

Friday 29 March, 2019

Local Government Act Review

Department of Local Government, Sport and Cultural Industries

PO Box 8349

PERTH BC WA 6849

Via email: actreview@dlgsc.wa.gov.au

To whom it may concern

Local Government Act 1995 Review: Agile, Smart, Inclusive Consultation Papers

Thank you for the opportunity to provide feedback in relation to the above review of the Local Government Act 1995. The Urban Development Institute of Australia (UDIA) WA is the peak body representing the property development industry in Western Australia. UDIA is a membership organisation with members drawn from the residential, commercial and industrial property development sectors. UDIA members include both private and public sector organisations. Our industry represents approximately 12.7% of Western Australia's Gross State Product, contributing \$31.7 billion annually to the Western Australian economy and \$264.98 billion nationally. As well as helping to create sustainable and liveable communities, the industry employs a total of 215,100 Western Australians and 2.044 million Australians across the country.

General Comments Regarding the Review

UDIA reaffirms the comments and recommendations previously made in 2018 as part of the Local Government Act Review Phase 1 Consultation Paper and the Institute is disappointed that this second phase of the review has failed to adequately address the issues previously raised.

Primarily the Institute is concerned that the review has so far failed to examine local government regulatory compliance and the quality and timeliness of statutory services provided by local government. Many of the services and approval processes undertaken by local government are provided on a cost recovery, or in some cases on a fully commercial basis, however the Review fails to examine the performance of local government in undertaking these duties or consider the adoption of appropriate measures to address poor quality performance. Although the review papers discuss 'council conduct and governance' and 'complaints management' it does not consider how local government performance could be monitored to ensure that if required, appropriate measures can be undertaken to resolve any issues.

The Institute previously understood that a working group had been established to guide the review process and requested that representation on the working group be extended beyond organisations representing those working within the local government sector. As no details of the working group or its composition are provided on the Department's website, it is not clear that if this has been achieved. Without including the representation of organisations whose businesses interact with local

government operations on a daily basis, the review is likely to have a narrow focus and miss the opportunity for genuine reform. Given that the success of the development industry is reliant on local government adopting effective policy and efficient procedures, UDIA would welcome the opportunity to work with the Department and provide suitable representation to ensure that the review delivers effective local government reform.

Recommendations

1. The review is expanded to include mechanisms to improve statutory performance and customer service within local government.
2. That details of the working group overseeing the review be provided and expanded to include appropriate representation from the development industry and other industries impacted by local government performance.
- 3.

Specific Comments and Recommendations:

Financial Management

As the Institute stated in our previous submission, the development industry provides significant monetary contributions to local government through development contributions, cash in lieu payments and other voluntary contributions. Although the Financial Management discussion paper highlights development contributions, it states that *“the role of development contributions is being considered as part of the Department of Planning’s review of State Planning Policy”*.

However, it is important too that whilst development contribution schemes (DCS) may be established under the provisions of the Planning and Development Act, as the State Planning Policy states, the administration of funds are governed by the requirements of the Local Government Act. As our previous submission highlighted, legitimate concerns exist regarding local government’s administration of funds collected through DCS and the transparency of scheme reporting, rather than the appropriacy of the infrastructure purposes that schemes are, and have been established to provide. Whilst recognising that a revised SPP is being prepared, the Institute remains concerned that the revised SPP will be unable to adequately deal with ensuring local government compliance with statutory financial reporting requirements, given the provisions and intent of the Planning and Development Act.

Therefore UDIA strongly recommends that appropriate regulations are developed to ensure the administration of all funds overseen by local governments are properly and transparently reported. The Institute notes the governance model proposed by WALGA to oversee ‘Council Controlled Organisations’ which require local governments to include CCOs in their annual reports and be audited by the Auditor General should be extended to DCS.

Recommendation

4. That appropriate regulations are developed to ensure the administration of all funds overseen by local governments are properly and transparently reported.

Rates, Fees and Charges

Although the paper discusses Differential General Rates, it fails to consider the impact that emerging forms of land tenure, in particular Community Titles, is likely to have on demand for local government services. Community Titles are likely to result in the development of schemes of sufficient size, scale and development mix to be able to provide and maintain their own community infrastructure whilst also taking advantage of emerging technologies to reduce demand for community services.

Furthermore, these services are likely to be more tailored to suite the particular needs of the community. For example, in New South Wales, roads may not need to be adopted by local government, high quality sporting and recreation facilities are provided to residents and more efficient waste management process may also be undertaken.

As the Community Titles Regulations are currently in the process of being drafted, it is difficult to understand the full extent of development possibilities, however should schemes be able to provide sufficient levels of community services to residents which replace the need for local government resources, consideration should be given to providing rate exemptions. Such rate exemptions are available in South Australia for land subdivided under Community Title, which the table on pages 9-10 fails to identify. Similarly the rate capping regime in New South Wales reflects the extensive amount of Community Title schemes.

Recommendation

5. That consideration is given providing rate reductions for Community Title Schemes that provide sufficient levels of community infrastructure.

Elections

UDIA strongly supports the setting of a minimum population for local government wards. Within the Perth Metropolitan and larger regional cities, the Institute supports the proposed minimum of 2,000 residents or 10% of population, whichever is greater.

Should the Department require any assistance or further information regarding this matter, the UDIA would be delighted to assist. Should any further information be required in relation to the comments above, please contact Chris Green, Director Policy and Research at policy@udiawa.com.au or 9215 3400.

Yours sincerely



Tanya Steinbeck
Chief Executive Officer