

## **Submission on proposed reforms to the *Local Government Act***

The Property Council of Australia welcomes the opportunity to provide comment on proposed reforms to the *Local Government Act*.

Reforms to ensure Western Australia's local government framework is contemporary remains crucial to improving the performance of our communities and the effective delivery of key services and infrastructure needed to secure Western Australia's future.

This submission comments on relevant reform proposals using the template set out by the Department of Local Government, Sport and Cultural Industries (DLGSC). Preceding the Property Council's response to specific reforms is general commentary about the local government sector and opportunities for reform that are not currently being considered by the *Local Government Act* review.

The principal priority for the property industry through the reform process is to maximise efficiency and performance of the local government sector. Achieving these outcomes must also be balanced with ensuring local governments can meet their service obligations to ratepayers. This service obligation is particularly relevant for planning and building services obligations under delegated authority from State agencies.

### **The Property Council of Australia**

The Property Council of Australia is the peak industry body representing the whole of the property industry. The property industry employs more than 1.4 million Australians and shapes the future of our communities and cities.

As industry leaders we support smarter planning, better infrastructure, sustainability, and globally competitive investment and tax settings which underpin the contribution our members make to the economic prosperity and social wellbeing of Australians.

In Western Australia, the Property Council's membership consists of 300 member companies. They are developers, architects, urban designers, town planners, builders and investors. Our membership also includes several of Western Australia's biggest local governments.

Property Council members conceive of, invest in, design, build and manage the places that matter most – our homes, retirement living communities, shopping centres, office buildings, education, research and health precincts, tourism and hospitality venues.

### **Local government and property**

The property sector acknowledges the significant role of local governments in the planning, development and delivery of communities, and the infrastructure those communities rely upon.

Currently, the property sector pays \$6.3 billion in property taxes, rates and charges annually. A significant proportion of that taxation goes directly to local government in the form of council rates, infrastructure, developer and cash-in-lieu contributions. Ensuring there is efficient, effective and transparent use of rates and charges revenue generated through the property sector by local government is a key priority for the industry.

Local governments also have significant responsibility in the creation and administration of planning frameworks to guide development outcomes for their communities, often under delegated authority from State agencies, such as the Western Australian Planning Commission. To achieve an efficient and responsive planning system statewide, local governments have to be in a position to meet their planning obligations as set by State Government policies and objectives. This submission will detail industry's support for proposals that will assist elected members and council officers to understand their obligations, exercise their powers with greater confidence, and meet the expectations of State frameworks and local stakeholders.

### **Recommendations supported by the Property Council of Australia**

The Property Council supports several recommendations proposed by the review. Supported proposals include, but are not limited to:

- Introduction of mandatory online Contribution Registers;
- Introduction of mandatory Rates and Revenue Policies to ensure local governments justify their financial decisions and focus on the delivery of core responsibilities only;
- Introduction of sector-wide Guidance Notices to direct local governments on how they must operate and treat certain responsibilities. The Property Council believes Guidance Notices could be expanded further to include local government application of the *Planning and Development Act 2005* and associated Regulations; and
- Permitting local governments to establish Building Upgrade Finance schemes to allow for better sustainability, health and safety, and heritage enhancement in the built environment.

### Pathways to improve the structure and size of local governments

It is noted that major structural reforms to the size and number of local governments is not within scope of the proposals. Previous amalgamation proposals have compromised community sentiment towards amalgamation, despite strong examples of improved performance in larger councils.

The Property Council agrees that progressing a mandatory amalgamation process should not be a feature of these reforms, however it believes there is an alternative opportunity through the reform process to maximise the efficient operation and service delivery within local governments through voluntary amalgamations.

The following analysis of interstate local governments demonstrates the size of Western Australia's local government sector compared to other jurisdictions and demonstrates a case for considering a voluntary amalgamation program.

#### Statewide number of local governments by population

	Western Australia	New South Wales	Victoria	Queensland	South Australia
<b>State population</b>	2,675,800	8,176,400	6,648,600	5,206,400	1,771,700
<b>Total number of LGAs</b>	138	128	79	77	68
<b>Average number of residents by LGA</b>	<b>19,389</b>	63,878	84,159	67,615	26,054

Source: Australian Bureau of Statistics, State Local Government Departments and Associations

#### Number of local governments in Greater Capital Cities

	Greater Perth	Greater Sydney	Greater Melbourne	Greater Brisbane	Greater Adelaide
<b>Greater Capital City population</b>	2,125,114	5,367,206	5,159,211	2,486,569	1,376,601
<b>Number of Metropolitan LGAs</b>	32	36	35	5*	24
<b>Average number of residents by LGA</b>	<b>66,409</b>	134,000	147,406	497,314	57,358

Source: National Cities Performance Framework - Commonwealth Department of Infrastructure, Transport, Regional Development and Communications, ID Community Profiles

\* Greater Brisbane includes: Brisbane City Council, Ipswich City Council, Logan City Council, Moreton Bay Regional Council and Redlands City Council.

Western Australia's relatively low average number of residents per local government is easily explained by the number of smaller councils in regional and remote parts of the State. Notably, the Perth Metropolitan Area has almost as many local governments as Sydney and Melbourne, despite having less than half the population of both cities.

