



MINUTES OF A SPECIAL COUNCIL MEETING, HELD IN THE COUNCIL CHAMBERS, ON TUESDAY, 28 APRIL 2009 COMMENCING AT 7.10PM.

129. DECLARATION OF OPENING OF MEETING

The Mayor (Presiding Member) declared the meeting open.

129.1 Present

Mayor A Ferris	Presiding Member
Cr D Arnold	(To 7.55pm)
Cr C Collinson	
Cr B de Jong	
Cr S Dobro	(From 7.30pm)
Cr D Nardi	
Cr R Olson	(From 7.38pm)
Cr M Rico	
Cr A Wilson	
Mr S Wearne	Chief Executive Officer

130. ACKNOWLEDGEMENT OF COUNTRY

Mayor Ferris made the following acknowledgement:

“On behalf of the Council I would like to acknowledge the Nyoongar people as the traditional custodians of the land on which this meeting is taking place.”

131. WELCOME TO GALLERY AND INTRODUCTION OF ELECTED MEMBERS AND STAFF

The Mayor welcomed three members of the public in the gallery and introduced Council members and staff.

132. PUBLIC QUESTION TIME

Nil.

133. RECORD OF APPROVED LEAVE OF ABSENCE

Whilst it was noted that leave could not be formally granted at a Special Council meeting, Cr Arnold foreshadowed a leave application for the next two ordinary Council meetings for work related reasons and Cr Collinson foreshadowed a leave application with respect to the next Council meeting.

134. RECORD OF APOLOGIES

It was noted Cr Dobro would be attending this meeting after the closure of the Town Planning Advisory Panel meeting

135. BUSINESS

Minister for Local Government’s Amalgamation Directive

By Stuart Wearne, Chief Executive Officer, on 24 April 2009

PREFACE

This report follows the written advice to elected members on the issue dated 13 February 2009 and verbal briefings by the CEO at all subsequent Council Meetings.

The purpose of this report is to fully document the background of the matter, outline related issues and explain the current situation.

This report has been delayed by a lack of clarity on some significant matters, primarily due to the precipitate manner in which the Minister for Local Government first raised and then proceeded to deal with the issue. The CEO subsequently sought to investigate and resolve as many of these uncertainties as possible before finalising the report.



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BACKGROUND

In September 2008, following four years of research, analysis and widespread consultation by WALGA with respect to the issue of improving the sustainability of local government in WA almost every local government in WA (134 for, 5 against) endorsed the Systemic Sustainability Study (SSS) Final Report as the blueprint for a 10 year process of WA local government reform.

Broadly speaking, the SSS plan was based on the premise of participation, by those local governments which chose to do so, in regionally based organisational structures which were designed to achieve improved economic sustainability through resource sharing and other cooperative reform measures, whilst ensuring no loss of autonomy and local community engagement. Significantly the plan was underpinned by a strong position of no forced amalgamations. This was based on WALGA's research findings which indicated that amalgamations were frequently not "the answer" to improving the financial sustainability of local governments. Further, WALGA concluded *forced* amalgamations had even more deficiencies, including, as WALGA President Bill Mitchell stated:

"For any sustainability improvements to be implemented and maintained in the longer term there has to be local community support, which requires a voluntary process."

It is significant that the South West Group (Melville, East Fremantle, Fremantle, Cockburn, Kwinana and Rockingham), in supporting the SSS Plan, noted that the fundamental model and objectives matched those of the Group, which was at that time in the process of seeking a State Government grant with respect to commissioning research into a model of appropriately shared services with respect to member councils.

It is also significant that, prior to the 2008 State election, all of the major political parties in WA; including the Liberal Party, the Labor Party, the Nationals and the Greens, committed their support to the Plan and specifically declared their opposition to forced amalgamations.

This led to WALGA President Cr Bill Mitchell announcing:

"Local Government in Western Australia now has the opportunity to pursue long term sustainability without the threat of forced amalgamation".

Following the election, the newly appointed Minister for Local Government, Mr Castrilli, reiterated the government's commitment, stating "our position is of no forced amalgamations".

Further, one of the Minister's first decisions following his appointment and which he announced via his personal newsletter and various media outlets, was to form a joint State and local government committee, the "Local Government Sustainability Joint Working Committee", to review the WALGA's Sustainability Report and to "consider and progress the agreed actions as contained in the SSS Report".

The Minister stated in October 2008:

"The State Government is committed to working in partnership with local governments to achieve shared desired outcomes."

"The committee's first task will be to provide me with strategic recommendations of how the 39 (SSS) recommendations might be implemented...(the) WALGA report shows (local government) how they can best strengthen their performance and become more sustainable in the future."

At the same time the Minister again reiterated the government's position of no forced amalgamations.

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On 3 December 2008 the Minister *advised Parliament* that the Committee “will use the SSS report as the basis for their work...” and would deliver a final report to him in December 2009.

WALGA CEO Ricky Burges was appointed as a member of the Committee. In January 2009 Ms Burges wrote:

“Local Government Minister, John Castrilli has demonstrated he is strongly committed to the SSS by forming a steering committee with representatives from across the sector to assess and implement the recommended action...The mood of the Minister seems very much to make things happen.”

However on 5 February 2009 WALGA President, Cr Mitchell announced:

“The State Government today promised it would break an election promise on no forced amalgamation of local governments if councils failed to ‘voluntarily’ put forward plans to merge in six months.”

Bill Mitchell also stated, in reference to the Minister's claims regarding this being a “voluntary process”, *“these are weasel words at best”*.

On that date, at a WALGA Zone meeting held at Exmouth, the Minister had made a number of pronouncements.

- (i) The number of local governments in Western Australia was “not sustainable” and he wanted “*voluntary amalgamations*” in order to “cut their numbers”.
- (ii) Local governments would have six months to inform him of their decision regarding voluntarily amalgamating, otherwise he would *legislate* to force local government amalgamations.
- (iii) The remaining councils would be expected to reduce their total number of elected members to between six and nine.
- (iv) “The benefits of amalgamations across the state, *including metropolitan Perth*, will be very significant.”
- (v) “Increased competition for “(the remaining)” staff positions within the sector will be a welcome change from the present situation.”
- (vi) To oversee the implementation of the process the Minister would establish a Local Government Reform Steering Committee.

The Minister made specific reference in his announcement to the number of *small* local governments which currently operated in Western Australia and, as indicated above, made specific reference to “metropolitan Perth”.

Mr Castrilli stated:

“If councils do not amalgamate there will be legislation. If you don't want to do it, I'll do it, as simple as that”.

Further, when asked whether a Council (with the implication being a *small* council which the Minister wished to see amalgamated) could continue to exist if it clearly demonstrated it was sustainable, the Minister immediately said “no”. Perhaps realising the lack of logic in this remark, given the exercise was meant to be about financial sustainability, not to mention the clear suggestion of a predetermined outcome, the Minister then qualified his remark with “There will have to be a lot of good reasons why it should stay on its own”.

From the above, it has been clearly indicated that small local governments will be the primary target for amalgamations, regardless of financial viability and regardless of whether they wish to amalgamate or not.

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In short it was (and remains) clearly understood the Minister has a preconceived view regarding approximately how many local governments he wishes to see remaining once the "reform" process he has mandated is complete. It is widely understood that, despite the Minister's denials of a pre-determined position, the Minister wishes to see the number of local governments in WA roughly halved, with the end result being 70-80 local governments remaining, compared with the current 139. It is also clearly understood that if this outcome is not achieved through voluntary amalgamations, the Minister intends the amalgamations will be forcibly effected, by whatever means are open to him. The Minister is backed by the Premier who has also said he wishes to achieve a significant reduction in the number of WA local governments.

COMMENT

The Minister's announcement, which was without prior discussion with WALGA, was received by WALGA and the local government sector generally, with widespread dismay.

There was not only the ethical issue of a broken commitment by the Government.

The Minister did not provide the basis of his claim that there are too many local governments (and too many elected members) in WA. If it was because he had identified some existing local governments as being financially unsustainable, the Minister should have stated the basis of that identification, if not *which* local governments and *why*. He has still not done so. That would also involve the Minister providing the definition of "sustainable" which he is applying, something the Minister has, thus far, also failed to do. If it is because the Minister believes bigger local governments are *automatically* more sustainable, the Minister should provide the basis for this view.

If it is because the Government believes extensive amalgamations will somehow save the government money, this Minister should explain how.

Is the Minister's position simply based on comparisons with the number of local governments in other Australian states (regardless of WA's size and other unique circumstances)? Does the Minister feel the relatively large numbers of local governments in WA is somehow backward and as Minister he wishes to somehow appear to be *modern*, by getting on the amalgamation bandwagon too?

Does the Minister have a pre-determined position on the desirable population size of a local government eg minimum of 20,000 or 50,000 or 100,000 residents? He says not. Yet the Minister has been quite prepared to specify that no Council shall have more than nine or less than six Councillors (regardless of population size) whilst continuing to refuse to express any view (let alone dictate a position) on the minimum or maximum population sizes those prescribed numbers of elected members are to serve.

Given the Minister's particular concern with small local governments, indicating such local governments need to be amalgamated until a sufficient (if unspecified) population size is reached, it is worth noting the Shire of East Pilbara, for example, is not much bigger than the Town of East Fremantle in population terms, yet is almost 2½ times the size of Victoria. Does the Minister nevertheless believe that a local government of this population size needs to be amalgamated?

If the Minister cannot or will not answer questions such as those above, it begs the issue as to the basis of the Minister's actions and makes the tasks which he has set for local governments, in particular proposing which local government(s) they should be having discussions with, in respect to a potential amalgamation, very difficult.

For example, because it has been directed by the Minister to research "*suitable partners for amalgamation*", and report back on the outcome, Council staff and elected members could spend a large amount of time assessing and analysing the implications of an amalgamation with, for example, the City of Fremantle, only to be told that the combined populations of the Town of East Fremantle and the City of Fremantle is still not regarded



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as a sufficient population base, or sufficient geographical area, or both, or satisfactorily meets some other unspecified criteria of the Minister's amalgamation agenda.

To date the Minister's only explanation for the extraordinary manner in which he has abandoned the SSS/WALGA consultative process (thereby, as indicated, breaking commitments by the Government with respect to supporting the SSS process and foreshadowing breaking its commitment on forced amalgamations) has been a suggestion that he just discovered the situation was far more urgent than he had originally realised.

The Minister has stated:

"In October last year, I established the Local Government Sustainability Joint Steering Committee to review the Western Australian Local Government Association Sustainability Study and develop an implementation strategy."

"After carefully considering its recommendations and additional research, I am convinced that local government in its current form is simply not sustainable."

Yet the SSS Study had already concluded that 83 local governments in Western Australia *appeared* financially unsustainable in the long term. *East Fremantle was not one of them.* The councils were predominantly small rural councils which had suffered from the rural recession and population decline. Thus, in that sense, there were no untoward discoveries for the Minister to make, as he has suggested occurred only after he became Minister. The SSS Study had carefully considered the best means of dealing with the situation and recommended as it did. The Government and Minister Castrilli had agreed with those recommendations. As described above, the Minister had then set up a Committee to oversee the implementation of the recommendations which was (*as he advised Parliament in December 2008*) to deliver a final report to him in December 2009.

Even a few weeks before the Minister's February announcement, the Minister clearly indicated he was still supporting the SSS program and the Committee he had established. Despite advising Parliament in December the Committee would continue for another year, the Minister disbanded the Committee two months later.

It may be the case that preliminary recommendations from the Committee and "additional research" forced the Minister to act urgently, as he suggests. In that event the Minister should table those recommendations and "additional research" and explain why he terminated the Committee which he set up to oversee the SSS process.

Asked whether he consulted with WALGA beforehand, the Minister stated in a media release issued 9 February 2009 that WALGA had 2 members on the steering committee. The Minister appeared to be implying that WALGA had prior knowledge of his intentions to disband the Committee and is aware of the reasons for his decision. The CEO has discussed this aspect with Bill Mitchell and Ricky Burges (a member of the Committee) who both advised that there was nothing in the Committee's deliberations which explained, let alone justified, the Minister's decision and neither had any knowledge of the "additional research" which the Minister was using to justify his abandonment of the process he had agreed to.

In addition to clarifying the above matters, the Minister should clearly explain the basis of his conclusion that in respect of financial sustainability, "bigger is better", when extensive research, at both a national and international level, has concluded that there was no clear evidence that larger local governments were automatically more sustainable.

If the Minister believes otherwise, then the Minister should explain why, despite large scale amalgamations in Victoria, South Australia, Tasmania and NSW, between 25% and 48% of local governments in those States; some big some small, some the result of amalgamations and some not, are currently classed as financially unsustainable.

