

Metropolitan Local Government Review Panel Issues Paper October 2011

Committee for Perth Submission

Introduction

Thank you for the opportunity to provide comment on the Metropolitan Local Government Review Issues Paper.

The Committee for Perth, established in 2006, is an influential member-based organisation driven by Perth's business and community leaders. We promote and enable change that improves the cultural diversity, economic prosperity, sustainability and world-class amenity of Perth.

Our vision is a city with an integrated strategic plan which ensures that metropolitan Perth:

- promotes the high value of its people;
- embraces its natural environment;
- is vibrant and innovative;
- participates on the world stage; and
- has a strong sense of place.

The Committee for Perth believes that the current fragmented system of local government in the metropolitan region is hindering the potential to achieve this vision.

The Committee therefore supports structural reform of local government through appropriate amalgamation however we also believe that this should be accompanied by mechanisms to enable improved co-operation and collaboration between local authorities and state government agencies in the region.

Background

Over the past two decades, Perth has experienced a period of historic and transformational change that has seen the city's population grow 33% to nearly 1.7 million; it has seen the demographic profiles of people who live in Perth become more diverse; the size of the state's economy more than double; and changes in our global trade and connections, with more importance on the city's connections to Asia.

On the ground population growth is evidenced by urban growth and sprawl, increasing pressure on regional infrastructure, growing urban problems such as pollution and congestion and an increasing need for regional co-operation to avoid widespread environmental degradation and reduced quality of life.

This pressure is not about to subside. Perth faces even more challenges and change in the future which will be driven by further economic and population growth. WA is heading into a period with

prospects for major capital investment in the state's resource and energy sectors that are likely to lead us into our second economic boom period this century. This will bring benefits and challenges – the biggest of which is population growth.

The Australian Bureau of Statistics (ABS) predicts that WA's population will grow to between 3.5 and 5.4 million people by 2056 with the continuing trend of Perth housing about 75% of the state's population. However Perth's economic outlook and historic growth trends suggest that a medium to high growth scenario is most probable. This means that Perth is likely to have a population of approximately 3.5 to 4.2 million by 2056.

This is very substantial change, which in real terms means that in approximately 45 years, Perth will be a city that is a comparable size to Sydney today. Making decisions for a city double its current size requires fundamental changes in paradigms. To do this, conventional wisdoms must be challenged and structures deconstructed and reconstructed to be fit for purpose and the governance arrangements for the metropolitan area are essential to get right in order to serve us well into this century.

Providing for growth on this scale will be an enormous challenge and the structure of metropolitan governance in the Perth region will have a major impact on the region's ability to effectively adapt to change and to implement policy actions and strategies in pursuing objectives for national and global competitiveness.

Perth currently suffers from a lack of correspondence between existing administrative borders and the spatial and functional organisation of social-economic relations. It also suffers from fragmentation, inefficient service delivery and inequity. While these issues may not have had a major impact on the growth of the region in the past, they are starting to have a big negative impact on the region today, an impact that is evidenced in the major disparity between levels of service and resources between different local authorities, the ability to address regional issues, such as population growth, housing diversity and urban sprawl and plan for future regional infrastructure.

It is also reflected in the fact that Perth's central local authority does not represent all or the majority of the functional central area of the region. Cities need highly functioning centres that act as the vibrant economic, cultural, social and retail centre of the region. Achieving this requires the city to have a central local authority that geographically incorporates the main economic generators, retail, cultural, education and inner residential hubs to enable integrated planning for the city as a single functioning economic and social entity. It also provides the basis for the City's local authority to act as an advocate for the city and the region on a national and international stage.

Research also shows that metropolitan regions need strategic visions and integrated infrastructure planning and that implementing this requires a level of regional governance as well as a high level of local government cooperation and collaboration. There is a direct correlation between cities that are considered highly 'liveable' and cities with larger local authorities and systems for formal regional governance or regional co-operation.