In addition to the inefficiencies highlighted above, three of the proposed reforms highlight the structural challenges caused by a large number of local governments. The three proposals are:

- Enabling and/or encouraging Band 2, 3 and 4 councils to pool resources and hire senior personnel, to be paid at a higher salary band;
- Limiting elected members to recruiting Chief Executive Officers from a pre-approved list of candidates, determined by the Department of Local Government, Sport and Cultural Industries; and
- Encouragement of inter-council cooperation through Regional Subsidiaries

These proposals recognise the significant challenges faced in sourcing and retaining appropriately skilled people to fill major roles across the sector. **The Property Council does not support those proposals because it believes voluntary amalgamations better address the core challenge.**

The Property Council believes there should be greater incentives for Band 2, 3 and 4 local governments in the Perth Metropolitan Area to voluntarily amalgamate. Incentivising, rather than forcing amalgamations, provides a democratic and balanced approach to local government service delivery that considers ratepayer value and Perth's future needs as the city continues to grow. The benefits of local government consolidation include delivering better value for ratepayers through:

- Driving efficiencies in service and infrastructure delivery;
- Allowing for a more strategic and coordinated approach to common issues affecting neighbourhoods – particularly important for common planning and infrastructure challenges;
- Providing local governments with a better financial capacity to make long-term investments in their communities that comes with a stronger financial base; and
- Reducing local governments' reliance on other sources of government funding to deliver basic services and amenities to ratepayers.

Previous voluntary amalgamations of rural local governments have demonstrated the dividend of better efficiency and service for ratepayers by merging local governments, as a stronger alternative to resource sharing agreements or creating Regional Councils operating above individual local governments. The Property Council notes the creation of the Shire of Broomehill-Tambellup in 2008 following the decision of the former Shires of Broomehill and Tambellup to merge. The ultimately successful series of mergers that established the City of Greater Geraldton between 2007 and 2011 is another example of community leaders leveraging the benefits that a larger council base provides.

The Broomehill-Tambellup amalgamation has proven a success and formalised existing resource sharing arrangements between smaller councils. If smaller rural local governments can voluntarily amalgamate, it stands to reason that similarly categorised local governments in the Perth Metropolitan Area could achieve the same outcomes.

The table below summarises the Salaries and Allowances Tribunal's current categorisation of local governments in the Perth Metropolitan Area, according to size and scale.

*Perth Metropolitan Area local government categorisation*

Band 1	Band 2	Band 3	Band 4
City of Armadale	Town of Cambridge	Town of Bassendean	Shire of Peppermint Grove
City of Bayswater	City of Kalamunda	Town of Claremont	
City of Belmont	Shire of Mundaring	Town of Cottesloe	
City of Canning	City of Nedlands	Town of East Fremantle	
City of Cockburn	Shire of Serpentine-Jarrahdale*	Town of Mosman Park	
City of Fremantle	City of South Perth		
City of Gosnells	City of Subiaco		
City of Joondalup	Town of Victoria Park		
City of Kwinana	City of Vincent		
City of Melville			
City of Perth			
City of Rockingham			
City of Stirling			
City of Swan			
City of Wanneroo			

\* Shire of Serpentine-Jarrahdale falls within Perth's Metropolitan Region Scheme, despite also being located within the Peel region. The City of Mandurah is not included above, as it is located within the Peel Region Scheme and not formally considered metropolitan.

The Property Council believes a voluntary amalgamation program should focus on Band 3 and Band 4 local government areas in the Perth Metropolitan Area. Band 3 and Band 4 classification puts those local governments on the same scale as many smaller rural or remote local governments. For example, the Shire of Peppermint Grove – with an estimated population of 1,705 and a total land mass of 1.5 square kilometres – shares the same classification as the Shire of Wagin in the Wheatbelt, which has an estimated population of 1,800 residents across 1,950 square kilometres.

**To support voluntary amalgamation the State Government could consider providing financial and infrastructure incentives for local governments who elect to amalgamate voluntarily.**

Alternatively, consideration could be given to implementing a system whereby future State Government funding of local government projects and initiatives is contingent on local government performance against set financial, governance and service delivery criteria. An example of such criteria would be a requirement for local governments to ensure their local planning instruments are updated and aligned with State planning requirements.

#### **Further information**

The Property Council is willing to provide additional feedback or clarify any parts of the following submission. Queries should be directed to Emily Young, Deputy Executive Director, on 0475 161 328 or via [eyoung@propertycouncil.com.au](mailto:eyoung@propertycouncil.com.au).

## Property Council of Australia – Response to Local Government reforms by proposal

### Theme 1: Early Intervention, Effective Regulation and Stronger Penalties

PROPOSED REFORMS	COMMENTS
<b>1.1 Early Intervention Powers</b>	
<ul style="list-style-type: none"> <li>• The Inspector would have the authority to assess, triage, refer, investigate, or close complaints, having regard to various public interest criteria – considering laws such as the <i>Corruption, Crime and Misconduct Act 2003</i>, the <i>Occupational Safety and Health Act 1984</i>, the <i>Building Act 2011</i>, and other legislation.</li> <li>• The Inspector would have powers to implement minor penalties for less serious breaches of the Act, with an appeal mechanism.</li> <li>• The Inspector would also have the power to order a local government to address non-compliance with the Act or Regulations.</li> </ul>	<p>The Property Council supports the proposal and recommends that powers to investigate performance and compliance with “other legislation” be expanded to include the <i>Planning and Development Act 2005</i> and all associated Regulations.</p>
<b>1.2 Local Government Monitors</b>	
<ul style="list-style-type: none"> <li>• A panel of <b>Local Government Monitors</b> would be established.</li> <li>• Monitors could be appointed by the Inspector to go into a local government and try to resolve problems.</li> <li>• Monitors would be qualified specialists, such as:               <ul style="list-style-type: none"> <li>○ Experienced and respected former Mayors, Presidents, and CEOs - to act as mentors and facilitators</li> <li>○ Dispute resolution experts - to address the breakdown of professional working relationships</li> <li>○ Certified Practising Accountants and other financial specialists - to assist with financial management and reporting issues</li> <li>○ Governance specialists and lawyers - to assist councils resolve legal issues</li> </ul> </li> </ul>	<p>The Property Council supports the proposal, and recommends that Monitors also include suitably qualified professionals who can provide assistance to local governments in performance on planning and building matters. If the Property Council’s recommendation on proposal 1.1. is progressed, there will be a requirement to source suitably qualified Monitors who can advise on planning and development matters.</p>