In South Australia for example, 116 councils were reduced by amalgamations to 68, after the Government blankly stated it wanted numbers to be roughly halved, which, as indicated above, is the same as the outcome the WA Minister is understood to be seeking. Yet when those 68 councils were subsequently subjected to the Government's own sustainability test, 33 of the 68 (48%) were concluded to be unsustainable in the long term.

The most recent State to undertake amalgamations has been Queensland. Also breaking a "no forced amalgamations" commitment and also announced without warning, extensive forced amalgamations were carried out by the Queensland government in August 2007, when 156 local governments were reduced by amalgamation to 72, ie roughly halved. Again the stated purpose was to achieve financially sustainable larger local governments. Yet in November 2008, a report by the Queensland Treasury Corporation into the financial state of those 72 local governments, found that simply amalgamating councils had little impact on long term financial sustainability outcomes and that financial performance was impacted more by a council's policy choices, decision making, degree of good governance and management oversight, than by its size or structure.

Also with respect to the issue of amalgamation and financial sustainability, Professor Brian Dollery, Director of the Centre for Local Government at the University of New England and the most published academic on local government reform in Australia, has written:

"Since councils in all jurisdictions still have acute financial problems, it is obvious that amalgamation has not proved to be a "cure-all" for the financial ills of local governments. Quite the opposite is true. WA local councils are in no worse shape than their amalgamated counterparts in other States. Indeed, the Price Waterhouse Coopers report could find no systematic differences in financial sustainability between the States, regardless of the degree of council amalgamations which had taken place. We must thus question the proposition that "bigger is always better" in local government since it cannot account for observed trends in local government finances. Put differently, why has amalgamation failed to improve financial sustainability where it has been tried?"

Further, with respect to the above Bill Mitchell has written:

"In all our research there was no evidence that the simplistic option of making larger councils was more efficient, rather that two small problems merged into one big problem."

Ricky Burges has written:

"It is disappointing that the government has chosen to ignore the body of evidence presented in the various SSS reports regarding the problems with amalgamations as a reform strategy".

Eric Ripper stated that:

"Achieving sustainability in the local government sector is far more complex than just forcing amalgamations...It is clear that Minister Castrilli's announcement was ill conceived...For all the tough talk, Minister Castrilli has failed to show true leadership and implement changes that would bring real reform to the sector."

Even members of the Minister's own party, such as Wilson Tuckey, the Federal Member for O'Connor, who served 16 years in local government in WA and for two years was the Federal Minister for Local Government, has criticised the Minister. Wilson Tuckey issued a media release stating, in part:

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"I am amazed and opposed to statements regarding forced amalgamation by Local Government Minister Castrilli, who from my inquiries has neither received formal approval from the Cabinet or the Party Room.

There is no evidence around Australia, where such amalgamations have been forced upon the community, that they provide economic benefits. To the contrary the bigger the organisation the lower the local input and the bigger the bureaucracy."

Finally, Scott Lennon, the author of the highly respected and influential 2006 Price Waterhouse Cooper National Financial Sustainability Study of Local Government, which was referred to in Dollery's comments above, warned that amalgamations were generally not the answer to problems of local government financial sustainability and noted:

"Mergers are fairly painful for communities and they often don't yield savings of any huge significance.

Putting two unviable councils together, particularly in rural and remote parts, can just make one larger, even less viable council."

Mr Lennon went on to say there were other approaches local government could take to improve economies of scale, such as forming or strengthening regional alliances for shared procurement and service delivery.

In that regard, the Minister should explain why he decided that continuing to support the SSS model involving promoting regional groupings of councils was no longer an acceptable approach when, at the same time, he has called for those local governments *remaining* after his mass amalgamations process, to "form appropriate regional groupings of councils to assist with the efficient delivery of services".

It has been noted by Bill Mitchell that 135 of the State's 139 councils had commenced regional cooperation initiatives, as proposed in the SSS Report yet, as a result of his announcement, the Minister had *"damage(d) all work towards regional cooperation by local governments who will now be focussed only on ensuring their own survival in an amalgamation process"*.

In the Town of East Fremantle's case it should be noted the Town was a key instigator of the formation of the South West Group "regional grouping of councils" 25 years ago, which became a model for similar organisational structures across Australia. The South West Group's response to the SSS Report (and the amalgamation situation) is discussed later in this report.

It can be noted at this point however that Professor Dollery has concluded that the doctrine of "bigger is cheaper" could not be sustained on conceptual or empirical grounds and that a *better* case could be made for local government to share the provision of services rather than to amalgamate.

Professor Dollery, who has had published over 220 papers on local government reform, both in Australia and overseas and is the author of a number of recognised publications on the issue, writes in one paper:

"An important foundation for the view that bigger is better rests on the belief that economies of scale exist in local government service provision. It is argued that bigger councils can thus provide services at lower costs than their smaller counterparts.

But modern local councils provide a large number of different services. Some of these services exhibit significant scale economies, most notably domestic water provision, IT services and regional economic development activities. However, many other services, especially human services, do not have economies of scale. In fact, there is evidence that most local services show diseconomies of scale at relatively low levels...

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Hard-won experience in other states has demonstrated that amalgamation is not only expensive to implement but that it also typically robs small communities of effective representation. This means that small communities often suffer in terms of service provision relative to their bigger cousins with larger populations.

A much better alternative is to select local services that can be provided more cheaply through shared service arrangements, outsourcing, statewide networks and the like. This avoids the costs of diseconomies of scale in other service areas and preserves vital political representation for people living in smaller communities.”

In an interview last year Professor Dollery stated, in part :

“Amalgamation has always been the favoured policy instrument for improving the operational efficiency of local authorities by Australian policymakers (except in Western Australia).

Underlying these structural reform programs has been the universal assumption that ‘bigger is better’. Population size has become a proxy for scale economies in policy making.

However the doctrine of “bigger is cheaper” cannot be sustained on conceptual or empirical grounds.

Research here and in Canada had demonstrated that different scale characteristics apply to different services. As a general rule, labour-intensive, customer-orientated services, such as municipal rangers and health inspectors, generate few scale economies. By contrast, capital-intensive services such as sewage disposal and domestic water supply typically generate substantial economies of scale.

Over the past three decades, local government had shifted away from capital-intensive “services to property” towards labour-intensive “services to people”. Many “non-discretionary” factors can affect the aggregate costs of services apart from the number of residents....

A better case can be made for councils to share the provision of services rather than to amalgamate....regional service provision should focus on services where there are economies of scale or scope and not on the full range of municipal activities.

Regional and rural councils could share fire protection and emergency services, health administration and inspection, noxious plants control, museums, water and sewage, tourism promotion and some front and back office activities.”

In another paper Professor Dollery notes:

“The feasibility of resource-sharing arrangements in Australian local government does not have to be demonstrated: a long history of cooperative action already exists. Examples include regional libraries, regional waste operations, bulk purchasing agreements, and sharing specialist and technical staff amongst adjacent councils.”

In their co-authored book “Australian Local Government Economics” (Dollery, Crase & Johnson) the authors’ write:

“For instance, while the belief in NSW and Australian municipal policy circles that ‘bigger is better’ may make some intuitive sense, it certainly does not enjoy much empirical support. As we shall see, both the international and the Australian theoretical and empirical literature on the relationship between municipal size (in terms of population) and efficient service delivery (in service costs per capita) suggests precisely the opposite; smaller local councils typically produce many, but not all, services more efficiently.”

“...there is every reason to expect that no uniform pattern of economies of scale will emerge across the range of goods and services produced by Australian

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councils. For example it is highly unlikely that the optimal service district for building inspections will coincide with, or even resemble, optimal service districts for, say, garbage collection, public parks, or sewage treatment services (Dollery 1997). It follows that whereas amalgamation may capture economies of scale in some outputs, it could reap diseconomies of scale in others. Sancton's summary (2000, p74) is worth repeating: 'There is no functionally optimal size for municipal governments because different municipal activities have quite different optimal areas.'

"...When it is argued that centralisation will reduce administrative costs, this is analogous to arguing that there are economies of scale in the administration of government, just as there may be such economies in the production of public services. However, there is no guarantee that such economies will always, or even usually, exist. It could just as easily be argued that administrators become less effective the further removed they are from their constituents and the operations they are supposed to coordinate. If this is the case, diseconomies of scale could result, with larger governments requiring proportionately more administrators (perhaps with more layers in the administrative hierarchy)."

"...In the light of their analysis of both international and Australian evidence, Byrnes and Dollery draw three main conclusions. In the first place, given the mixed results that emerge from the international evidence, it seems reasonable to conclude that considerable uncertainty exists as to whether economies of scale do or do not exist.

Second, Australian work was almost uniformly misspecified, and thus did not measure scale economies at all.

Finally, from a policy perspective, the lack of rigorous evidence of significant economies of scale in municipal service provision 'casts considerable doubt on using this as the basis for amalgamations'. Moreover, while advocates of amalgamation have premised their arguments on the proposition that substantial efficiency gains would flow from the formation of larger local authorities, [it appears that] research on economies of scale in local government does not support this proposition."

The authors also cite the work of Andrew Sancton ("Merger Mania", 2000) who, after assessing the outcome of Council amalgamation programs in New Zealand, Australia, Britain and Canada, concluded that the efficient delivery of municipal services did not require large municipalities or indeed local governments of any particular size, because:

"there is no functionally optimal size for municipal government because different municipal activities have quite different optimal areas."

In addition they refer to the strong case presented by Percy Allan ("Why Smaller Councils Make Sense, 2003") that in Australia:

"at the administrative level the efficiency and effectiveness of a local council is not a function of size [and] all the empirical evidence suggests that big is not better when it comes to local government."

Dollery, Crase & Johnson conclude that:

"there is now widespread recognition that one size does not fit all in local governance, and that the tremendous diversity evident among Australian local authorities...demands a range of solutions to ongoing problems of inefficiency in service delivery rather than continued confidence in amalgamations with its misplaced belief that "bigger is always better".

Elsewhere the authors, in referring to the diversity amongst Australian local governments, write:

"What works in one community may well fail in another, given the substantial divergence in available resources, physical area, population and other salient

characteristics. Particular municipalities also have different requirements, different levels of services, different abilities to implement policies, different skills, different organisational cultures, different revenue-raising opportunities, different cost structures, and different levels of service expectations from their residents...In essence, because decisions affect different municipal authorities in different ways, it is critical that local voices shape these decisions."

The authors then outline several alternative models *"aimed at enhancing the efficiency of municipal service delivery that avoid the heavy hand of amalgamation with all its divisive and disruptive effects"*.

These alternative models include urban parish models, joint board arrangements, ad hoc resource sharing models, regional organisations of councils, virtual local governments, strategic alliance arrangements and agency models.

All are essentially variations of shared administrative/service arrangements.

In summary, following extensive research and in a range of published papers, Professor Dollery makes a persuasive argument that shared service arrangements for selected local government services are generally a better option than council amalgamations. He also notes the transformation costs are much lower. He believes that issues such as how a local government uses its land, the partnerships which it forms and the decisions it makes with respect to what services it will or won't provide, are far more critical to good community and financial outcomes than the mere size of the council.

Further, these represent only examples of the *economic* argument.

Professor Dollery (not to mention a number of other researchers) is also very conscious of the wider *social* issues, ie that resource sharing approaches enable local governments to realise economic efficiencies in selected services, whilst still maintaining their autonomy and current degree of community representation.

Elsewhere Dollery has noted that the regionally based shared services model also appears better able to accommodate the varied needs of different communities.

Thus, in Dollery, Crase & Johnson (above) the authors conclude that Regional Organisations of Councils:

"based on voluntary and not compulsory arrangements, may not only capture any benefits that can flow from joint service delivery and coordination, as well as foster a spirit of cooperation between neighbouring councils, but also avoid the inevitable bitterness and expense of forced amalgamation. Where economies of scale and economies of scope can be identified, these could be harnessed much more effectively through voluntary cooperation and good neighbourliness than through forced mergers imposed by state governments."

Professor Dollery has noted that almost no empirical research has been undertaken with respect to the economic effects of amalgamation in Australian local government and strongly suspects this is deliberate on the part of the state governments involved. He believes this was because the respective State governments had all claimed beforehand that significant financial benefits would result from their forced amalgamation policies however would be aware, following the amalgamations, of the highly likely possibility this has not eventuated.

Professor Dollery is backed by other academics, such as Professor Stephen Jones of the University of Queensland Business School, who has comprehensively reviewed the amalgamations process which occurred in Queensland in 2007 who writes that the Minister should:

"...learn from Victorian amalgamations in the late 1990s, where there have been no demonstrable improvements to service as a result of economies of scale."