There is no 'one size fits all' model for regional and local governance and Perth will need to develop an optimal structure that best meets its needs. Given the terms of reference for this review we believe that a good and essential first step in this process would be to improve the region's existing three tier governance system by enabling appropriate local authority amalgamations to reduce fragmentation; and improving regional governance by identifying an appropriate formal mechanism

for co-operation between the different authorities and levels of government involved in governing the region.

To identify the best model for Perth support the approach of researching a wide range of international governance models and considering their applicability to Perth. In doing so we believe that the process would benefit from learning from overseas experiences, such as those of Auckland which has recently been through held a Royal Commission on Auckland Governance, leading to the establishment of the Auckland 'super city'. Hon. Peter Salmon QC, Chair of the Royal Commission on Auckland Governance visited Perth last year and it is our view that this process may also benefit from consulting with him to gain his insight and experience of more than three years of investigation and evaluation of other models.

General comments on draft Issues Paper

We believe that the Issues Paper represents a significant step forward in acknowledging the issues and challenges facing local government in Perth today and as we face growth over the next 50 years.

It is very refreshing to see a paper that considers the importance and impact of local governance from a local, regional and even global point of view, something that we believe is essential if Perth is to remain highly liveable and increase its international competitiveness in the future.

The Issues Paper is also excellent in that it puts our current local governance structure into its historical context and in doing so illustrates the need for governance to change to address modern conditions and future challenges which gets to the heart of the issue - what model will serve us well during a high growth and transformational period in Perth's history?

Key Questions

1. *Do you think there is a need for better local government arrangements in metropolitan Perth? Why? Or why not?*

Yes, we believe that there is a need for improved local governance in Perth.

The key reason for this is the detrimental impact that local government fragmentation has on the ability for collaborative planning, decision making and strategy implementation at a regional level in Perth. As outlined in the Introduction to this submission, with Perth facing growth and change of unprecedented proportions over the next four decades, it is essential that our ability for regional-level planning and co-operation is maximised.

We believe that developing an optimal governance structure in Perth will require improvements to local government arrangements to enable more efficient and effective regional integration and strategy delivery across borders as well as provide geographical boundaries that better reflect the social and economic functions of the region.

This is particularly important for the capital city. Perth needs a strong central core that is the heart of commerce that is planned to maximise connections and benefits between key economic generators and enable planning and service delivery that corresponds to the economic and social function of the area. Having a capital city with fragmented governance substantially limits the ability to develop a strong, functional, vibrant and integrated centre. It also limits the ability for the capital city government to act as an advocate for the city and the region on a national and international stage.

Larger local authorities are more effective

We believe that local government performs an important role as the level of government closest to the community and in providing services and facilities that are appropriate at a local level. Local authorities can also be important in providing for local character and distinctiveness. However national and international examples and research indicate that local authority performance tends to be better in large rather than small authorities.

(See <http://www.communities.gov.uk/documents/localgovernment/pdf/153199.pdf>)

We believe in the appropriate amalgamation of local governments within the metropolitan region where there are opportunities to provide for efficiencies in service delivery, economies of scale, and to reduce the potential for parochial issues and competition between local authorities to retard regional economic development.

Fewer, larger local authorities in the region could also increase collaboration and co-operation between local authorities and the State Government. Regional cooperation is formally happening to varying degrees of success through regional councils. The State Government impacts on local communities through agencies such as Transport, Planning, Health, Education and others as well as takes a strategic decision making/development approach through the recently introduced Development Assessment Panels and redevelopment authorities which will be merged into a single entity on 1 January 2012.

In particular, the importance of a strong capital city, with a strong central core for Perth to be globally competitive means that there is potential for substantial benefit by amalgamating key central residential and commercial areas under a single local government umbrella. This could provide for integrated planning of the city centre as a whole and build its role as the primary business, retail, cultural, entertainment and residential area in the region. It could also provide greater funding capacity for state and local government to joint venture on projects that are city-making such as the proposed Perth Waterfront development.

In summary, while we acknowledge the potential for multiple local governments to provide some benefits in representation and local service delivery, local authorities also need to be large enough to be efficient and effective, provide equitable service delivery across the region, and be coupled with mechanisms for collaborative planning and decision making at a regional level.