PROPOSED REFORMS	COMMENTS
<ul style="list-style-type: none"> <li>○ HR and procurement experts - to help with processes like recruiting a CEO or undertaking a major land transaction.</li> </ul>	
<b>1.7 Minor Other Reforms</b>	
<ul style="list-style-type: none"> <li>• Potential other reforms to strengthen guidance for local governments are being considered.</li> <li>• For example, one option being considered is the potential use of sector-wide guidance notices. Guidance notices could be published by the Minister or Inspector, to give specific direction for how local governments should meet the requirements of the Local Government Act and Regulations. For instance, the Minister could publish guidance notices to clarify the process for how potential conflicts of interests should be managed.</li> <li>• It is also proposed (see item 1.1) that the Inspector has the power to issue notices to individual local governments to require them to rectify non-compliance with the Act or Regulations.</li> </ul>	<p>The Property Council strongly supports Guidance Notices being developed to clearly direct councils on how they are to apply and meet certain legislative or policy requirements.</p> <p>The Property Council recommends that Guidance Notices can also be prepared on local government obligations under the <i>Planning and Development Act 2005</i> and the <i>Building Act 2011</i> by the Minister for Planning, Minister for Commerce or under delegation, by the Western Australian Planning Commission or Building &amp; Energy.</p> <p>The Property Council is aware of multiple instances where local governments have erroneously applied planning instruments. In some cases, draft planning policies were applied despite not being enforceable policy. Guidance Notices that provide specific directions as to how local governments can or cannot apply certain requirements would lead to greater clarity and more consistency in the adoption of statewide issues.</p>



## Theme 2: Reducing Red Tape, Increasing Consistency and Simplicity

PROPOSED REFORMS	COMMENTS
<b>2.1 Resource Sharing</b>	
<ul style="list-style-type: none"> <li>• Amendments are proposed to encourage and enable local governments, especially smaller regional local governments, to share resources, including Chief Executive Officers and senior employees.</li> <li>• Local governments in bands 2, 3 or 4 would be able to appoint a shared CEO at up to two salary bands above the highest band. For example, a band 3 and a band 4 council sharing a CEO could remunerate to the level of band 1.</li> </ul>	<p>The Property Council does not support this proposal. Refer to general comments in relation to the structure, size and efficiency of the local government sector.</p> <p>Additionally, the Property Council notes that this proposal risks creating role conflict where a shared senior employee would have to be clear about the allocation of their time and priorities across different councils.</p>
<b>2.2 Standardisation of Crossovers</b>	
<ul style="list-style-type: none"> <li>• It is proposed to amend the <i>Local Government (Uniform Local Provisions) Regulations 1996</i> to standardise the process for approving crossovers for residential properties and residential developments on local roads.</li> <li>• A Crossover Working Group has provided preliminary advice to the Minister and DLGSC to inform this.</li> <li>• The DLGSC will work with the sector to develop standardised design and construction standards.</li> </ul>	<p>The Property Council offers qualified support for standardisation of crossover proposals, subject to further information and an allowance for sufficient flexibility by building type or applicable planning standards.</p>

PROPOSED REFORMS	COMMENTS
<b>2.3 Introduce Innovation Provisions</b>	
<ul style="list-style-type: none"> <li>• New provisions are proposed to allow exemptions from certain requirements of the <i>Local Government Act 1995</i>, for: <ul style="list-style-type: none"> <li>○ Short-term trials and pilot projects</li> <li>○ Urgent responses to emergencies</li> </ul> </li> </ul>	<p>The Property Council supports provisions that would encourage short-term trials and pilot projects that allow for innovative, more responsible and better service delivery. Any provision extending to emergencies should be clearly defined – i.e. reliant on a State of Emergency declaration by the Minister for Emergency Services or a defined list of ‘emergencies.’</p>
<b>2.4 Streamline Local Laws</b>	
<ul style="list-style-type: none"> <li>• It is proposed that local laws would only need to be reviewed by the local government every 15 years.</li> <li>• Local laws not reviewed in the timeframe would lapse, meaning that old laws will be automatically removed and no longer applicable.</li> <li>• Local governments adopting Model Local Laws will have reduced advertising requirements.</li> </ul>	<p>The Property Council offers qualified support for the proposal. It is acknowledged that Model Local Laws do have significant benefits in ensuring a consistent approach to common issues across local government boundaries. However, the Property Council would seek further clarification about the types and matters that Model Local Laws would seek to cover.</p> <p>The Property Council does not support extending review timelines out to 15 years.</p> <p>The Property Council supports the proposal for local laws not reviewed within the timeframe to be considered lapsed, meaning that old laws will be automatically removed and no longer applicable. This provision could extend to metropolitan and regional Local Planning Strategies (LP Strategies).</p> <p>As highlighted in the Property Council report <i>Planning to Deliver</i>, it was estimated that approximately 29 per cent of metropolitan and 48 per cent of regional LP Strategies are over</p>