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Research had shown that there was no systematic relationship between the size of a council and its economic efficiency, (and) if councils were to be restructured it should be done so on the basis of performance, not size.

A rational argument would be one where councils that can show they work effectively, including on regional projects, should be left unscathed...."

Notwithstanding both the lack of research and evidence to the contrary, the Minister has maintained his claim there *will* be significant savings produced by amalgamations. The Minister has stated "a reduction in the number of councils coupled with a rationalisation in the number of elected councillors has the potential to save ratepayers millions of dollars per year".

In that event, the Minister should state the basis of this claim. This is particularly the case given that in another press comment the Minister admitted that "there has not been an estimate of the costs nor the savings that would result. Each Council would make that determination in their consideration of voluntary amalgamation". The Minister should also state what the actual savings were in States where amalgamations have occurred.

For example, it was originally claimed that South Australian amalgamations would produce savings of 17.4%, whilst actual savings were found, at best, to be 2.3%.

In Victoria, the Kennet Government claimed their program of forced amalgamations would yield direct cost savings of 20%, yet the subsequent net result was only 8.5% and even then almost all of those savings were found to be due to other measures introduced at the same time, in particular competitive tendering and contracting out. Further as Dollery, Crase & Johnson have stated:

"these net cost savings do not take into account the indirect costs of forced amalgamation, such as increased unemployment, lower economic activity and a loss of services, which often threaten the very existence of small communities."

Overseas the situation is little different.

In Britain an assessment of the economic benefits of forced amalgamations could find "little visible benefits" after more than a decade.

Research in Canada (particularly involving Quebec and Ontario) has produced similar conclusions.

In the US, evidence suggested that "larger local government jurisdictions appear to be associated with proportionately higher spending than smaller ones".

In WA, the Western Subregional Organisation of Councils (WESROC) – the western suburbs equivalent of the South West Group - commissioned a comprehensive study into the benefits of amalgamating the member councils last year, however the study found that any savings from such a move were doubtful.

The CEO was present at a recent meeting when Professor Dollery challenged the Minister to justify his "savings" claim, given the lack of evidence to support such a claim, however it was a challenge the Minister declined to respond to.

However even if there *were* some savings, and leaving aside disadvantages such as losses of community representation and engagement, what of the cost of implementing amalgamations?

The Queensland State Government has already been forced to provide councils across the State with \$27.1m to meet the cost of its forced amalgamations, with the Local Government Association of Queensland currently estimating additional compensation of



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up to \$150,000,000 may be needed and the Opposition predicting the final figure might reach \$200 million.

Shortly after the Minister's announcement, the CEO met with Ms Natalie Kent, Manager Finance, Governance & Community of the Local Government Association of Queensland, who explained and provided documentation regarding the highly complex process each of the amalgamated Queensland local governments is having to go through to be reimbursed by Treasury *for each and every cost* arising from the amalgamation, *assuming* the State Treasury decided to accept the claim in question.

Recently 12 of the amalgamated local governments submitted some *additional* claims which ranged from \$4.9m to \$12m *per local government*.

However Mr Castrilli has made it clear there is unlikely to be such support from the WA State Government.

The Minister has stated that because the process is "voluntary":

"Money spent on local government reform should be viewed as an investment not a cost, much in the same way as money spent on roads and other infrastructure...money being invested in this process will, in the long term, be returned many times over as increased efficiencies and reform is implemented."

Despite indicating he would, nevertheless, review the funding situation after the "evaluation phase", in the current period of a 3% public sector "efficiency drive", it seems unlikely any government funding will be provided in the foreseeable future. In that event it will be ratepayers who must meet the costs.

It is due to the above argument that there has been speculation that the Minister will, in the first instance, target relatively wealthy small *metropolitan* local governments – such as East Fremantle and those in the western suburbs, on the grounds that their ratepayers can afford to meet the costs involved, even if the Government can't.

It is contended it is not possible for any local government to make a rational decision on amalgamation without knowing the costs involved and how those costs are to be funded. The Minister needs to clarify this issue.

One of the outcomes which the Minister has stated he is seeking from his amalgamation based reform process is to "reduce town planning and building licence approval times" for "business and the community".

The Minister should clarify the role which the development industry had in his decision. It is noted the developer lobby groups have long sought local government amalgamations, claiming for example the alleged efficiency gains will speed up planning assessments and allow for a "more strategic approach" to planning approvals.

The above is code for less local scrutiny and less elected member involvement.

Thus the Urban Development Institute of Australia and the Property Council of Australia immediately applauded the Minister's call for extensive amalgamations, stating

"Due to their size, location, as well as lack of resources or qualified staff, many local governments cause delays to development during the planning approvals process...we expect that...amalgamations will consolidate resources and allow for a more strategic approach to development".

The Director of the Master Builders Association, Gaven Forster, was also enthusiastic, claiming that *"less local authorities would mean less inconsistencies in decisions between the different councils"*.



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The Property Council of Australia stated that the amalgamations were urgently needed to stop delays and cost overruns caused by *“too much interference by elected members with the development approvals process”* and in that regard specifically cited *small* local governments. The Council claimed *“Larger...local governments can deliver better services to property owners, developers and investors.”*

Having said this the Council then went on to say elected members (of *any* sized council) should have *no* role in determining individual development applications – which should, rather, be done by independent expert panels.

This is a model which has been increasingly adopted in a number of Australian states, particularly for large projects and there is little doubt there will be pressure to adopt the same model here.

In fact the south west metropolitan region is already being spoken of as an appropriate vehicle to pilot the model.

Coincidentally, Eric Lumsden, as Director General of DPI, has just released a Discussion Paper on reform of the planning system: *“Building a Better Planning System”*. (It might also be noted that Eric Lumsden is an appointee to the Minister’s *“reform committee”*, as discussed further below.)

The paper reflects the Australia wide trend towards mechanisms to fast track development approvals, apparently primarily in order to appease the development industry (although since the global economic crisis being increasingly argued in *“urgent economic stimulus”* terms, for example Prime Minister Rudd at a recent jobs forum in Cockburn referred to the need for local governments to fast track planning applications as being *“in the national interest”*).

The major developers have applauded the above trends, with Dale Alcock for example praising Eric Lumsden’s objectives and stating:

“You need to rein in local government and tell them they’re going to play by the rules...your professional officers will tell [Councillors] what is required and then you vote on that and you move it forward”.

A related example from the paper referred to above is as follows:

“The WAPC needs to resist requests by local government to require planning approval for single houses under local planning schemes. Local government and the WAPC should make clear to the building industry that no planning approval is required (ie there is a development ‘fast-track’ option available) if dwellings are compliant with R Code provisions.”

Leaving aside the fact that this statement is at odds with Town of East Fremantle Town Planning Scheme No 3 Scheme provisions, legal advice from McLeods and even provisions of DPI’s own Model Scheme Text, it nevertheless serves as an illustration of the current pro-development agenda.

Other *“reforms”* being mooted include building licences being deemed to be approved if they are not issued within 10 days.

The unbalanced criticism of local government is a concerning trend, as the *“rights”* of developers and applicants appear to be receiving more weight than the right of local communities to expect good planning processes, including processes which allow for appropriate community input and outcomes which appropriately take into account the amenity of affected neighbours and the community generally.

Premier Barnett has also recently questioned whether small councils should be dealing with big projects and also expressed a concern that different local governments had *“conflicting policies on development”*.

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The "West Australian", in supporting the amalgamation push, wrote that:

"...too many councillors can be inefficient and stymie progress... This is expensive and frustrating for developers who, despite satisfying specified planning guidelines, can never get timely approval."

Bill Mitchell has noted that developers are putting heavy pressure on the State Government to force Council mergers, stating:

"It's sometimes said that WA is the more over-governed state. But even if councils are forced to merge, the amount of governance will remain the same. Sometimes developers complain that development applications take a long time to be approved, but if they are compliant applications they go through quickly. Many developers like to push the envelope and ask for more."

Rob Druitt, the President of the Real Estate Institute of WA, nevertheless wants more pressure put on the State.

Mr Druitt states that:

"Ultimately it was up to the State Government to show vision and make good on their rhetoric of being pro-development... the practicality is that they've got to get on and do it. They've early in their term, they've got to make the tough decisions."

Given the above, it is thus of no surprise to note that whereas WALGA, representing 139 local governments in WA, has only one representative on the Minister's "reform" Committee, the planning sector, representing no local governments in WA, has two representatives on the Committee.

With regard to the above, Professor Jones, who was cited earlier, has written that:

"Mr Castrilli had offered the "standard arguments" for council amalgamations used in other states, such as improvements to service and efficiency, but his real agenda was to create councils that were "more malleable and effectively coordinated to carry out state-derived programs and policies".

"In WA's case, the new State Government is trying to reinforce its pro-development agenda and by bullying local governments they can be seen to be doing something quickly.

The Minister is a very strong supporter of economic development. Local councils have been another, often difficult, hurdle for developers in WA and the development lobby will be pushing very hard for these changes to go as far as possible.

Councils with low populations and financial sustainability, along with rural and remote councils, will be a "soft target".

Council amalgamations in other states have already provided the clearest example of state governments wielding their power over local government and carrying out major reforms without consulting local residents or paying attention to the "democratic and social role" of local government.

The experience of Queensland councils shows that change will be strongly linked to the development approvals process (and) this will be reflected in WA as the Minister has indicated financial sustainability will not be enough justification to avoid amalgamation.

Another rationale which the Minister has given for his "bigger is better" push involves the funding of local government. Mr Castrilli has stated that part of the rationale for "fewer,

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yet larger" local governments is that this will improve the State and Federal lobbying capacity of the (remaining) local governments which could lead to additional funding from those levels of government "to further improve services to communities".

This claim had the immediate support of the Federal Parliamentary secretary for local government, Gary Gray, the Member for Rockingham, who stated the reforms "have the potential to deliver better services and infrastructure for local communities".

Interestingly however, at the time of the earlier Queensland amalgamations, which were highly unpopular and introduced just prior to the Federal election which resulted in the election of the Rudd Labor Government, neither Mr Rudd nor Mr Gray made any such comment.

In fact Mr Rudd supported former Prime Minister John Howard in calling for the use of the Australian Electoral Commission to allow Queensland local governments to hold plebiscites on the impending amalgamations, after the Beattie Government included provisions outlawing such plebiscites in the amalgamation legislation and threatened to prosecute any local government which attempted to hold one.

There are at least two things wrong with the "we need bigger local governments to attract State and Federal grants" argument.

Firstly, since the 1970's, the Federal Government has taken the primary lead in providing funding to local government to supplement the rates and charges levied by councils. Whilst these grants (Commonwealth Financial Assistance Grants) have been paid via the States, for the past nine years, through the Roads to Recovery Program and more recently through the Regional and Community Infrastructure Program (RCIP), the Federal Government has made payments directly to local government, rather than via the states and territories.

In fact the whole process involving the RCIP, which has resulted in additional funding for every local government in Australia of over \$800m in total, has been extremely efficient.

Nevertheless, if the State and Federal governments genuinely believe there is a need for local government reform to facilitate Commonwealth funding with the objective of improving regional service delivery, they should either work with the increasing number of VROCs (Voluntary Regional Organisations of Councils) such as the South West Group, and other such regionally based structures, for this purpose, or establish new, specifically designed State bodies, rather than try to adapt existing or amalgamated local governments.

Further, the State should also support related constitutional reform. Both the Commonwealth and the States are aware that until local government is included in the Australian Constitution, particularly such as to allow a direct power for the Federal Government to fund local governments directly, significant uncertainty will continue to surround local government's ability to be directly funded by the Commonwealth.

For example, just this month the High Court dealt with a legal challenge based on the assertion that the Federal Government does not have the power to make payments direct to local government.

Whilst that particular challenge failed, the fact the High Court considered there was sufficient merit in the complaint for the matter to be heard, demonstrates the continuing uncertainty surrounding this matter.

Yet neither the Minister nor the Premier have even mentioned this issue in their stated concern to facilitate Commonwealth funding for local governments.

Secondly, the funding of local government should not be a matter of improving the *lobbying* capacity of the local government sector with respect to the Commonwealth. It

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should be a matter of implementing an appropriate system and level of funding for *all* local governments, which does not rely on ad hoc lobbying by individual local governments or State governments.

Several recent government inquiries, in particular the Commonwealth House of Representatives Inquiry into Local Government and Cost Shifting (the "Hawker Inquiry") have concluded that major external factors, and notably cost shifting on to local government in particular by State governments, have had an extremely significant negative impact on the sustainability of the local government sector, to the point where many local governments now relied on government grants, and that a much fairer system of local government funding, of *all* local governments, was required.