Regional Governance

There is significant research and evidence available demonstrating the benefits of formal government at the metro-regional level as well as lower level local government and non-government networks.

This issue was examined in some detail in FACTBase Bulletin 6 (May 2010) which emphasised the potential benefits of a metropolitan-wide level of governance or structures for decision making for the region as a whole. (See <http://www.committeeforperth.com.au/research/researchers>).

Reports such as the 2006 OECD Territorial Review: *Competitive Cities in the Global Economy* also identify that governance of metropolitan regions can be assisted by regional level authorities, because decisions need to be made and services provided at this level. (See: http://www.oecd.org/document/2/0,3746,en_2649_34413_37801602_1_1_1_1,00.html)

We are aware that the terms of reference for this review may not extend as far as considering the formation of a new layer of regional government in Perth. It is also apparent that the level of legislative, form and functional change that would be required to establish a layer of regional government, and the associated time and cost to effect this change would necessitate both a strong acknowledgement of need and a level of political will that we do not believe is apparent at this time. We are also cognisant that even with significant governance restructure, introducing a four tier system of governance may be considered too bureaucratic. However we also note that the remit of the new Metropolitan Redevelopment Authority is broad and could be the catalyst for bringing a focus on metropolitan wide development and transformation.

It is clear from these examples that there is no 'one size fits all' local or regional governance model and Perth must identify the most appropriate approach to meet its needs as did Auckland during the Royal Commission. However, there are numerous international examples of formal structures for regional collaboration, some of which are identified in our response to Questions 11 and 12.

Governance – A Comparison of Liveable Cities

Table 1 lists the top 10 liveable cities as rated by the Economist Intelligence Unit, and identifies the city population, number of local authorities and system of regional collaboration. It shows that of all the cities in the top 10, it is only Australian cities that have fragmented systems of local government and cities with small authorities governing the city centre.

It also shows that of all the cities in the top 10, Perth has the smallest city local authority area and that internationally local authorities tend to be larger/less fragmented and accompanied by a formal system for metropolitan co-operation.

It is evident from these examples that larger, less fragmented local authorities and/or a formal regional governance is not essential to enable cities to become more 'liveable', however it does appear to assist. It is also evident that few cities have the level of local authority fragmentation currently evident in Perth.

The notable exceptions are Melbourne and Sydney. Melbourne, being the most liveable city and one with a fragmented system of local governance, may appear to provide support for fragmented governance. Over the past 25 years, Melbourne has consolidated and rejuvenated its city core but the city's interface with suburbia has not been addressed so you don't have to travel outside of the city limits before the gloss and glamour starts to fade. It is also fair to say that Melbourne's local government system has been compensated for by the Victorian State Government's proactive approach to planning for a more sustainable city, and strategic, aggressive pursuit of a role for the city as the sporting and cultural capital of Australia. This has assisted in providing regional direction for the city despite its local level fragmentation – although fragmentation has still had a detrimental impact on strategy implementation.

Released in 2002, Melbourne 2030 was the first growth strategy for a major Australian city that significantly departed from the past prevalence of low density suburban development at the fringe and promoted alternatives, particularly Transit Oriented Development. However delivery of the strategy has been subject to criticism and is widely acknowledged to have been hindered by local authority fragmentation and tension between local and state government – leading to a general lack of delivery at a local level. In updating the strategy and releasing Melbourne @ 5 million, a planning update to Melbourne 2030 released in 2008, the Victorian State Government committed to establishing a state level Implementation Unit to drive the strategy at all levels.

Similarly, Sydney's fragmented system of local governance has been criticised as limiting the ability of the city region to effectively develop and implement strategies for growth, transportation and social and cultural development and limiting potential for economic sustainability and efficiency.

Recent studies by the Sydney Business Chamber called for amalgamations to enable "a more mature attitude towards strategic planning and working in cooperation with Federal and State Governments to deliver infrastructure and services to local communities". The Business Chamber also stated that "Reducing the number of local councils and at the same time enhancing their role in delivering on targets developed through the Metropolitan Strategy will give local councils a clear responsibility to ensure their local area is contributing to the growth and economic development of the Sydney Basin".