PROPOSED REFORMS	COMMENTS
	<p>5 years old. A further 9 per cent of metropolitan and 16 per cent of regional LP Strategies are over 10 years old and there is evidence of considerable lag times in the preparation of LP Strategies, including 5 years or more to develop a draft document suitable for certification to advertise by the WAPC. In other cases, it has taken as long as 8 years from the point of WAPC certification to advertise, to achieving an endorsed WAPC LP Strategy.</p>
<p><b>2.5 Simplifying Approvals for Small Business and Community Events</b></p>	
<ul style="list-style-type: none"> <li>• Proposed reforms would introduce greater consistency for approvals for: <ul style="list-style-type: none"> <li>○ alfresco and outdoor dining</li> <li>○ minor small business signage rules</li> <li>○ running community events.</li> </ul> </li> </ul>	<p>The Property Council supports this common sense proposal, which could be enhanced further if standard forms were introduced for the same approvals across different local governments.</p>
<p><b>2.6 Standardised Meeting Procedures, Including Public Question Time</b></p>	
<p>To provide greater clarity for ratepayers and applicants for decisions made by council, it is proposed that the meeting procedures and standing orders for all local government meetings, including for public question time, are standardised across the State.</p>	<p>The Property Council supports standardised local government meeting procedures to ensure a consistency of experience for ratepayers and proponents across all local governments.</p>

PROPOSED REFORMS	COMMENTS
<b>2.7 Regional Subsidiaries</b>	
<ul style="list-style-type: none"> <li>• Initiatives by multiple local governments may be managed through formal Regional Councils, or through less formal “organisations of councils”, such as NEWROC and WESROC.</li> <li>• These initiatives typically have to be managed by a lead local government.</li> <li>• In 2016-17, provisions were introduced to allow for the formation of Regional Subsidiaries. Regional Subsidiaries can be formed in line with the <i>Local Government (Regional Subsidiaries) Regulations 2017</i>.</li> <li>• So far, no Regional Subsidiary has been formed.</li> </ul>	<p>Refer to general comments above under pathways to improve the structure and size of local governments</p> <p>While it may assist neighbouring local governments to establish fora to discuss and agree to a common approach for matters that extend across local government boundaries, there is a concern that existing “organisations of councils” or Regional Subsidiaries do not represent good value or outcomes for ratepayers.</p>

### Theme 3: Greater Transparency & Accountability

PROPOSED REFORMS	COMMENTS
<b>3.1 Recordings and Live-Streaming of All Council Meetings</b>	
<ul style="list-style-type: none"> <li>• It is proposed that all local governments will be required to record meetings.</li> <li>• Band 1 and 2 local governments would be required to livestream meetings, and make video recordings available as public archives.</li> <li>• Band 1 and 2 are larger local governments are generally located in larger urban areas, with generally very good telecommunications infrastructure, and many already have audio-visual equipment.</li> <li>• Band 1 and 2 local governments would be required to livestream meetings, and make video recordings available as public archives.</li> </ul>	<p>The Property Council supports measures to improve access to decisions by elected members and the process undertaken to make those decisions.</p> <p>However, the Property Council notes:</p> <ul style="list-style-type: none"> <li>• the acknowledgement that smaller councils may find it more difficult to meet these standards; and</li> <li>• in any event, an increase or improvement to recording of meetings will require additional resourcing – which will be borne by ratepayers.</li> </ul> <p>Consideration may be given to the creation of a fund to support improved processes. An example of a similar</p>

PROPOSED REFORMS	COMMENTS
<ul style="list-style-type: none"> <li>Several local governments already use platforms such as YouTube, Microsoft Teams, and Vimeo to stream and publish meeting recordings.</li> </ul>	<p>program can be found in the Victorian Streamlining for Growth program. More details can be viewed here: <a href="https://vpa.vic.gov.au/streamlining-for-growth-program/">https://vpa.vic.gov.au/streamlining-for-growth-program/</a></p>
<h3>3.2 Recording All Votes in Council Minutes</h3>	
<ul style="list-style-type: none"> <li>To support the transparency of decision-making by councillors, it is proposed that the individual votes cast by all councillors for all council resolutions would be required to be published in the council minutes, and identify those for, against, on leave, absent or who left the chamber.</li> </ul>	<p>The Property Council supports the recording of all votes as a means of providing greater transparency about local government decision making.</p>
<h3>3.4 Additional Online Registers</h3>	
<ul style="list-style-type: none"> <li>It is proposed to require local governments to report specific information in online registers on the local government's website. Regulations would prescribe the information to be included.</li> </ul> <p>The following new registers, each updated quarterly, are proposed:</p> <ul style="list-style-type: none"> <li>○ <b>Lease Register</b> to capture information about the leases the local government is party to (either as lessor or lessee)</li> <li>○ <b>Community Grants Register</b> to outline all grants and funding provided by the local government</li> <li>○ <b>Interests Disclosure Register</b> which collates all disclosures made by elected members about their interests related to matters considered by council</li> <li>○ <b>Applicant Contribution Register</b> accounting for funds collected from applicant contributions, such as cash-in-lieu for public open space and car parking</li> <li>○ <b>Contracts Register</b> that discloses all contracts above \$100,000.</li> </ul>	<p>The Property Council strongly supports the establishment, maintenance and online publication of registers to track all of the items outlined in the proposal. The proposal should be clarified to include registers of all infrastructure contributions to local governments by contribution scheme or location, the amount of money held in each scheme, any interest accrued through the scheme's lifespan and the planned expenditure of that revenue.</p>