In addition to the issue of cost shifting by Federal and State governments there are also these issues:

- inadequate financial assistance grants and the refusal of the Federal Government to replace the current system of financial assistance grants with a fairer mechanism, which would not only give councils access to increased funds, but funds which grow as the economy grows, such as a fixed percentage (which should be at least 1%) of Commonwealth taxation revenue.
- inadequate funding for the renewal and maintenance of ageing community infrastructure and in particular infrastructure which was originally installed by the State eg in East Fremantle's case, river walls.
- inadequate funding for local governments to address environmental problems which are essentially not of their making eg measures to address climate change (including water reform) and to promote energy efficiency and sustainable energy sources.
- the effect of the current global economic slowdown eg reduced interest rates on council deposits and investments, an increased demand for Council services and increasing defaults on Council rate payments.

Notwithstanding the above issues and problems, it is the CEO's view (if only to make a point about the financial sustainability of the Town of East Fremantle) that the Town is *not* reliant on the relatively small government grants which it receives and could in fact "manage" without them, unfair as this might be, however if this was what it would take to avoid an unfair forced amalgamation.

In the current financial year the Town has received (Note 1):

Financial Assistance Grants (General Purpose Funding) (Federal)	\$132,592
Formula Local Road Grant Grants Commission (Federal)	\$61,291
Blackspot Funding (State) (Varies according to assessed need)	\$19,455
Direct Grant Main Roads (State)	\$10,101
	\$223,439

Note 1: HACC grants are not included because Council simply serves as a funding conduit. HACC monies could equally have been managed through a non government organisation as occurs for example in the City of Melville ("Melville CARES") and the City of Fremantle (all HACC services previously provided directly by the City of Fremantle were recently transferred to Silver Chain).

The total of \$223,439, of which only \$29,556 came from the State, can be compared with rate revenue of \$4,539,469.

The grants thus represent only 4.92% of total revenues.

In other words, without the grants, for the same income, rates would need to have been marginally increased, ie by 4.92%, meaning, in the case of current residential rate of 7.57 cents in the dollar, from 7.57 cents to 7.94 cents in the dollar.

It is noteworthy how little government funding the Town of East Fremantle receives from the State.

These comments would apply to many local governments in WA.

Yet from the way in which the Minister has sought to justify his current intervention, an outsider might conclude that WA local governments generally, are surviving on significant handouts from the State.

On a separate issue, in promoting the "bigger is best" argument, the Minister clearly implies that "best" also means *better governance*.

In that regard it could be noted that the former City of Wanneroo which was until relatively recently WA's largest local government with a population of over 250,000, was the subject of five corruption inquiries between 1992 and 1997, including a Royal Commission, after which the council was dismissed. In 1998, the council was split by the government, into the still very large Cities of Wanneroo and Joondalup in an attempt to restore good governance to the area.

Yet in 2003 the fledgling City of Joondalup (population 160,000) was subject to a Parliamentary Inquiry involving allegations regarding the conduct of the CEO and that of the Council. The findings were damning and the Council, by then regarded as almost completely dysfunctional, was dismissed.

It should also be noted that in 1994 the City of Perth, another very large council (population then about 80,000), was split into Perth, Victoria Park, Vincent and Cambridge because its size was considered not conducive to good governance and its community representation poor.

(It may be of interest to note that the current population of the City of Perth is approximately 13,500, compared with that of East Fremantle's of approximately 7,000.)

Of the recent significant inquiries involving local governments, *all* have involved large councils:

- 1999 City of Cockburn (population 82,000) corruption inquiry (which saw the council dismissed)
- 2000 City of Stirling (population 188,000) inquiry involving poor governance and corruption allegations
- 2002 City of South Perth (population 41,000) inquiry involving poor governance and corruption allegations (which saw the council dismissed)
- 2003 City of Belmont (population 32,000) inquiry involving poor governance and corruption allegations
- 2005 Crime and Corruption Commission hearings involving the City of Bayswater (population 55,000) and alleged corrupt conduct of some elected members and staff (City of Stirling staff also involved)
- 2006 Crime and Corruption Commission hearings involving three Shire of Busselton (population 27,000) elected members (all found guilty of misconduct)



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- 2008 Crime and Corruption Commission hearings into corruption allegations involving former City of Cockburn Mayor Stephen Lee, which resulted in several misconduct findings against the former Mayor and the former Mayor then stepping down, later to resign when, on review, the findings were upheld and the current Minister threatened to dismiss the entire council if the Mayor did not resign.

Given the above, why the Minister appears to automatically correlate larger local governments with better governance is questionable.

Finally, in the CEO's view, there are grounds for believing there is a *personal* dimension with respect to the Minister's position in this matter.

The Minister was a high profile Mayor of Bunbury from 1997 until his election to State Parliament in 2005, with that profile significantly helping him win the seat, which had become marginal following recent boundary changes which had favoured Labor.

The Minister's seat is the seat of Bunbury. The electorate of Bunbury is defined by the Council boundaries of the City of Bunbury. In other words the electors of the local government City of Bunbury are also the Minister's electors.

The City of Bunbury has long sought to take over its neighbouring small local governments, including during the period Mr Castrilli was Mayor. The CEO is reliably informed the City of Bunbury has always opposed any form of resource sharing or shared services as an alternative.

The City of Bunbury was once *the* major regional centre in WA, however rivals such as Geraldton and Broome have developed and grown at rates exceeding that of the City of Bunbury. Even the Shire of Busselton is understood to be poised to exceed the City of Bunbury in population terms, as it rapidly grows in population, particularly due to its attraction as a retirement centre.

The CEO understands that the City believes that by achieving a larger population base, in addition to restoring its former status as *the* pre-eminent regional centre, the City would potentially attract more Federal and State infrastructure funding. Presumably the Minister supports this view and certainly it would be of obvious political benefit to him if it were to occur. However, due primarily to issues of available land, based on its current boundaries, the City of Bunbury cannot grow much more in terms of population size, hence (the theory goes) the keen interest in amalgamation and disinterest in any other form of structural reform.

The above could explain why the City of Bunbury was one of only five local governments to oppose the adoption of the SSS model, ie this was a local government, and the most prominent one at that, of that small minority which supported forced amalgamations as a preferred model.

The CEO recently heard a speech by the Minister, in which he referred to his background as Mayor of Bunbury and his longstanding concerns about the size of some local governments and then went on to say that now, as Minister, he was "able to do something about it".

However in order to achieve whatever the Minister had in mind, the Minister needed to terminate the previously agreed course of action with respect to implementing the SSS model, capture the agenda from WALGA and ensure WALGA's influence in future proceedings was significantly diminished. This was despite WALGA being the representative local government body which every local government in WA has voluntarily chosen to join and despite the huge effort (funded by member Council fees) which WALGA had put into the issue of local government sustainability and the best model to deal with this situation. There is no doubt whatsoever (by virtue of the Minister's unilateral announcement and the nature of his appointments to the key "reform" committees since) that the Minister's agenda is to marginalise WALGA. Not only does



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this suggest the Minister wants as little scrutiny from WALGA as possible, it also reinforces the strong concern that he has a pre-determined agenda, which he does not want WALGA to interfere with.

WALGA have confirmed to the Chief Executive Officer that a Memorandum of Understanding which existed between WALGA and the previous government and which contained procedural protocols which would have assisted in the current situation, was not attempted to be "carried over" to the current government, because it was known the current government would not support such protocols. In view of what has now occurred, this is of no surprise.

ISSUESAmalgamation and East Fremantle

The Minister has made it clear he wants amalgamations to include the metropolitan area and as the second smallest council in the metropolitan area, the Town of East Fremantle and other small metropolitan local governments will obviously be targeted by the Minister for amalgamation. According to media reports the Minister has already told a deputation of western suburbs Mayors "I do not hold the view that western suburbs councils can remain independent" and the Minister's Chief of Staff has advised the City of Subiaco they should also expect to be amalgamated.

The Premier has also called for amalgamation involving western suburbs local governments (reinforcing the view that the current submission process is just "lip service" consultation).

If the Minister does target East Fremantle, how the Minister deals with the fact there are 73 local governments (72 in the country) which are smaller than East Fremantle, will be of considerable interest.

In the CEO's view, there is no doubt the Minister will not, under the current processes, achieve the level of amalgamations he is seeking and this will merely pave the way to proceeding from his "voluntary" process to an involuntary process and claiming he has been forced to do this because the sector has not been sufficiently cooperative.

Thus the Minister has recently stated that local governments will have to provide a "compelling argument" as to why they should "remain the same".

The Minister was backed by the Premier who stated:

"...it is not acceptable for the Government to do nothing. There is more than one way of skinning a cat and we want to see a reduction in the number of local authorities – 139 is unacceptable."

Number of Elected Members

The Minister has stated he wishes to reduce the number of elected members representing a local government to between six and nine members.

However this was only in the context of, having reduced the number of local governments in Western Australia via amalgamations, he wishes to ensure those local governments had no more than 6-9 elected members.

Both aspects represent an ideological position, based on a claim by the Minister that "WA is the most over-governed State in the country".

In the CEO's opinion *if* the Town does survive the Minister's amalgamation push, it will be put under pressure, or obliged, as a small local government, to reduce the number of elected members to 6.

Having said this, and noting that:



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- (i) in 1995 the number of Councillors was reduced from 12 to 8
- (ii) as long as there are 4 wards, the current arrangement provides an effective means of ward representation (ie two elected members per ward), where 6 Councillors would mean 1½ elected members per ward).
- (iii) the current arrangement is working well.

the CEO believes there is no justification for seeking to reduce the level of elected member representation, particularly given the disadvantages this would cause.

The only advantage would be minor cost savings in sitting fees and other expenses related to elected members. The disadvantages would be an increased pressure on the remaining elected members to cover not only their direct Council responsibilities but all of the other responsibilities taken on in respect of the broader community eg:

- Local Government Association
- Southern Metropolitan Regional Council
- Cities for Climate Protection
- South West District Planning Committee
- South West Group Board
- South West Corridor Development & Employment Foundation
- South West Corridor Environment and Services Committee
- South West Corridor Planning & Infrastructure Committee
- Safer WA Committee
- Fremantle City Library Advisory Committee
- Fremantle Port Authority Inner Harbour Community Liaison Group
- Glyde-In Community Group
- Swan River Trust.

It may well be that the Minister has given insufficient consideration to that aspect.

The Minister's rationale simply appears to involve reducing "the level of governance", by achieving less local governments and less elected members.

Asked how residents will be able to receive the same level of political representation if their Council was forced to amalgamate, the Minister stated "Fewer elected members will not result in a reduction in political representation".

In purely mathematical terms, this is a totally illogical comment.

Currently 9 elected members represent and serve the Town, which has an estimated population of approximately 7,110. This represents a ratio of 1 elected member per 790 residents. Yet if the Town of East Fremantle were to amalgamate with the City of Melville, for example, and the City of Melville reduced to 9 elected members (the maximum the Minister says he will accept) the ratio would become 9 elected members to an estimated 108,000 residents or 1 elected member per 12,000 residents.

Clearly that would result in a huge loss in terms of the current ability of a Town of East Fremantle elected member to effectively serve and represent the East Fremantle community.

Whilst the Minister may consider a ratio of 1:790 residents to be unacceptable, it is actually higher than local government ratios existing in various European countries, such as France (1:116), Germany (1:250) and Sweden (1:667). Thus by way of reinforcing the point that much as the Minister may wish to make a case that "bigger is better", a contrary case can also be made and further, there are entire nations whose local government structures are based on a "small is best" philosophy.

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To take one example, France, with a population of approximately 62 million, has almost 37,000 local governments (“communes”), only slightly less than the number which existed during the French Revolution. Australia, population 21 million, despite significant issues in respect of small populations in remote areas, which (as in WA) tends to result in more local governments than might otherwise occur, has less than 700 local governments.

In France, almost all amalgamation attempts over the last 200 years have failed although there is currently a trend for the smaller communes to voluntarily join together as “communal syndicates” to facilitate resource sharing.

Local government is viewed as an extremely important institution in France and voter turnouts have averaged 75% since WWII – an aspect the Minister might reflect on in his concerns regarding current voter participation rates, which he appears to believe he can improve by reducing the number of elected members.

Average population sizes of local governments, in many European countries are lower (or not that much higher) than that of East Fremantle, for example:

	<u>Average Population</u>
France	1,560
Switzerland	2,122
Austria	3,000
Spain	4,700
Italy	7,019
Germany	8,845
Norway	9,421
Finland	10,770

In Canada the figure is 5,594 (despite extensive amalgamations in many provinces) and in the US (also despite extensive amalgamations) 6,600.