A 2010 report by the NSW Independent Commission Against Corruption (ICAC) also found that local authorities "face a wider range of corruption risks than state agencies, but appear less likely to use the management controls important to sound corporate governance, making them more vulnerable to corruption".

Table 1

City	EIU Ranking	No. Of Metro Local Authorities	Size of City Local Authority	Formal Regional Collaboration
Melbourne	1	31	38km ²	State Government (No specific regional level authority/collaboration)
Vienna	2	City of Vienna – with 19 district offices (for 23 districts) serving functions required of them by the City administration (i.e. the City Mayor)	414km ²	City of Vienna
Vancouver	3	24	115km ²	Metro Vancouver (Voluntary Collaboration)
Toronto	4	1 – City of Toronto with 44 wards (members are elected to represent each of the 44 wards)	630km ²	City of Toronto
Calgary	5	15 in Greater Calgary Region– City of Calgary is the largest municipality and the third largest in Canada	726km ²	Calgary Regional Partnership – Co-operative of 15 Regional Partnerships in Greater Calgary Area
Sydney	6	41	25km ²	State Government (No specific regional level authority/collaboration)
Helsinki	7	4	715km ²	Uusimaa Regional Council (however it is noted that its borders stretch beyond Helsinki metropolitan region)
Adelaide	8	18	15.5km ²	State Government (No specific regional level authority/collaboration)
Perth	8	30	12.7km ²	State Government (No specific regional level authority/collaboration)
Auckland	10	1 – City of Auckland (with 21 local boards enabling local representation and decision making)	4894km ²	Auckland Council

Question 2 – Objective and priorities of the new system

The objectives of the new system should be to provide for democratic and effective local government in Perth; to maximise in a cost effective manner the current and future liveability of Perth and wellbeing of its communities; and to enable Perth as a region to build its capacity and competitiveness on a national and global scale.

The priorities of the new system should be:

- Enabling integrated, regional strategic decision making capacity
- Efficient and equitable service delivery
- Enabling the development of strong city centres starting with the capital city
- Promoting and advocating for metropolitan Perth on a national and international stage
- Strengthened emphasis on local democracy and community engagement
- Building connections with Asia (through a strong city centre government in particular)

Question 4 – Vision for the future of the Perth metropolitan region

We believe that Australian cities should be the most innovative and liveable cities in the world.

The Committee for Perth's Vision for Perth, is:

A city with an integrated strategic plan which ensures that metropolitan Perth:

- *promotes the high value of its people;*
- *embraces its natural environment;*
- *is vibrant and innovative;*
- *participates on the world stage; and*
- *has a strong sense of place.*

Question 5 and 6 – Biggest issues facing the region, and whether local government is ready to meet these demands

The issues facing Perth's future are many and multi-faceted. The Committee for Perth has undertaken substantial research to articulate and quantify the issues, opportunities and challenges facing Perth in the future and is in the process, through our *Perth @ 3.5 million* project of identifying strategies to address them. The *Perth @ 3.5 million* Discussion Paper No 1, published in August 2011, is attached to this submission. The early findings of Discussion Paper No 2, looking at the best case and worse case scenarios for Perth as a mid-sized city will be presented to the Metropolitan Local Government Review Panel in February 2012.

In summary, key issues facing Perth include population growth and increase in population diversity; social inequity and economic stress; population ageing; retaining economic prosperity and addressing issues such as economic diversification, skill shortages and maximising opportunities associated with globalisation and connections to Asia; addressing issues such as urban sprawl, integrated transportation, housing diversity including higher density housing; retaining distinctiveness and making the city more environmentally sustainable; developing the city's knowledge and creative capacity; and providing high quality leadership and governance.

Addressing these issues will require co-ordinated, strategic change in the region – change that is focussed on the long term best interests of the region as a whole and is implemented through state, local government, community and business collaboration.