#### Theme 4: Stronger Local Democracy and Community Engagement

PROPOSED REFORMS	COMMENTS
<p><b>4.1 Community and Stakeholder Engagement Charters</b></p>	
<ul style="list-style-type: none"> <li>• It is proposed to introduce a requirement for local governments to prepare a community and stakeholder engagement charter which sets out how local government will communicate processes and decisions with their community.</li> <li>• A model Charter would be published to assist local governments who wish to adopt a standard form.</li> </ul>	<p>The Property Council offers qualified support for this proposal, subject to:</p> <ul style="list-style-type: none"> <li>• Further details as to what the Model Charter would include and when engagement would be required; and</li> <li>• Interaction with existing consultation requirements, particularly through the <i>Planning and Development Act 2005</i> and associated Regulations.</li> </ul>
<p><b>4.2 Ratepayer Satisfaction Surveys (Band 1 and 2 local governments only)</b></p>	
<ul style="list-style-type: none"> <li>• It is proposed to introduce a requirement that every four years, all local governments in bands 1 and 2 hold an independently-managed ratepayer satisfaction survey.</li> <li>• Results would be required to be reported publicly at a council meeting and published on the local government’s website.</li> <li>• All local governments would be required to publish a response to the results.</li> </ul>	<p>The Property Council does not support this proposal. The proposal:</p> <ul style="list-style-type: none"> <li>• Adds unnecessary cost to ratepayers;</li> <li>• Does not necessarily lead to an improvement in service delivery;</li> <li>• Is unique compared to other levels of government; and</li> <li>• Local government elections are the best measurement of council satisfaction, notwithstanding the delivery of services is the responsibility of council staff and not elected members.</li> </ul>

PROPOSED REFORMS	COMMENTS
<b>4.3 Introduction of Preferential Voting</b>	
<ul style="list-style-type: none"> <li>• Preferential voting is proposed be adopted as the method to replace the current first past the post system in local government elections.</li> <li>• In preferential voting, voters number candidates in order of their preferences.</li> <li>• Preferential voting is used in State and Federal elections in Western Australia (and in other states). This provides voters with more choice and control over who they elect.</li> <li>• All other states use a form of preferential voting for local government.</li> </ul>	<p>The Property Council does not support this proposal.</p> <p>Alternatively, the Property Council recommends the introduction of compulsory voting at a local government level. This approach has been adopted in Queensland with positive results.</p> <p>Increasingly, non-compulsory voting is resulting in a disassociation between voters and local government representatives, with “single issue” candidates being elected in multiple local government areas having won very few votes.</p> <p>The Property Council can provide further analysis on the point raised above.</p>
<b>4.9 Minor Other Electoral Reforms</b>	
<p>Minor other electoral reforms are proposed to include:</p> <ul style="list-style-type: none"> <li>○ The introduction of standard processes for vote re-counts if there is a very small margin between candidates (e.g. where there is a margin of less than 10 votes a recount will always be required)</li> <li>○ The introduction of more specific rules concerning local government council candidates’ use of electoral rolls.</li> </ul>	<p>While not proposed, the Property Council would support streamlining of Owner Occupier Rolls to make it easier for property owners and eligible businesses to vote in local government elections. Currently, most local governments have a manual or paper-based owner occupier enrolment process. Efforts to digitise this process will improve electoral accessibility and participation in local government elections.</p>

## Theme 5: Clear Roles and Responsibilities

PROPOSED REFORMS	COMMENTS
<p><b>5.1 Introduce Principles in the Act</b></p>	
<ul style="list-style-type: none"> <li>• It is proposed to include new principles in the Act, including:               <ul style="list-style-type: none"> <li>○ The recognition of Aboriginal Western Australians</li> <li>○ Tiering of local governments (with bands being as assigned by the Salaries and Allowances Tribunal)</li> <li>○ Community Engagement</li> <li>○ Financial Management.</li> </ul> </li> </ul>	<p>The Property Council support the recognition of Aboriginal Western Australians as a new principle in the Act. More information is required to understand the purpose and benefit of including other principles. The Property Council notes other proposals consider Community Engagement and Financial Management requirements.</p>
<p><b>5.2 Greater Role Clarity</b></p>	
<p><b>5.2.2 - Council Role</b></p> <ul style="list-style-type: none"> <li>• It is proposed to amend the Act to specify the roles and responsibilities of the Council, which is the entity consisting of all of the councillors and led by the Mayor or President.</li> <li>• While input and consultation will inform precise wording, it is proposed that the Act is amended to generally outline that the Council is responsible for:               <ul style="list-style-type: none"> <li>○ Making significant decisions and determining policies through democratic deliberation at council meetings</li> <li>○ Ensuring the local government is adequately resourced to deliver the local governments operations, services and functions - including all functions that support informed decision-making by council</li> <li>○ Providing a safe working environment for the CEO;</li> </ul> </li> </ul>	<p><b>5.2.2 -</b> The Property Council supports further clarity around the roles and responsibilities of councils. The Property Council is also strongly supportive of ensuring councils are adequately resourced to deliver the basic operations, services and functions required of them. However, the Property Council also notes commentary in relation to “ensuring the local government is adequately resourced to deliver the local government’s operations, services and functions” could see an impact to ratepayers if a broad view of what local governments must provide is adopted. Consequently, the resourcing – and rates – would have to be increased significantly, which is a concern for industry.</p>



