



Hon David Templeman MLA  
Minister for Local Government; Heritage; Culture and The Arts  
7th Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

Dear Minister

### **SUBMISSION TO THE LOCAL GOVERNMENT ACT 1995 REVIEW**

The WA Local Government Grants Commission (the Commission) met on 8 February 2019 and discussed several topics relating to the Local Government Act review. Please accept the following comments as the Commission's submission.

#### **Administrative efficiencies**

The Commission has considered the suggestion of combining the Commission with the Local Government Advisory Board (the Board).

A combined body would have to be called the Local Government Grants Commission, as the existence of a Commission is a Commonwealth condition for Financial Assistance Grant funding to be provided to the State.

It is the Commission's view that there are no issues with the way the Board and Commission currently operate, but it has identified potential benefits and drawbacks from combining the membership and duties of the boards.

The Commission has identified the following benefits of a combined entity:

- There would be minor savings within State Government from having a combined appointments process for the boards. There may be the potential for further savings through combining agendas, resulting in fewer sitting fees/allowances paid. It is anticipated these savings would again, only be minor.
- The Commission's membership is appointed geographically, consisting of a member and deputy member from a metropolitan local government, country rural local government and country urban local government. This could benefit Board determinations, as the membership would have a broader understanding of Western Australian local governments.
- The addition of a local government officer (CEO – nominated by LG Pro) from the current Board membership, would bring a perspective of day to day local government operations to the Grants Commission. This comes with the caveat that it might be

difficult for an officer representative to meet the additional time requirement involved in service on a combined body, particularly given the Commission's travelling schedule.

- The Commission currently visits each local government on a four-year cycle. This would improve Board members knowledge of local government areas in WA and could be beneficial to decisions they need to make.
- The Commission's knowledge of local government finance due to their involvement in the grant determination process, could be useful when assessing the financial impact of boundary changes.

To provide balance, consideration must also be given to the following potential drawbacks:

- There could be a significant increase in the time commitment required of members. This may affect the willingness of local government members to nominate for membership. If another major boundary inquiry was to be commissioned, it may be difficult for the same members to service both bodies or perform both roles. It is a condition of Commonwealth funding to the State that the Grants Commission conduct public hearings, so there would be limited or no capacity to defer hearings for any length of time in the event of a major boundary inquiry.
- From a local government perspective, the separate bodies have a clear and different focus, from one of seeking more funds from the Commission or perhaps defending their boundaries to the Board. The separation of the roles of the Grants Commission and the Board is clear to the sector, and the combining of the roles in a single body may make local governments more reserved in their dealings with the new entity. They might be reluctant to expose certain funding needs if they feel it makes the case for defending their boundaries weaker. Similarly, putting a strong case for defending their boundaries might be undermining their arguments for seeking more grant funding. It is this potential conflict in perspective that provides a good argument for keeping the Grants Commission and Advisory Board separate.
- The use of deputy members for the respective boards could be a potential problem. Due to the complexities of its grant calculations, the Commission only uses its deputy members if there is a long-term absence. The calculations require in depth knowledge of the grant methodology which does not lend itself to occasional attendance. The Commission understands that in contrast, the Board use their deputies more frequently.

### **Differential general rates – rating categories**

The Commission believes that legislated rate categories would be beneficial to the sector and community. Legislated rate categories (even with the inclusion of sub categories) would provide greater comparability between local governments rates and increase transparency.

Currently local governments can create rating categories of their own which can make it difficult to compare different local governments. An example of the currently convoluted nature is the financial return that local governments complete annually for the Commission. In 2017-18, the rates sheet contained 47 different rate type names.

### **Rate exemptions**

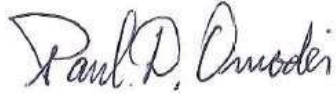
Local governments have frequently raised the issue of rate exemptions at the Commission's public hearings. A new Act needs to comprehensively address this and reconsider who is eligible for rate exemptions.

Frustrations have been expressed that charitable organisations in some instances run commercial activities yet are exempt under the current Act. Several local governments have indicated that exemptions should not be available for organisations competing in the private market.

Local governments have also raised issues with the exemption of Co-operative Bulk Handling (CBH). Trucks often create significant damage to grain route roads on their way to strategic bins. As CBH is exempt under the Act, local governments are unable to rate them to contribute to repairs of the road.

The Commission would be pleased to provide further information on these or related matters during any stage of the Act review process. Should you wish to discuss any of these topics further, please contact [REDACTED] to arrange a meeting.

Yours sincerely

A handwritten signature in black ink that reads "Paul D. Omodei". The signature is written in a cursive style with a large initial 'P'.

Hon Paul Omodei

Chairperson

WA Local Government Grants Commission