We do not believe that the existing fragmented system of local government will be adequate to address these issues. In particular, fragmentation has a direct negative impact on our ability to address challenges associated with population growth, the need for housing diversity, including higher density housing, social inequity, integrated transport and urban sprawl.

There is a substantial amount of research which indicates that fragmented local government significantly correlates with urban dispersion or sprawl and social inequity within regions. This is basically because, acting on behalf of their residents, local governments have a tendency to support and enact land use regulations to secure lifestyle preferences for low density, suburban living environments, and to oppose change that may impact on local residents for broader regional benefit. Fragmentation also leads to big variations in the financial capacity of local authorities—therefore affecting their capacity for service delivery.

However we also recognise that fragmentation does not predict sprawl or social inequity and likewise centralised local governance does not guarantee compact development and equitable service delivery. Yet, there is evidence which indicates that a lack of excessive fragmentation might be a precondition for achieving these goals, and observation of Perth's local government system certainly suggests that this is the case.

We therefore believe that Perth's local government system will need to be less fragmented if the Perth metropolitan region is going to be able to meet the many and substantial opportunities and challenges it faces in the future.

Questions 7 and 8 – Ability for local government to deal with national and international issues and responsibility of local government to manage these issues

As outlined in our responses above – the current system of local governance in Perth will not enable the city and region to strategically address national and international issues.

This is recognised in the Issues Paper which states that Perth's capacity to change and influence is currently spread across 30 local authorities, and there is little ability for effective collaboration. As a result the ability for the implementation of integrated regional strategies to address national and global issues is limited.

A co-ordinated state-wide response will be needed to address national and global issues such as climate change and integration with Asia. However, given that the Perth region is home to 75% of the state's population and will feel the biggest impacts of changes such as population growth, enabling an integrated, strategic approach to these issues at a regional level is essential and will ultimately involve local government.

This means that Western Australia's high level response to national and global issues is likely to be driven from a federal and state level, but will need to be implemented at a regional and local level – which will require the development of integrated strategies for the region and a high level of collaboration and co-operation between State Government agencies and local authorities to enable their delivery.

Question 9 – Who should pay for social and physical infrastructure?

The cost of social and physical infrastructure will need to address national and global issues to be shared across federal, state and local government with State Government being primarily responsible for funding the delivery of major regional infrastructure. However, it is also becoming evident that the cost of addressing challenges such as population growth within the Perth metropolitan region will require the identification of innovative funding models to capture contributions from the community and private sector.

Questions 11 and 12 – Views on other governance models (Auckland & Vancouver) and whether they would work in Perth and other models that might work well

The Auckland and Vancouver models both deserve consideration in regard to their suitability for the Perth region. We also support additional research into other models and consideration given to the optimum governance model for Perth.

However as acknowledged within the Issues Paper, the very substantial difference in governance structure and local government functions between different countries and regions means that it is difficult to make direct comparisons between systems. It also means that change from our existing governance system to either an Auckland or Vancouver model could not occur without changes to the function of local and state government, significant legislative change, and substantial political will.

Given that the primary issue associated with this review is local government structure rather than the effectiveness of state level regional planning, we do not believe that this level of functional restructure and legislative change is likely to occur. However we still believe that there is a clear need for a mechanism to enable improved local and state government co-operation in planning for land use, infrastructure and services for the region and this review should aim to consider a wide range of models in order to identify the optimal governance structure for Perth in the medium to long term. Some of the governance options that we believe the review should consider are outlined below.