PROPOSED REFORMS	COMMENTS
<ul style="list-style-type: none"> <li>○ Providing strategic direction to the CEO;</li> <li>○ Monitoring and reviewing the performance of the local government.</li> </ul> <p><b>5.2.3 - Elected Member (Councillor) Role</b></p> <ul style="list-style-type: none"> <li>● It is proposed to amend the Act to specify the roles and responsibilities of all elected councillors.</li> <li>● While input and consultation will inform precise wording, it is proposed that the Act is amended to generally outline that every elected councillor is responsible for: <ul style="list-style-type: none"> <li>○ Considering and representing, fairly and without bias, the current and future interests of all people who live, work and visit the district (including for councillors elected for a particular ward)</li> <li>○ Positively and fairly contribute and apply their knowledge, skill, and judgement to the democratic decision-making process of council</li> <li>○ Applying relevant law and policy in contributing to the decision-making of the council</li> <li>○ Engaging in the effective forward planning and review of the local governments' resources, and the performance of its operations, services, and functions</li> <li>○ Communicating the decisions and resolutions of council to stakeholders and the public</li> <li>○ Developing and maintaining professional working relationships with all other councillors and the CEO</li> <li>○ Maintaining and developing their knowledge and skills relevant to local government</li> <li>○ Facilitating public engagement with local government.</li> </ul> </li> </ul>	<p><b>5.2.3 -</b> The Property Council offers qualified support for tis proposal to clarify the role of elected members and council staff. However, more detail is needed to understand how that role would be defined. Similarly, the Property Council seeks to clarify whether proposed provisions would limit councillors from making public statements representing ratepayers, if only the Mayor, President or Chief Executive Officer would be authorised to do so.</p> <p>It is critical that councillors are able to speak freely about issues affecting their community, and balance the need for representation with meeting their decision making obligations under the LG Act or the <i>Planning and Development Act</i>, where applicable.</p> <p>The Property Council is strongly supportive of efforts to ensure elected members understand their role and execute it in a professional and balanced manner. Several elements of these proposals raise queries as to how these roles might be defined or explained to elected members. For example, it needs to be clarified whether “applying relevant law and policy in contributing to the decision-making of the council” refers to council policies and law, or State policies and law.</p> <p>There is also uncertainty as to how these requirements or standards – however they are intended to operate – can be meaningfully enforced. The standards, while good, are subjective and could be misused by elected members to advocate against decisions that would be consistent with their communities' best interest.</p>

PROPOSED REFORMS	COMMENTS
<ul style="list-style-type: none"> <li>• It is proposed that elected members should not be able to use their title (e.g. “Councillor”, “Mayor”, or “President”) and associated resources of their office (such as email address) unless they are performing their role in their official capacity.</li> </ul> <p><b>5.2.4 - CEO Role</b></p> <ul style="list-style-type: none"> <li>• To provide greater clarity, it is proposed to amend the Act to specify the roles and responsibilities of all local government CEOs.</li> <li>• While input and consultation will inform precise wording, it is proposed that the Act is amended to generally outline that the CEO of a local government is responsible for: <ul style="list-style-type: none"> <li>○ Coordinating the professional advice and assistance necessary for all elected members to enable the council to perform its decision-making functions</li> <li>○ Facilitating the implementation of council decisions</li> <li>○ Ensuring functions and decisions lawfully delegated by council are managed prudently on behalf of the council</li> <li>○ Managing the effective delivery of the services, operations, initiatives and functions of the local government determined by the council</li> <li>○ Providing timely and accurate information and advice to all councillors in line with the Council Communications Agreement (see item 5.3)</li> <li>○ Overseeing the compliance of the operations of the local government with State and Federal legislation on behalf of the council</li> <li>○ Implementing and maintaining systems to enable effective planning, management, and reporting on behalf of the council.</li> </ul> </li> </ul>	<p><b>5.2.4 -</b> The Property Council supports clarifying the role of a local government CEO, their relationship to elected members, the responsibilities and obligations that the CEO have to ensure the efficient and effective delivery of local government services and functions.</p>

PROPOSED REFORMS	COMMENTS
<b>5.4 Local Governments May Pay Superannuation Contributions for Elected Members</b>	
<ul style="list-style-type: none"> <li>• It is proposed that local governments should be able to decide, through a vote of council, to pay superannuation contributions for elected members. These contributions would be additional to existing allowances.</li> <li>• Superannuation is widely recognised as an important entitlement to provide long term financial security.</li> <li>• Other states have already moved to allow councils to make superannuation contributions for councillors.</li> <li>• Allowing council to provide superannuation is important part of encouraging equality for people represented on council – particularly for women and younger people.</li> <li>• Providing superannuation to councillors recognises that the commitment to elected office can reduce a person’s opportunity to undertake employment and earn superannuation contributions.</li> </ul>	<p>The Property Council does not support the proposal, as the proposal will place an additional cost burden to ratepayers to cover additional expenses and does not provide additional benefit to the community.</p> <p>The Property Council holds the view that elected members are already adequately remunerated for their contribution, and notes the additional allowances applicable to certain elected members for holding representative or delegate roles when representing councils on boards and other bodies.</p>
<b>5.5 Local Governments May Establish Education Allowances</b>	
<ul style="list-style-type: none"> <li>• Local governments will have the option of contributing to the education expenses for councillors, up to a defined maximum value, for tuition costs for further education that is directly related to their role on council.</li> <li>• Councils will be able to decide on a policy for education expenses, up to a maximum yearly value for each councillor. Councils may also decide not to make this entitlement available to elected members.</li> </ul>	<p>The Property Council offers qualified support for this proposal. It is important for elected members to be provided with opportunities to better understand their role and the various factors or obligations that impact their decision making. Understanding WA’s complex planning framework and how it applies to their decisions and local government more generally is an example of where professional development would be beneficial.</p> <p>The one reservation the Property Council has in relation to this proposal is the possibility of additional costs for ratepayers. It is</p>