These figures are particularly significant when considered in the context that in all of these countries, local governments have far more responsibilities than they have in Australia.

It is disturbing that the Minister gives such scant regard to the issues of community representation and participation (or indeed any of the “non-economic” issues) as they are of fundamental importance. As Dollery, Crase & Johnson write:

“Councils often represent the focal point of small communities, and enhance people’s ‘sense of place’ and identity with their towns and regions. Effective participatory democracy is facilitated through small councils, where citizens feel that they can influence local outcomes. Such councils capture the benefits of detailed local knowledge, improving the quality of decisions taken at the local level. They also involve people in their local communities and encourage socially beneficial behaviour such as volunteering.”

In another publication, “Reshaping Australia’s Local Government” (2003) Dollery, Marshall & Worthington write of the significant damage caused to local government’s representative role by the continuous interventions by State Governments commencing in the 1990s. Referring to the “administrative management or ideological fashions” of the period the authors write that these concepts:

“...have not been beneficial for local governments. Rather, they have continued to weaken the democratic legitimacy of local governments and left them in a position where they cannot properly represent the people of their local areas”.

Oliver in his book “Democracy in Suburbia” (2001) (quoted in Dollery, Marshall & Worthington) notes that local governments with large populations “make it more not less difficult to achieve participation and an active citizenry, notwithstanding efforts to practice ‘community consultation’ and to carry out satisfaction surveys”.



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This leads Dollery, Crase & Johnson to conclude that amalgamations can have a deleterious impact on the “vibrancy of local democracy” with “a higher ratio of elected representatives to voters ‘distancing’ councils from their citizens”.

Further in this regard, Allan, cited earlier, concluded that small councils “provide better decision-making units in terms of the appropriateness and effectiveness of service provision, since they are closer to the people”.

The CEO met recently with two visiting ex members of the British Council, who both spoke of the enormous damage to local communities which extensive local government amalgamations had caused in Britain. In particular they spoke of the loss of community representation and community engagement and in the latter regard, referred to the resulting increasing difficulty in attracting good candidates to stand in Council elections. They also spoke of the general decline in the quality and range of Council services.

Despite the Minister’s assurances, it is believed the Minister is aware of the potential losses of community representation arising from large local governments, thus one of the tasks which the Minister has set for the Local Government Reform Steering Committee is “to examine options aimed at achieving greater community representation following amalgamations”.

Notwithstanding the above issues, the Minister has stated that whilst he does not expect amalgamations will be achievable before the October 2009 elections, he does believe a reduction in the number of elected members would be possible by then.

Why the Minister is so driven to reduce opportunities for citizens to serve and represent their local communities, in the face of a social trend of declining rates in community volunteerism, is of significant concern.

Staff

One of the Minister’s more unfortunate statements when he made his announcement regarding amalgamations was “Increased competition for staff positions within the sector will be a welcome change from the present situation”.

Clearly the Minister is not only foreshadowing job cuts, but apparently relishes the prospect. If so, this would seem an extraordinarily insensitive position for a Minister to take in the context of a recession and rapidly increasing unemployment. In the same month the Minister made this statement, 2000 people joined the ranks of the State’s existing unemployed and all predictions are the situation will continue to worsen for some time, with additional job losses in WA of 10,000 in the next 18 months currently predicted.

Many staff have approached the Chief Executive Officer with concerns regarding their jobs. Whilst there are statutory safeguards in relation to some staff, which the Minister says he will maintain, this appears of limited reassurance, particularly when there is currently conflicting advice regarding the interpretation and application of those provisions, with WALGA recommending that “specialist advice” be sought in the event of an impending amalgamation. Further, regardless of how the legislation is interpreted, the Government has indicated it is quite prepared to break previous undertakings with respect to existing local government legislation. With such uncertainty, the increasing temptation may be for staff to “jump ship” and seek a larger “safer” local government or a position outside of local government.

The Chief Executive Officer is discouraging this and advising staff he himself has no intention of leaving and will do all he can to support staff and their positions.

Nevertheless one staff member has already resigned and taken a job with a larger local government, citing amalgamation concerns as one of the reasons for her decision.

The Minister’s announcement also has the potential to make the recruitment of any new staff more difficult, although this will be counterbalanced to some extent by the increasing unemployment.



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Nevertheless, both in respect of Council staff and the community generally, Council services and their local environment are important points of stability for people facing uncertain futures and the Minister's directive is thus not only considered ill conceived but also ill timed.

As Opposition Leader Eric Ripper has stated:

"Achieving sustainability in the local government sector is far more complex than just forcing amalgamations.

Mr Castrilli has thrown the local government reform process into disarray and more than 11,000 local government employees and elected representatives across the State are now anxious about their future.

At a time of global crisis people look to political leaders for certainty.

It is clear that Minister Castrilli's announcement was ill conceived."

Legislation

If the Government wishes to proceed with *unfettered* forced amalgamations it will require legislation to do so.

Labor quickly came out strongly in opposition to Mr Castrilli's actions and in particular to forced amalgamations.

Following an initial lengthy silence, Brendan Grylls, the leader of the Nationals, indicated he would also oppose forced amalgamations and recently his party reconfirmed this position.

Mr Grylls stated the \$400 million "country local government fund" (ie part of the Royalties for Regions monies) had already encouraged councils to work together across their regions and suggested those relationships be formalised through legislation.

Nevertheless it should be noted that Mr Castrilli has said he did not expect any problems with the Nationals over amalgamations.

With respect to the Independents, Kalgoorlie MLA John Bowler has said he would oppose forced amalgamations and Dr Woollard has stated that before supporting the legislation she "would need to be convinced that larger councils were not only more efficient but would continue to be responsive to the needs of the community".

Liz Constable has not declared a position however as a Minister would be expected to support the government.

With respect to the Greens, Robin Chapple, who will take up his position in the Legislative Council representing the Mining and Pastoral Region for the WA Greens in May 2009, recently stated:

"The Greens would not support legislation to force amalgamations. The Minister has not rationalised the need to amalgamate. In this day and age, with increasing costs of fuel and transport and other services, is it in local government's financial, social or environmental interest to amalgamate? The Minister makes an assumption that it is but doesn't justify why.

There has been a trend to downsizing, for example with amalgamation of government utilities and agencies and staff reductions, but it doesn't end up being a better outcome for the community. We end up with leaner instrumentalities that don't have the ability to function properly because they don't have enough staff. Amalgamation is about bean counting and reduction of costs, it doesn't mean it's a good outcome for communities or their desires – and that's what councils are supposed to reflect.

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I've read the Minister's ultimatum to local government on amalgamation and I can see nothing in the checklist in the Structural Reform Guidelines that even looks at the fundamental requirement of local government to meet the needs of current and future generations.

The Minister's actions look like bully boy tactics. He's pushing for amalgamations on the basis that he thinks it's a good economic model without testing it against the needs or desires of local communities."

WALGA and the Opposition's focus on Mr Castrilli's broken promise ultimately caused the Minister to modify his *public* position, with "forced amalgamation" being dropped from his vocabulary.

However there was, and remains, no doubt as to the Minister's intentions.

Claiming that *currently* he hadn't broken an election promise "because *at the moment* it's voluntary" the Minister advised he would take the matter of forced amalgamations to Cabinet if he did not get the outcome which he wanted after six months.

The Minister has publicly stated that he will not accept the status quo as an outcome of his "reform" process and if that occurred he would "look at mechanisms by which I can progress this further".

No doubt with that in mind, one of the Steering Committees appointed by the Minister is charged with assessing local government boundaries and preparing "detailed proposals for amending the local government legislation..."

Meanwhile, when some sections of the media noted the Minister had begun constantly repeating that he was only seeking *voluntary* amalgamations (to the point of it being referred to in the press as a "back flip"), he was asked to give a *specific commitment* that he would *not* seek forced amalgamations. However the Minister has consistently refused, repeatedly stating he was confident local government would do the *right thing* (or words to that effect) and agree, on a voluntary basis, to the reduced number of local governments he was seeking.

In the CEO's view, because of the Parliamentary "numbers" situation, the government will not, *at least at this stage*, and possibly for the term of the government, seek forced amalgamations via any *new* legislation, unless some significant new factor comes into play (eg obtaining Brenden Grylls' support for amalgamation legislation through a deal involving more Royalties for Regions monies).

However the Minister could still pursue any amalgamations which he wanted under *existing* legislation and as long as the "poll" provisions (see below) were left intact, could claim these were not *forced* amalgamations.

The "poll provisions", as previously advised to elected members, refer to provisions in Schedule 2.1 of the Local Government Act, which provide for a poll of electors on any amalgamation proposal if sufficient numbers of electors request this. In the Town of East Fremantle's case, 250 petitioners would be required.

However, even if this occurred, for the outcome of the poll to be binding, 50% of electors would need to vote and of those, at least 50% of electors would need to oppose the amalgamation proposal, for it not to proceed.

If any of the above criteria were not met, the Minister could implement the amalgamation under his existing powers. Parliament would not be involved, no new legislation would be needed and because of the poll provisions, the Minister would be expected to claim any amalgamation achieved via the above process was not "forced".

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In the CEO's view however any amalgamation initiated by the Minister which is not *voted for* by East Fremantle electors, in a binding poll, is effectively a *forced* amalgamation.

This would be even more the case if any of the affected local governments did not support the amalgamation (and even more so if *none* of the affected local governments involved did so).

An example of the latter would be an amalgamation involving East Fremantle, Fremantle and Melville which was not sought by any of those local governments.

The CEO has written to WALGA asking them to obtain clarification from the Minister on this issue.

Whilst a written response has not been received, WALGA has verbally advised that they have no doubt the Minister reserves the "right" to seek to achieve amalgamations, even where any of the local governments concerned are opposed, through the existing legislative provisions.

Thus the following is a quite feasible scenario as per Schedule 2.1 of the Local Government Act:

1. Following finalisation of "Reform Submission" process at end of August, Minister makes amalgamation proposal to Local Government Advisory Board, say, involving Town of East Fremantle and City of Fremantle (or City of Melville), *under existing legislation*. (In fact it would be highly likely, under the "reform" process, that the proposal would be made to the Minister by the Local Government Advisory Board in the first place with the Minister simply agreeing and sending it back to the Board technically as "his" proposal.)
2. The Board considers the Minister's proposal.
3. The Board could at this point resolve that the proposal was "not one about which public submissions need be invited" and recommend the Minister make an amalgamation order, however it is considered this would be improper in the circumstances.
4. (More likely) the Board would then formally inquire into the proposal – this involves giving notice to affected local governments and affected electors.
5. Inquiry process follows – most likely involving public hearings and certainly involving public submissions (maximum 6 weeks allowed).
6. Following Inquiry, Board recommends amalgamation to Minister.
7. Minister decides to support Board's recommendation and in the process does not require poll.
8. Board gives notice of Minister's amalgamation decision to affected local governments and electors, including advice on right to request a poll.
9. 250 East Fremantle electors (the minimum required) seek poll.
10. Polls held involving the electors of the Town of East Fremantle and the City of Fremantle (or City of Melville). *Advisory Board* prepares written case for and against amalgamation which is distributed to electors. The poll is conducted by the *State Electoral Commission* and would involve a postal ballot. If 50% of the electors of *one* of those local governments vote, the poll is valid. Of those voting in a valid poll, if more than 50% of the electors of one of the local governments vote to oppose amalgamation, the Minister *is* to reject the recommendation, ie the amalgamation cannot proceed.

However if 250 petitioners do not petition for a poll, or if a 50% turnout by at least one of the local governments is not achieved, or a majority vote not obtained even if a 50% turnout is achieved, *the Minister's proposal succeeds*. In other words, it is the "default" option. Only the Minister could then stop the amalgamation proceeding.



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It is disappointing that these provisions are widely misunderstood. In a number of cases the local press and even some CEOs quoted in the articles concerned, have effectively claimed that the onus is on the *Minister* to “get the numbers” for an amalgamation to proceed – in fact, as indicated, the onus is on the *electors* of the local government facing amalgamation to “get the numbers” to *prevent* it from succeeding.

WALGA

Whilst from the outset, WALGA took a principled position on the Minister’s change of direction, they had clearly been marginalised and this caused a predicament for WALGA.

At the time, for example, there was the issue of whether they should attempt to retain some influence in proceedings by serving on the Minister’s hand picked “amalgamation” committees, in which case running the risk of being coopted, or rather, boycott the process. In other words fight from without or within?

One of Ricky Burges’ first statements was that “I understand that WALGA is expected to coordinate the ‘amalgamation’ effort and we will move to develop a strategy in response to this immediately”.

