks for the sector to undertake its role and to respond to community health and well-being needs. It recognises the involvement of Local Government is more likely to ensure sustainable change within communities and the creation of supportive environments, particularly if combined with the introduction of “healthy” public policies.

One new requirement for Local Governments is the development of local health plans which reflect the aspirations of the State Public Health Plan. These plans will then support Local Governments to plan for, and be responsive to, health priorities and ensure the health and well being of the community is included in the overall planning framework.

The Department of Health has released the first Interim State Public Health Plan to inform Local Governments of the State's priorities as they progress with the preparation of their public health plans.

Stage 5 will include the development of new regulations, and the commencement of the enforcement provisions for Public Health Planning, Public Health Assessments, and registration and licensing. It is a significant stage of implementation for Local Government, and is expected to commence in 2019-20.

While the introduction of the Public Health Act is welcome, comprehensive systemic and strategic planning is required across Government and service providers to support better public health planning in WA.

Critical to this is a health workforce that reflects the contemporary needs of the new legislation and the diverse communities across the State. WALGA has undertaken initial research which highlights the Local Government workforce needs support to build their capacity and skill sets in order to meet health priorities, particularly the burdens of chronic disease.

It is recognised that the Department of Health has pledged to provide the sector with regular updates, and ensure that adequate notice is provided to assist with preparation for each stage of implementation. The Association also represents the sector on the Department of Health's Public Health Act reference group. The Department of Health has also committed funding for 16 Local Government officers in regional locations to complete the public health planning certificate.

However, it is also essential that the State Government continue to resource the implementation of the *Public Health Act 2016* and provide funding to build the capacity of the Local Government workforce and support the development of local health plans.

While more work needs to be done to determine the appropriate funding model or mechanism for this support, WALGA considers the use of a co-funding model to be appropriate. This would see a genuine partnership approach between the State and Local Governments to develop and implement public health plans.

Recommendations

- The State Government must continue to fund the implementation of the *Public Health Act 2016* including the provision of funding to build the capacity of the Local Government workforce and support the development of local health plans.

Future Skills and Work

Public Libraries

Public libraries are an important community service provided in partnership between the State Government and Local Government. However, the role of public libraries is changing. No longer just repositories for books, libraries have grown to reflect broader needs of their communities and have adapted their services accordingly.

As a result, there is a pressing need for change at both state and local levels to deliver more efficient and flexible public library services that meet diverse community needs.

With the release of the WA Public Libraries Strategy in December 2017 which sets out the reforms needed to overcome these challenges and modernise the public library system, and the strong support from community and industry stakeholders as well as its endorsement by WALGA State Council and the Library Board of Western Australia earlier this year, there is a real opportunity for a significant evolution of Western Australia's public library system to deliver more efficient and flexible services that meet the State's growing and diverse community needs and better contribute to strong economic and social outcomes for the community.

The Public Libraries Working Group (PLWG) provides the structure for public library service provision planning between State and Local Government. The Working Group is chaired by the Chief Executive Officer and State Librarian, and with representatives from the State Library, WA Library Board, WALGA, Public Libraries WA Inc., and the Department of Local Government Sport and Cultural Industries.

The Group is tasked with providing advice to the State Library on the implementation of the Strategy across its five priority areas.

- Governance.
- New model to support public library service delivery in Western Australia.
- New model to support regional and remote public library services, including the single access card system.
- Public value.

It is essential that the Government now provide funding to the Public Libraries Working Group to progress the implementation of the WA Public Library Strategy.

As a starting point, the introduction of a system for the allocation of annual State Government funding should be considered as a priority. This approach would provide the sector with greater choice and flexibility to determine the most appropriate way to spend funds to meet the needs of their community. Funds should not just be limited to physical library stock, but should also be provided for technology infrastructure, programs and other priorities.

Recommendations

- Funding must be provided to the Public Libraries Working Group in the 2019-20 Budget to progress the implementation of the WA Public Library Strategy.
- As a starting point, the introduction of a system for the allocation of annual State Government funding should be considered as a priority.



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WALGA

WORKING FOR LOCAL GOVERNMENT