PROPOSED REFORMS	COMMENTS
<ul style="list-style-type: none"> <li>• Any allowance would only be able to be used for tuition fees for courses, such as training programs, diplomas, and university studies, which relate to local government.</li> <li>• Where it is made available, this allowance will help councillors further develop skills to assist with making informed decisions on important questions before council, and also provide professional development opportunities for councillors.</li> </ul>	<p>recommended that clear guidelines for acceptable levels of expenditure on education allowances are introduced should this proposal proceed.</p>
<b>5.6 Standardised Election Caretaker period</b>	
<p>A statewide caretaker period for local governments is proposed.</p> <ul style="list-style-type: none"> <li>• All local governments across the State would have the same clearly defined election period, during which: <ul style="list-style-type: none"> <li>○ Councils do not make major decisions with criteria to be developed defining 'major'</li> <li>○ Incumbent councillors who nominate for re-election are not to represent the local government, act on behalf of the council, or use local government resources to support campaigning activities.</li> <li>○ There are consistent election conduct rules for all candidates</li> </ul> </li> </ul>	<p>More information is required to understand the impact that a standardised caretaker period may have on the ongoing decision making and operations of local governments.</p>
<b>5.7 Remove WALGA from the Act</b>	
<ul style="list-style-type: none"> <li>• The <a href="#">Local Government Panel Report</a> recommended that WALGA not be constituted under the <i>Local Government Act 1995</i>.</li> <li>• Separating WALGA out of the Act will provide clarity that WALGA is not a State Government entity.</li> </ul>	<p>The Property Council supports clarification that WALGA is not a State Government entity.</p>

PROPOSED REFORMS	COMMENTS
<b>5.8 CEO Recruitment</b>	
<ul style="list-style-type: none"> <li>• It is proposed that DLGSC establishes a panel of approved panel members to perform the role of the independent person on CEO recruitment panels.</li> <li>• Councils will be able to select an independent person from the approved list.</li> <li>• Councils will still be able to appoint people outside of the panel with the approval of the Inspector.</li> </ul>	<p>Refer to earlier comments in relation to pathways to improve structure and size of local governments</p>

### Theme 6: Improved Financial Management and Reporting

PROPOSED REFORMS	COMMENTS
<b>6.1 Model Financial Statements and Tiered Financial Reporting</b>	
<p>The Minister strongly believes in transparency and accountability in local government. The public rightly expects the highest standards of integrity, good governance, and prudent financial management in local government.</p> <ul style="list-style-type: none"> <li>• It is critically important that clear information about the financial position of local governments is openly available to ratepayers. Financial information also supports community decision-making about local government services and projects.</li> <li>• Local governments differ significantly in the complexity of their operations. Smaller local governments generally have much less operating complexity than larger local governments.</li> </ul>	<p>The Property Council strongly supports the creation of standardised templates and registers to ensure local governments adequately report their financial position. In particular, the establishment and maintenance of online Contribution Registers would be a welcome improvement on current arrangements.</p> <p>Overall, the Property Council's priorities in relation to Financial Management are accuracy, transparency and timeliness of reporting.</p>

PROPOSED REFORMS	COMMENTS
<ul style="list-style-type: none"> <li>• The Office of the Auditor General has identified opportunities to improve financial reporting, to make statements clearer, and reduce unnecessary complexity.</li> <li>• Recognising the difference in the complexity of smaller and larger local governments, it is proposed that financial reporting requirements should be tiered – meaning that larger local governments will have greater financial reporting requirements than smaller local governments.</li> <li>• It is proposed to establish standard templates for <b>Annual Financial Statements</b> for band 1 and 2 councils, and simpler, clearer financial statements for band 3 and 4.</li> <li>• <b>Online Registers</b>, updated quarterly (see item 3.4), would provide faster and greater transparency than current annual reports. Standard templates will be published for use by local governments.</li> <li>• <b>Simpler Strategic and Financial Planning</b> (item 6.2) would also improve the budgeting process.</li> </ul>	
<p><b>6.2 Simplify Strategic and Financial Planning</b></p>	
<p>Having clear information about the finances of local government is an important part of enabling informed public and ratepayer engagement and input to decision-making.</p> <ul style="list-style-type: none"> <li>• The framework for financial planning should be based around information being clear, transparent, and easy to understand for all ratepayers and members of the public.</li> <li>• In order to provide more consistency and clarity across the State, it is proposed that greater use of templates is introduced to make planning and reporting clearer and simpler, providing greater transparency for ratepayers.</li> </ul>	<p>The Property Council strongly supports the proposal to simplify council, asset management and long-term financial plans so they are understandable and accessible to ratepayers.</p> <p>These proposals will ensure adequate consideration of whether council works and plans are consistent with community priorities, whether council has the financial capacity or personnel to deliver those plans, and what the impact will be on ratepayers.</p>