Options	Pros	Cons	Examples
1. Status Quo Remain the same: 3 tier system of governance with fragmented local government		Fragmentation, lack of co-operation, inefficiencies, lack of equity in service provision, inability to address key regional, national & global change – particularly issue of population growth, transportation & urban consolidation	Current Perth model
2. Amalgamation Retain 3 tier system of governance with local authority amalgamations to reduce fragmentation and enable a strong city centre	Reduced fragmentation & potential for improved co-operation, efficiency & equity	No formal/autonomous mechanism for regional co-operation	Brisbane Adelaide Helsinki
3. Amalgamation & Co-operation Retain 3 tier system of governance with local authority amalgamations and enable a mechanism for interagency and state-local government co-operation	Reduced fragmentation & potential for improved co-operation, efficiency & equity Enabling formal collaboration and cooperation at a regional level Reduced need for changes to the structure and function of state and local government and legislative changes	No autonomous level of regional governance	These include collaborations – from the establishment of specialised agencies and inter-municipal bodies. Vancouver Lyon Calgary
4. Super City Local Super City: 3 tier system of government with local government amalgamation to from a single regional 'super city'	Reduced fragmentation Autonomous level of regional governance	Need for significant legislative change Reduced 'local' representation Potential for reduced local distinctiveness	Auckland Toronto Montreal (expanded the boundaries of existing city)
5. Amalgamation & Metro-Governance Regional Governance: 4 tier system by introducing a new	Autonomous level of regional governance enabling for planning of the region as a functional economic and social	May be considered too bureaucratic Need for significant	London Portland <i>*Note that overseas</i>

Options	Pros	Cons	Examples
level of regional governance to act as co-ordinating authority between state government and local authorities (with appropriate local government amalgamation to reduce fragmentation)	area	legislative change	<i>examples are not all 4 tier systems, dependent on government structure and that the regional bodies have been provides with functions that are currently</i>

Question 13 – Should more be done to engage with the community?

The importance of community involvement as part of good local governance is very well documented however it is not an area in which Western Australian governments have historically performed well.

Governments, both state and local, need to be better at engaging with the community in order to empower communities, build trust and improve community relations. There is very substantial evidence internationally that suggests that processes of change can be more effectively implemented by working with communities to collaboratively establish the parameters of change, rather than simply imposing change on them.

While we are aware that there are schools of thought which promote small local authorities on the basis that they are more in touch with communities at a local level, there is little evidence in Perth to suggest that this is the case, and there are many examples internationally where effective community consultation and engagement has been undertaken by larger local authorities and by regional and state governments by putting in place consultation models that allow local communities to have a voice.

Questions 16 and 17 – The criteria for changing local government boundaries and whether local government boundaries should be set by an independent body and reviewed at regular intervals

In our view, reviews of local government boundaries should be undertaken by an independent body and reviewed at regular intervals. This is the only way to ensure that the boundaries are best meeting the needs of the region and to avoid bias.

We believe that the most important criteria for establishing local authority boundaries include:

- Economies of scale (size/efficiency) in service delivery
- Correspondence of boundaries with the functional economic areas of the region
- Financial capabilities (ensuring local governments have similar financial capacity)
- Potential for growth/growth pressure
- Potential for regional co-operation/collaboration

Questions 20 and 21 – Functions that should belong to State or Commonwealth governments

The functions that are most appropriate for Commonwealth, State and local authorities depend highly on its form (and vice-versa). If local authorities in Perth remain relatively small then local service delivery is the most appropriate function, however if a 'super city' approach was taken, the local authority could feasibly take on the majority of the regional service planning and provision

roles currently undertaken by the State Government such as land use planning, transportation planning and infrastructure provision - such as roads, water and waste water.

Question 22 – The principles of good governance at a local level

In our view the principles of good local governance include:

- Providing appropriate representation
- Being responsive
- Being efficient
- Open and transparent operations and decision making
- Operating ethically
- Competence and capacity (financial and human resources)
- Innovative and open to change
- Sustainable and long term outlook
- Ability to think regionally and act locally
- Focus on human rights, social cohesion, equity and cultural diversity
- Good financial management

Question 24 – Best way to organise local government in metropolitan Perth

In our view local government in Perth should be organised to:

- Have geographical boundaries that reflect the functional economic and social areas of the region.
- Reduce fragmentation.
- Provide for a strong, functional city centre whose boundaries better reflect the economic and social function of the central area.
- Enable efficient and equitable service delivery.
- Enable improved regional cooperation and collaboration.
- Be accompanied by a mechanism for improved collaboration between all government agencies and levels of government involved in regional governance.

Attachments:

Committee for Perth: Perth @ 3.5 million Discussion Paper No 1



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