It was not understood what “coordinate the ‘amalgamation’ effort” meant, given the obligation of individual local governments to submit their own responses.

With regard to the required submissions, WALGA advised:

“Feedback from member councils indicates a high level of confusion regarding the Minister’s expectations from Council submissions. It was hoped that the Guidelines from the Reform Committee would help to resolve this confusion however whilst the FAQs have helped to answer some questions, the guidelines do not provide enough detail about the parameters and have left councils in the dark.”

As a consequence the State Council directed WALGA to request the State Government to develop a more quantitative framework for councils which outlined preferred reform models and benchmarks, specifically identifying elected member to resident ratios and local authority area and/or population, depending on their specific geographical location within the State, to better guide local governments when preparing responses to the Minister.

State Council also directed to WALGA to “advise the Minister that a 6 month period for response is inadequate and that a more realistic timeframe be considered in consultation with WALGA”.

With respect to the first request, the Minister stated he would not advocate an optimal size of a local government from a geographic, population or revenue perspective. With respect to the second request, the Minister’s response was that six months was more than sufficient.

THE PROCESS OF RESPONDING TO THE MINISTERIntroduction

Amalgamation of local governments is a very complex issue with a vast number of issues needing proper research and consideration before the matter can be put before elected members in any informed manner, not to mention the local community.

The Department’s own handbook on amalgamations describes amalgamations as “a complex issue (which) demands meticulous planning”.

Issues include a range of financial, statutory and operational arrangements; including IT systems, Council financial systems, asset management systems, record systems, communication systems, rating issues, local laws, town planning scheme and policies, the disposition of various property and assets; bank accounts, investments and



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borrowings; insurance; contracts, leases and other legal instruments, creditors; advice to residents and ratepayers; the future of existing services and existing resource sharing agreements (eg SMRC), the future of capital works projects in progress; the fate of employees and other industrial issues. When amalgamations occur voluntarily, at least 1½-2 years and often 3 years (and, even then, not including any prior deliberations of the local governments concerned before even commencing a formal review) of careful consideration of such matters and comprehensive community consultation are normally devoted to these issues before a final decision is made and before the matter is put to any poll of electors.

Yet the Minister has stated he requires councils to provide their “clear intention” on amalgamation to him, within six months. He has defined “clear intention” as a “Council resolution by participating councils to formally amalgamate”. The Minister has even sent all local governments a proforma resolution.

The Minister’s timetable appears deliberately designed to ensure local governments will only be able to undertake a superficial consideration of the relevant issues. This may suggest a pre-determined outcome, where the views of local governments will simply be given lip service.

It is also concluded that community views will largely, if not entirely, be irrelevant. This is initially demonstrated by the Minister’s “Timeframe for Reform Submissions to the Minister”, effectively received 3 March 2009. In Stage 1 – March/April 2009 – the Minister requires that “Local governments determine suitable partners for amalgamation”. In April/May 2009 “Project team meets as required to determine preferred amalgamation structure”, only later in that period is “Community consultation undertaken with “each” affected local government and comments recorded”.

The ultimate deadline of August 31 appears to be a means to have all the amalgamations decided prior to the October 2009 elections. Whether deliberate or not, this will significantly lessen community debate on the matter. Thus whilst the Minister has stated he is concerned about social sustainability in addition to economic and environmental sustainability – he clearly intends that there will only be a superficial role for local communities to provide input in the matter.

Thus there was no community consultation by the Minister before he made his amalgamations announcement.

Local governments considering not cooperating with the Minister’s demands have been warned by both the Minister and the Premier, of severe possible consequences, for example suspension or having an amalgamation decision “made for them”.

Local Government Reform Steering Committee (“Reform Committee”)

This is the key Committee overseeing the process. The membership is as follows:

- Ms Jennifer Mathews (Chair), Director General, Department of Local Government and Regional Development
- Mr Gary Brennan (Deputy Chair), Chief of Staff, Office of the Minister for Local Government
- Mr Bill Mitchell, President, WA Local Government Association
- Mr Michael Parker representing the Local Government Managers Association
- Mayor Ron Yuryevich, City of Kalgoorlie-Boulder representing the Local Government Advisory Board
- Councillor Helen Dullard, President, Shire of Mundaring representing the Local Government Advisory Board
- Mr Nathan Taylor, Chamber of Commerce and Industry WA
- Ms Maree de Lacy, CEO, Peel Development Commission representing the Regional Development Council
- Mr Tim Shanahan, Director, Minerals and Energy Initiative, UWA
- Mr Eric Lumsden, Director General, Department for Planning and Infrastructure
- Mr Alex Scherini representing the Department of Treasury and Finance



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All members are appointed by the Minister. It is noteworthy that the Chair is the Director General of the Minister's own Department and the Deputy Chair is the Minister's Chief of Staff, Mr Gary Brennan.

Gary Brennan (who was a former Health Surveyor for the Town of East Fremantle) was the CEO of the City of Bunbury at the time the Minister was Mayor and is reportedly a close personal friend of the Minister.

He is known to be strongly in favour of local government amalgamations and a long supporter of the "bigger is better" position.

A number of people have commented that from their observations, Mr Brennan appears to be directing proceedings more so than the Minister, to the point where it is reported that at some meetings where the Minister has been asked a question, it is Mr Brennan who, without consultation with the Minister, has provided the response.

The preceding may explain why one "West Australian" journalist, in a recent amalgamations related article, good humouredly referred to the Minister as Gary Brennan!

It should also be noted Mayor Yuryevich, Cr Dullard and Eric Lumsden were members of the Local Government Advisory Board (LGAB) which, in April 2006, recommended to the then Local Government Minister, John Bowler:

"That the Minister legislate for the amalgamation of the City of Fremantle and Town of East Fremantle as soon as possible."

It is particularly significant that the reference to legislation was a reference to *forced* amalgamation, ie a reference to new legislation which removed any right of East Fremantle electors to have a say in the matter.

That aspect takes on a particular significance when it is noted not all recommendations made at that time were for "forced" amalgamations. For example amalgamation proposals in relation to the City of Bunbury taking over small surrounding local governments were recommended to be returned to the Local Government Advisory Board for processing through "their" legislation, which, as indicated, incorporates poll provisions allowing local electors to vote on the issue.

In East Fremantle's case the Board did not think that was necessary.

The Board was highly dismissive of the community of interest argument which the Town, via a comprehensive report from the CEO, had mounted, claiming the East Fremantle community identified with East Fremantle as a "suburb" rather than as an autonomous local authority and saying that this aspect would not change if its proposed forced amalgamation of the Town with Fremantle proceeded.

The Board was also dismissive of town planning issues raised by the CEO, in fact stating the amalgamation would "*assist business and developers*" by these parties having only one town planning scheme to deal with!

It is also worth noting that the recommendation was made despite the report giving the rating of the Town of East Fremantle's financial viability the second highest level possible (classified as "substantial margin of comfort"), whereas the City of Fremantle was rated two levels lower as "minimum margin of comfort". Further, within the region, the Town of Kwinana received the lowest possible rating of "financially unsustainable", yet the Board did not propose *that* local government be amalgamated.

The entire report was ultimately effectively dismissed, by the former Government. The Local Government Minister at that time, Ljiljana Ravlich, stated:



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"I am also of the view that the poll provisions in the Local Government Act 1995 ensure that the community has a direct opportunity to express its view about amalgamation proposals. Thus, I will not be implementing the Board's recommendation to remove the poll provisions."

Following the former government's rejection of their report the Local Government Advisory Board subsequently issued advice which stated, in part:

"Following consideration of the report and subsequent public comment the Minister for Local Government has responded to the recommendations. The response is in keeping with the Government's position that it will not forcibly amalgamate local governments, but rather continue to provide support to local governments considering voluntary amalgamation and resource sharing through actions such as the Connecting Local Governments initiative.

In addition the Government does not intend to introduce legislative changes associated with local government amalgamation and boundary reform. This recognises the considerable effort being made by the local government sector on improving its performance in this area. The Government's response also focuses on giving local government the opportunity to respond to sustainability issues and not imposing change through prescriptive legislation.

(The) Government does not intend to remove the poll provisions which ensure that the community has a direct opportunity to express its view about amalgamation proposals."

Yet the current Minister, in attempting to justify his push for amalgamations, including forced amalgamations if necessary, cited at the outset the discredited Local Government Advisory Board Report referred to above.

In short, Mayor Yuryevich, Cr Dullard and Eric Lumsden, who, only three years ago, tried but failed to achieve the forced amalgamation of the Town of East Fremantle, have now been given another opportunity to help achieve that outcome.

Whilst not questioning the personal integrity of any of these individuals, the CEO believes this situation gives rise to potential perceptions of apprehended bias, to say the least.

Structural Reform Guidelines

Almost a month after the Minister's announcement, local governments received, from the Minister's Reform Committee, the awaited "Structural Reform Guidelines" with regard to how local governments are required to examine and report on their long term sustainability.

In short, according to the Guidelines, every local government in WA will, individually, by the end of August 2009, need to have demonstrated capacity in:

- long term strategic planning;
- detailed asset and infrastructure management planning;
- future financial viability and planning;
- equitable governance and community representation;
- proficient organisational capacity;
- effective political and community advocacy for service delivery;
- understanding of and planning for demographic change;
- effective management of natural resources;
- optimal community of interest; and
- optimal service delivery to the community.



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Councils are also required to demonstrate outcomes or progress in terms of forming regional groupings and "previous structural reform".

Council's required response involves two key dates:

- (i) By **30 April 2009** Council is to have completed and returned a "Local Government Reform Checklist". This (minus attachments) is attached. **ATTACHMENT A**

Local government were originally advised the Checklist was designed to target "the capacity gaps" of each existing local government "which will inform the development of the Reform Submission". Local governments were asked to analyse "opportunities for reducing or removing those gaps via amalgamating with other local governments".

However advice issued by the Minister on 20 April 2009 indicated the Checklists received will also be assessed by the Reform Steering Committee "against objective standards of best practice in terms of sustainability and optimal service delivery to meet the needs and expectations of future communities". Leaving aside the fact local governments are not informed what standards the Minister is referring to, or how the Minister plans to determine what the future "needs and expectations" of the East Fremantle community are, local governments are informed that after the Committee's assessment process, that officers from the Department "*will be providing strategically targeted and informed advice to assist local governments in their preparation of (their) Reform Submissions*".

It is suspected that in addition to specifying further information requirements, this advice may include directing local governments with respect to which "potential" amalgamation partners they are to approach.

It should be noted that notwithstanding the fact a "Timeframe for Reform Submission to the Minister" (attached as "B") states that in March/April 2009, local governments are expected to:

- have undertaken an "Initial explanatory meeting to confirm local government amalgamation grouping is appropriate" AND
- determined suitable partners for amalgamation.

It is not a requirement, according to the Checklist, that the local government designates "suitable partners for amalgamation" at this stage. **ATTACHMENT B**

With respect to Question 13, which is the key question and ties in with Question 10, it is the CEO's current conclusion that the most appropriate form of structural reform for the Town of East Fremantle to pursue is the SSS Model, and in accordance with that model, continued membership of the South West Group and the progression and implementation of the South West Group based shared services model which has already been embarked on.

Accordingly, unless elected members resolve otherwise, this is the response which the CEO currently proposes to submit.

This is not to suggest that this position may not also change during the development of the subsequent Reform Submission, which also involves community consultation and discussion with other local governments.

It might be noted the "Timetable" also calls for "Consideration of the reduction in the number of elected members" by March/April 2009, however this issue is also not directly raised in the Checklist.

This report has outlined the CEO's current views on this particular issue. However this issue will be discussed further during the period when the Reform Submission is being formulated.

- (ii) By **31 August 2009** the Minister is to receive a Reform Submission.

That Reform Submission is to include a record of Council's formal response, by elected member resolution, to the issues of:

- amalgamation
- regional grouping structures
- the proposed number of elected members
- the Reform Checklist
- a timeline for implementation of reform.

Under this process, following the submission of the Reform Checklist, by the end of May it is intended all local governments will have carried out consultations with both potential "partners for amalgamation" and the community.

During June it is intended the Reform Submission is substantially developed and will have addressed the "preferred amalgamation" and regional grouping structures, number of elected members and "transition timeline".

By the end of July the Reform submission is to be finalised and any merger plans circulated to affected councils.

By the end of August the Reform Submission will have to be forwarded to the Minister.

The Guidelines insist that even councils which can demonstrate they are financially sustainable must consider amalgamating.

The Guidelines advise that councils that do not recommend reform measures will have the decision made for them by the Local Government Reform Steering Committee.

Following 31 August 2009, the Reform Submissions will be referred by the Minister to the Steering Committee who will then provide advice to the Minister on "preferred options for reform".