PROPOSED REFORMS	COMMENTS
<ul style="list-style-type: none"> <li>• Local governments would be required to adopt a standard set of plans, and there will be templates published by the DLGSC for use or adaption by local governments.</li> <li>• It is proposed that the plans that are required are: <ul style="list-style-type: none"> <li>○ Simplified <b>Council Plans</b> that replace existing Strategic Community Plans and set high-level objectives, with a new plan required at least every eight years. These will be short-form plans, with a template available from the DLGSC</li> <li>○ Simplified <b>Asset Management Plans</b> to consistently forecast costs of maintaining the local government's assets. A new plan will be required at least every ten years, though local governments should update the plan regularly if the local government gains or disposes of major assets (e.g. land, buildings, or roads). A template will be provided, and methods of valuations will be simplified to reduce red tape</li> <li>○ Simplified <b>Long Term Financial Plans</b> will outline any long term financial management and sustainability issues, and any investments and debts. A template will be provided, and these plans will be required to be reviewed in detail at least every four years</li> <li>○ A new <b>Rates and Revenue Policy</b> (see item 6.3) that identifies the approximate value of rates that will need to be collected in future years (referencing the Asset Management Plan and Long Term Financial Plan) – providing a forecast to ratepayers (updated at least every four years)</li> <li>○ The use of simple, one-page <b>Service Proposals</b> and <b>Project Proposals</b> that outline what proposed services or initiatives will cost, to be made available through council meetings. These will become <b>Service Plans</b> and <b>Project</b></li> </ul> </li> </ul>	

PROPOSED REFORMS	COMMENTS
<p><b>Plans</b> added to the yearly budget if approved by council. This provides clear transparency for what the functions and initiatives of the local government cost to deliver. Templates will be available for use by local governments.</p>	
<p><b>6.3 Rates and Revenue Policy</b></p>	
<ul style="list-style-type: none"> <li>• The Rates and Revenue Policy is proposed to increase transparency for ratepayers by linking rates to basic operating costs and the minimum costs for maintaining essential infrastructure.</li> <li>• A Rates and Revenue Policy would be required to provide ratepayers with a forecast of future costs of providing local government services.</li> <li>• The Policy would need to reflect the Asset Management Plan and the Long Term Financial Plan (see item 6.2), providing a forecast of what rates would need to be, to cover unavoidable costs.</li> <li>• A template would be published for use or adaption by all local governments.</li> <li>• The <a href="#">Local Government Panel Report</a> included this recommendation.</li> </ul>	<p>The Property Council supports a mandatory requirement for local governments to establish a Rates and Revenue Policy, in the absence of rate capping. To provide certainty and transparency to ratepayers, Rates and Revenue Policies should be in force for either two or three years maximum. The Minister for Local Government should retain an ability to reject a Rates and Revenues Policy if it exceeds a local government's core responsibilities and/or community expectations.</p>
<p><b>6.5 Amended Financial Ratios</b></p>	
<ul style="list-style-type: none"> <li>• Financial ratios will be reviewed in detail, building on work already underway by the DLGSC.</li> <li>• The methods of calculating ratios and indicators will be reviewed to ensure that the results are accurate and useful.</li> </ul>	<p>The Property Council reiterates its comments on Proposal 6.1 that the focus of financial management should be for local governments to provide accurate, transparent and timely financial reporting</p>



PROPOSED REFORMS	COMMENTS
<b>6.6 Audit Committees</b>	
<ul style="list-style-type: none"> <li>• To ensure independent oversight, it is proposed the Chair of any Audit Committee be required to be an independent person who is not on council or an employee of the local government.</li> <li>• Audit Committees would also need to consider proactive risk management.</li> <li>• To reduce costs, it is proposed that local governments should be able to establish shared Regional Audit Committees.</li> <li>• The Committees would be able to include council members but would be required to include a majority of independent members and an independent chairperson.</li> </ul>	<p>The Property Council offers qualified support for this proposal, but recommends:</p> <ul style="list-style-type: none"> <li>• A requirement be included that independent Chairs must be suitably qualified in accounting and/or finance and/or risk management as defined by the relevant professional registration bodies; and</li> <li>• Audit Committees containing non-elected members operate similar to Development Assessment Panels (DAPs) in relation to independent Chairs and shared Regional Audit Committees operating across different local government boundaries.</li> </ul>
<b>6.7 Building Upgrade Finance</b>	
<ul style="list-style-type: none"> <li>• Reforms would allow local governments to provide loans to third parties for specific building improvements - such as cladding, heritage and green energy fixtures.</li> <li>• This would allow local governments to lend funds to improve buildings within their district.</li> <li>• Limits and checks and balances would be established to ensure that financial risks are proactively managed.</li> </ul>	<p>The Property Council strongly supports the introduction of Building Upgrade Finance mechanisms to achieve better performance across the built environment, particularly for older buildings in sustainability, safety and heritage considerations.</p> <p>The Property Council and Green Building Council of Australia created the <a href="#">Every Building Counts</a> framework that provides strategies and initiatives to improve performance in the built environment at all levels of government.</p> <p>It is recommended that reforms to local government also consider other council level initiatives as identified and explained in the Every Building Counts platform.</p>

PROPOSED REFORMS	COMMENTS
<b>6.8 Cost of Waste Service to be Specified on Rates Notices</b>	
<ul style="list-style-type: none"> <li>• It is proposed that waste charges are required to be separately shown on rate notices (for all properties which receive a waste service).</li> <li>• This would provide transparency and awareness of costs for ratepayers.</li> </ul>	<p>The Property Council supports measures to improve transparency around the collection and expenditure of rates. Reforms in this area may also want to consider the need to explain other components of rates charges, if the rationale is to link rates components with the services they fund.</p>