These will then be turned into "finalised proposals" which will then be referred by the Minister to the Local Government Advisory Board (which is appointed by the Minister) for "consideration and recommendation".

It should be noted that under the relevant provisions of the Local Government Act, the Local Government Advisory Board's major functions are to assess proposals to change a local government boundaries, assess a local government's system of representation (eg ward boundary reviews) and assess amalgamation proposals.

The Board is required to consider the following issues when looking in structural reform changes:

- community of interest
- physical and topographic factors
- demographic factors
- economic matters
- history of the area
- transport and communication
- matters affecting viability of the local government(s) involved
- delivery of local government services.

Compiling this information can be a time consuming task, a particularly significant issue when the Board is likely to be considering a large number of amalgamation

proposals at once and the Minister has given them a tight time frame in which to do so.

Thus it is no surprise that local governments are asked to frame their Reform Submissions around the above criteria.

It seems highly noteworthy that despite the fact 139 comprehensive submissions will be required to be considered under the above process, that the Legislative Reform Working Group is to report to the Minister by September 2009 and by the end of December 2009, final proposals for amending legislation are to be completed.

FURTHER DETAIL ON REFORM SUBMISSION PROCESS

The entire assessment and submission process is aimed at amalgamation. No other reform model is discussed, other than a brief reference to "or other types of boundary adjustments" in the Timeframe for Reform and the following reference in the Guidelines:

"In some cases, the outcome may be a decision to provide for boundary adjustments rather than total amalgamation."

In regard to amalgamation, the Guidelines state:

"It is recommended that local governments analyse past experiences, existing reports and information to determine their current capacity gaps and the opportunities for reducing or removing those gaps via amalgamating with other local governments. As part of this stage, local governments should agree on the potential partners for amalgamation. Local governments are encouraged to consider the largest combination of councils in the first instance. Once the potential partners have been identified, an initial exploratory meeting should be undertaken to confirm whether the proposed grouping of local governments for amalgamation is appropriate. Local governments, having identified the suitable partners for amalgamation, should also consider the reduction in the number of elected members."

With respect to the above, the Guidelines state that the Minister will require, at the end of the process, the following resolutions:

1. Voluntary Amalgamation
That the Shire/Town/City of <insert name> resolves to advise the Minister for Local Government of its intention to amalgamate with the Shire(s)/Town(s)/Cities of <insert names> effective from <date>.
2. Number of Elected Members
That the Shire/Town/City of <insert name> resolves to advise the Minister for Local Government of its intention to reduce the total number of elected members to <insert number> effective from <date>.
3. Regional Grouping
That the Shire/Town./City of <insert name> resolves to advise the Minister for Local Government for their intention to work collaboratively within a regional grouping comprising the local governments of <insert names>."

In the lead up to this situation, the following needs to occur (note the relevant timetable can be found by reference to Attachment B):

- (i) Local Government consider the establishment of a Project Team "having regard to appropriate skill sets of potential members to coordinate the reform process".

The "Reform Committee" recommends the Project Team comprise "two-three members of the proposed amalgamating local governments including the Mayor and Chief Executive Officer".

The CEO recommends in the case of the Town of East Fremantle, the Project Team comprise the Mayor, Deputy Mayor, CEO and Executive Manager Finance & Administration.

There is no advice on what happens if a neighbouring local government does not wish to explore an amalgamation with another local government which is asking to do so.

The Guidelines simply go on to indicate the Project Team should consider the following:

- *“how the preferred amalgamated structure will improve social, economic and environmental capacity on behalf of their communities;*
- *how the gaps identified in individual checklists will be addressed;*
- *how community identity and representation will be preserved or improved;*
- *community consultation strategies;*
- *elected member representation;*
- *membership of regional groupings;*
- *the transition timeframe; and*
- *estimated reasonable additional costs that are likely to be incurred as part of the transition.”*

To repeat, it is clearly indicated the Project Team must consider amalgamation. Other than the fleeting references to boundary changes mentioned above, there is no provision for a local government which would prefer another approach (eg resource sharing) or which supports the status quo.

The Minister has stated membership of regional groupings is encouraged as part of the reform process but should not be considered an alternative to amalgamations “where it is clear that amalgamations” would result in enhanced sustainability.

- (ii) The Guidelines also refer to “Project Team” in the singular, which means an individual local government’s Project Team.

The Guidelines give the initial role of this team as:

- *“Project team to meet as required.*
- *Project team to consider preferred amalgamated structure.*
- *Project team to determine appropriate elected member representation and methods of ensuring appropriate community representation.*
- *Project team to consider local government regional grouping.*
- *Project team to consider whether State Government financial assistance to assist with facilitation or submission preparation is required.”*

- (iii) The role of elected members at this stage, vis a vis the Project Team(s), is given as follows:

- *“Local governments identify and meet with potential partners.*
- *Local governments undertake a preliminary assessment to confirm amalgamation grouping is appropriate.*
- *Local governments decide on the appropriate combination of councils.*
- *Local governments to consider proposals for a reduction in the number of elected members.*

- *Local governments to consider the skill sets for establishing a project team to coordinate the reform process.”*

(iv) What do the Guidelines suggest in terms of broader consultation?

The Guidelines state:

“As part of developing the Reform Submission and to engender support and understanding of the preferred reform option, it is expected that elected members, staff and the community will be given an opportunity to contribute to open discussions on amalgamation and that their views will be represented in the Reform Submission to be forwarded to the Minister for Local Government.

Consulting with the community will provide an opportunity for sharing information and interaction with community participants so that the views and concerns of those represented can be raised, documented and responded to. More importantly, it may encourage public confidence in the voluntary reform process and in building support for the preferred option.

The completed reform checklist should be made available to stakeholders to aid their understanding.

Local governments may wish to engage a facilitator to aid with community consultation through:

- *information dissemination;*
- *community forums;*
- *community reference groups;*
- *discussion groups/workshops; and*
- *public displays.”*

PREPARATION OF REFORM SUBMISSION

The Guidelines suggest that the Reform Submission be based on the statutory provisions pertaining to the Local Government Advisory Board; that is, as identified in Schedule 2.1(2) of the Act,

- (a) set out clearly the nature of the proposal, the reasons for making the proposal and the effects of the proposal on local governments; and
- (b) include a plan illustrating proposed boundary changes to the district.

The Board’s criteria, which were also referred to above, are attached. **ATTACHMENT C**

The Guidelines state the Submission should identify the benefits, efficiencies and capacity to be derived from an amalgamation, including how savings will be used to benefit the community.

Local governments are not asked to consider, let alone suggest, any *disadvantages* related to an amalgamation!

With respect to the issue of “Representation” the Guidelines state:

“When determining the preferred number of elected members of between six and nine, the following principles need to be considered:

- *ratio of councillors to electors;*
- *demographic trends;*
- *consistency with representation between wards; and*
- *community of interest.”*

With respect to the issue of “Regional Grouping” the Guidelines state:

“When determining a preferred regional grouping for your local government, the review should have regard to:

- *existing WALGA Zones;*
- *other State Government regional boundaries and groupings, such as regional road groupings and Regional Development Commission;*
- *current regional local government boundaries;*
- *Regional Development Australia boundaries; and*
- *proposed district boundary changes.”*

The Reform Submission is also expected to state a “Transition Timeline”.

In this regard the Guidelines state the following aspects should be addressed when preparing a transition timeline:

- *“the planned timing of the amalgamation including consideration of, though not limited to;*
 - *organisational change processes;*
 - *human resources management;*
 - *development of governance systems such as local laws and policies;*
 - *and information technology and communication infrastructure.*
- *the impact on council elections;*
- *the impact on staff contracts;*
- *the impact on council operations during the transition period; and*
- *details of estimated transition costs.*

The Guidelines conclude with the requirements for “Council Endorsement”.

These are described as follows:

“Once the project team has finalised the Reform Submission to the Minister and circulated it to the affected local governments, the councils of each local government will consider the Reform Submission and make a resolution to proceed based on the findings.

Attached to the resolution will be supporting documentation, including the completed checklist for each existing local government, a transition timeline identifying the date amalgamation is to take effect, along with a date at which elected member numbers will be reduced and the finalised Reform Submission. These will be forwarded to the Minister for Local Government.”

The Guidelines go on to state (as indicated earlier in this report) that the Council resolution is to read as follows:

1. *Voluntary Amalgamation*
That the Shire/Town/City of <insert name> resolves to advise the Minister for Local Government of its intention to amalgamate with the Shire(s)/Town(s)/Cities of <insert names> effective from <date>.
2. *Number of Elected Members*
That the Shire/Town/City of <insert name> resolves to advise the Minister for Local Government of its intention to reduce the total number of elected members to <insert number> effective from <date>.
3. *Regional Grouping*
That the Shire/Town./City of <insert name> resolves to advise the Minister for Local Government for their intention to work collaboratively within a regional grouping comprising the local governments of <insert names>.”

The final part of the process is procedural and is described as follows:

“Once the required resolutions have been passed, the Reform Submission with the resolutions, supporting documentation and amalgamation timeline attached, is to be submitted to the Minister for Local Government.

The Minister will refer these to the Local Government Reform Steering Committee for feedback.

The Steering Committee may seek further clarification or input from the affected local governments prior to making recommendations to the Minister on the preferred option for reform.

The finalised submissions will then be referred to the Local Government Advisory Board for consideration. The Board will consider each proposal in accordance with the provisions of Schedule 2.1 of the Act and make a recommendation to the Minister.”

DISCUSSION

The work inherent in meeting the Minister’s requirements gives rise to considerable resource issues and will undoubtedly affect service delivery. As the “West Australian” commenced its report on the Guidelines:

“If you’re waiting for an approval or decision of any kind out of your local government authority, be prepared for long delays because for the next six months your council is going to be pre-occupied with its neighbours.

The guidelines released yesterday for voluntary amalgamations of the State’s local authorities have set incredibly tight deadlines for what will be the most fundamental government reform in decades.

By the end of April, all councils are being asked to submit a reform “checklist” to the Local Government Department. The checklist requires authorities to provide yes/no answers and explanatory comments over 13 different categories, all of which contain multiple questions.

Under the heading “Effective political and community advocacy for service delivery”, for instance, there are six questions, including whether “the relationship between your local government boundaries and State and Commonwealth agency boundaries are appropriate for effective decision-making”.

Geoff Gallop’s graduate students in his social policy unit at the University of NSW could spend a semester or two writing a doctorate thesis on that question alone but your local council has to complete that and dozens of questions like it by the end of April. Forget Easter holidays if you work in local government.

While completing the checklist, councils also have to suss out their neighbours as potential amalgamation prospects, decide whether they could do with fewer councillors and establish a team to coordinate the reform process.”

The “West Australian” then went on to say, in part:

“From May through to August 30 the work really starts in earnest for the project team, which is expected to consist of two or three councillors but which will engage most of the council staff one way or another.

As they work through all the issues arising out of proposed amalgamations, the team is also required to conduct “community consultation” and “record all comments”.

Once all the information is in and the feedback has been received the team will have to put together its reform submission by the end of August.



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According to the Government, that submission should identify the “benefits, efficiency and capacity” to be derived from a merger. It’s not entirely clear whether all 139 councils each provide a submission or the proposed amalgamate cluster of councils provide submissions but you can get an idea of the level of detail required by checking out the section under heading “Transition”.

It calls for planning for organisational change management, human resources management, development of governance systems such as local laws and policies and merging of information technologies.”

Whilst every local government is “in the same boat” it is always smaller local governments with less human resources which bear the greatest burden in tasks such as this.

Further, the exercise is occurring in parallel with ongoing work on the South West Group Shared Services Model (see below), in addition to preparation for the 2009/10 budget and other tasks required at this time.

WALGA has offered “to provide assistance where necessary to councils in preparing submissions to the Minister”.

It is not known what help WALGA is able to practically provide, given WALGA’s limited resources and the fact there are 139 local governments involved.

WALGA has also stated that local governments, in their response to the Minister, should “detail their plans within the principles of the SSS plan”.

Whilst the above is supported in principle it is something of a hard ask when the Minister is quite specific about the information he wants and the ultimate outcome he wants which is a large number of amalgamations.

Nevertheless WALGA ventures that “It would be obdurate for any Minister to reject detailed plans for regional cooperation and efficiencies just to unfoundedly create super councils”.

There are also financial issues. It will require sufficient funds for local governments to adequately explore, research, consult (including the issue of costs arising from any public survey and/or consultation processes) and prepare the required reform proposals.

The Minister originally said the State has \$3.2million available “for all councils to develop their submissions”. This equated to approximately \$23,000 per council. Recently the Minister announced local governments would be eligible for initial payments of up to \$10,000 to assist with their Reform Submission preparation. The money is not available at this stage and requires, for example, the local government seeking the grant to stipulate the “local government (amalgamation) partners” being considered with respect to the Reform Submission.

Consideration is being given by the CEO to both seeking the above financial assistance and employing a consultant with respect to the development of the Reform Submission.

With regard to the above the CEO recommends Council allocate \$50,000 at this stage for costs associated with the Reform Submission exercise and, particularly given the tight timeframes involved, provide the CEO with a delegated authority to expend these funds where required.

The CEO has chosen to not discuss in this report, in any detail, the issue of community consultation or recommended options in this regard, believing such consideration would benefit from a discussion with elected members on the matter in the first instance.

The CEO also wishes to discuss the fact that were the Council to consult with the community at this stage (or had already done so, whether by survey or public meeting) it



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would be doing so, or would have done so, without the benefit of any prior discussion with neighbouring local governments.

It is accepted there will be many members of the community who oppose, and will continue to oppose, amalgamation under *any* circumstances, however what of those members of the community who wish to make an informed choice (for example considering the advantages and disadvantages of any amalgamation, or, more specifically, wishing to know what the Cities of Fremantle, Melville or any other potential “partner” have to offer, if anything, or even if they are interested).

The initiative of the Mayor in earlier drafting a letter to electors was very much appreciated and it is acknowledged the Mayor was aware of the difficulty for electors to make an informed decision at that time. At that time the situation was, at least from a public viewpoint, still very confused (it has hardly improved even now) with the Minister consistently claiming the process was “voluntary” and refusing to repeat his “forced amalgamation” comments, to the point where a number of journalists stated he had “back flipped”. Equally confusing was the Premier, who, around the same time, publicly stated that the Shire of Peppermint Grove should be left independent (in which event, had he not later recanted, East Fremantle would have become an even bigger target) because it was “unique” and “like the Monaco of WA”.

Further, WALGA was attempting to get a rethink from the Minister on the whole exercise and at the very least an abandonment of the six month time frame.

In addition, the South West Group was at that time discussing a joint submission and this was potentially significant.

There were also factual matters of a technical nature to clarify – in particular the statutory provisions pertaining to amalgamations.

It has been useful to carefully clarify these issues and the prevailing situation before finalising this report.

The CEO believes there would be likely benefit in engaging an independent consultant to survey the community, both in respect of obtaining professional expertise in valid survey techniques and in order to avoid any suggestion the Council had prejudiced the results. These are amongst aspects which the CEO believes would benefit from elected member discussion.

Neighbouring Local Governments

At the time of this report there has been no formal approach made by either the City of Fremantle or the City of Melville or any other local government in terms of “exploratory meetings” on amalgamation.

Immediately following the Minister’s original announcement; City of Melville CEO Shayne Silcox, City of Melville Mayor Russell Aubrey and City of Fremantle CEO Graeme Mackenzie all expressed opposition to the concept of forced amalgamations.

Comments from Mayor Tagliaferri indicated he was in favour. This was of no surprise as it was known to be Mayor Tagliaferri’s long held view, albeit not one which had previously received his council’s support.

Mr Tagliaferri stated he hoped to “acquire a few additional suburbs” in order to increase the City of Fremantle’s ratepayer base to 40,000 and thus improve the financial viability of his council.

However, in late March, Mr Mackenzie publicly stated that the City of Fremantle was one of the three most sustainable councils in Perth (the two others mentioned being Perth and Belmont) “because they didn’t rely on residential rates for their revenues”. Mr Mackenzie

said the City was in good financial shape and cited the City of Fremantle's large commercial base and revenue from parking.

It should not be assumed the outcome for the Town of East Fremantle will only involve the Cities of Fremantle and Melville. For example it is understood elected members of the City of Cockburn will be asked to consider various options prepared by City of Cockburn staff, including an option involving the amalgamation of the City of Cockburn with the City of Fremantle and the Town of East Fremantle.

A Melville/East Fremantle/Fremantle option has also been mooted.

It is inevitable that there will be a range of views amongst elected members and staff of all local governments in the region, and these will become more apparent as those local governments proceed through the assessment processes described above.

Elections

There are no plans to defer, or in any way modify, the October 2009 elections.

Presumably many elected members across the State will be reviewing their ongoing involvement with their councils if they believe their council is likely to be amalgamated.

For the same reason, potential new candidates may be put off standing for a local government when they have cause to believe it may shortly be amalgamated.

South West Group

In early 2008 the South West Group voted to support the SSS regional cooperation model and commenced formulating a shared services proposal which it planned would also be subject to a grant application to the State Government. Government grants were available at that time, under the WA Government "Connecting local governments and Structural Reform Grants for Feasibility Studies Program".

Subsequently in June 2008 the Group endorsed a tender for a Scoping Study for the "South West Corridor Collaboration Project". The indicative project budget was \$65,000.

Attached was the preliminary assessment of what "opportunities for collaboration" were considered to include. **ATTACHMENT D**

Subsequently a grant application for \$50,000 was submitted to the Department of Local Government and Regional Development.

Ultimately the Department approved a grant of \$16,000.

Meanwhile, whilst this exercise was proceeding, all members of the Group signed a three year Memorandum of Understanding, which was designed to underpin and enhance regional cooperation on projects, policies and shared services.

It was at the very point that appointments with respect to progressing the study were being made, that the Minister made his amalgamations announcement.

With respect to the situation which this gave rise to, the Group has effectively ultimately decided to proceed as follows:

- (i) To continue with the Shared Services project (however)
- (ii) For all members of the Group to submit their own "reform" proposals, which could include amalgamation proposals, unfettered by either the Shared Services project (see above) or the Group's submission (see below)
- (iii) To support the submission of a response to the Minister by the South West Group (the Minister's response process allows regional bodies to make their own submission) however the response to be based on the external boundaries of the

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region which the South West Group encompasses (eg are the current boundaries appropriate?) and not to consider "internal" boundaries or the number of member councils. It is believed the submission will conclude the longstanding external boundaries of the region (there have been few significant changes since 1923) are appropriate and do not give rise to any community of interest issues. The submission will also note that member local governments had always been prepared to effect boundary adjustments where appropriate. In fact 60 boundary adjustments have been involved since 1912 including boundary adjustments between East Fremantle and Melville which occurred in 1915 and between East Fremantle and Fremantle in 1987.

In regard to (iii) above the Group earlier carried a motion that "The South West Group Board makes a submission to show that the local governments in the region should still exist based on the existing structure", however following subsequent discussion, the Group decided not to proceed with this.

The outcome reflects the fact there are divergent views within the Group regarding amalgamations and boundary changes.

The CEO has nevertheless expressed the view that whilst it is accepted that there is no alternative but for individual local governments to submit individual responses, because the Minister has required this, that any amalgamation proposal from a member local government would arguably:

- (i) be at odds with the goals of the Group, which include community building and maintaining an organisation "that supports and progresses the aspirations of its member councils"
- (ii) be at odds with the Memorandum of Understanding which all members signed
- (iii) be at odds with the shared services proposal which the Group is pursuing
- (iv) be at odds with the Group's support of the SSS model
- (v) be at odds with the advice received from the very consultants the Group has commissioned to develop the shared services proposal (see below)
- (vi) potentially weaken the current standing of the Group at both a State and Federal level and in some ways diminish all that the Group has stood for and achieved in its 25 year history.

Regrettably however this view has not received unanimous support. Given there are other agendas at issue, at least with respect to some members of the Group, the Group seems keener to stick with a non contentious "lowest common denominator" approach.

It must be said however that at this stage there appears no rancour or loss of good will in the Group and it expected all members will continue to act in good faith.

Meanwhile work on the Shared Services project continues.

Mr Bob Searle, a former local government CEO and former local government manager of financial services has been engaged and the CEO and John Roberts have already met with Mr Searle regarding shared service provision.

Professor Brian Dollery, whose work has been referred to earlier in this report, has also been engaged, and is providing advice on governance and how the Group should proceed with implementing a shared services model.

The CEO has twice met with Professor Dollery and there is no doubt regarding the strength of his support, underpinned by extensive research, for the shared services approach, as opposed to the amalgamation model and in particular a forced amalgamation model.



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CONCLUSION

This report discusses a situation which is a direct result of a directive by the Minister which is considered ill conceived, ill timed and unreasonable in terms of the time provided for its implementation.

It is accepted the Minister is acting in good faith and genuinely believes the situation, as perceived by him, necessitates the action which he has undertaken.

Nevertheless, it seems illogical that, rather than at least first examining local governments which have already been identified as having questionable long term financial sustainability, all local governments have been placed in the same boat.

The Minister has said he wants elected members to “place their hand on their hearts” and ask:

- (i) why am I here? (the expected answer is obviously along the lines of “for the public good of the community I serve”)
- (ii) is this the best way to achieve that objective? (ie would the community I currently represent be better served by a larger local government and less elected members)?

Council will provide the information which the Minister is seeking (which he says he will use to help decide whether he supports whatever position Council adopts) and will do so objectively and without a pre-determined position.

However there are very strong doubts that the exercise will be valid and meaningful, given the short time frame provided for councils’ responses – and noting the consultation requirements involved.

Having said this, Council can note, at this stage:

- (i) There appears no *obvious* need, or other reason, for East Fremantle to amalgamate. The Town is considered to be *financially* sustainable in the long term (and has twice, relatively recently, been objectively assessed as such), *socially* sustainable and whilst there are *environmental* sustainability issues, these will exist regardless of any local government boundary configuration.
- (ii) There is no *obvious* benefit to the East Fremantle community for East Fremantle to amalgamate.
- (iii) There *would* be a benefit to another local government to “take over” East Fremantle, if the objective was to divert the use of some of Council’s rate income away from the East Fremantle community. Because East Fremantle is almost entirely residential and almost entirely developed, this could be a significant attraction. However this in itself would obviously be a disbenefit to the East Fremantle community. Nevertheless East Fremantle would be a “high valuation/high value” prize in an acquisition environment.
- (iv) With respect to financial sustainability measures, the Town:
 - is on the “minimum grant”
 - has a debt servicing ratio below 3% (the State local government average is 5.21%)
 - raises revenue per employee which is on a par with other local governments in the region.
 - whilst not “needing” a development based solution for its long term financial sustainability, does expect:
 - (a) Leeuwin Barracks will eventually be sold, giving rise to significant development opportunities and financial benefits for the Town (Leeuwin Barracks of course currently pays no rates)

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- (b) similar, if less significant outcomes will flow from the inevitable redevelopment of the Town Centre (currently stalled due to the global economic downturn)

The CEO has nevertheless already commissioned an independent report with respect to the Town's financial sustainability, from Access Economics (who carried out the original financial assessment of the Town of East Fremantle and a number of other local governments for the SSS report).

- (v) With respect to social sustainability, there is a long standing and stable community of interest with the prevailing community view long being one of opposition to amalgamation.

There are no significant social problems in the community – for example there is low unemployment and relatively low crime rates. The Town does not generate a high demand on State and Federal Government services. In fact (through Church based providers, who pay no rates) the Town contains more than its share, on a per capita basis, of aged and disabled care services and also exports its HACC services, which it provides directly, to surrounding local government areas.

There are some outstanding challenges of a capital nature, eg the restoration of the Town Hall and the implementation of the East Fremantle Oval Master Plan, however all local governments face such challenges and, it must be said, all State and Federal Governments.

No one is suggesting the State Government should amalgamate because they can't carry out all of the capital projects which they would like to implement, at this time.

- (vi) With respect to environmental sustainability, the Town has been an active player and whilst every local government in Australia could always do more in this regard, the current debate is less to do with funding and more to do with obtaining the optimal environmental benefits from what funds Council does have available.

The above outcomes were not achieved by chance. The above outcomes are the result of good governance by successive councils of elected members and staff over the last 112 years.

Land and property values in East Fremantle are high because the Town is recognised as having high amenity. In part this is due to natural attributes (eg proximity to the river) however in the main it is a result of good town planning and genuine community engagement with respect to community priorities and Council decision making.

In that regard the size of the Town has worked in its favour, by assisting elected members and Council officers to "know" their Town and genuinely engage with the community.

East Fremantle exists as a clearly identifiable community of interest, with a good sense of local identity and a high level of community cohesion. These are matters not easily surveyed in a Minister's *Checklist*.

The Town doesn't *rely* on its neighbours – it pays its way. Large numbers (often a majority) of the members of the numerous sporting clubs and other organisations which operate in the Town come from outside the Town of East Fremantle. The Town fully contributes to the joint East Fremantle/Fremantle library and the SMRC. It pays more than its share, on a per capita basis, to be a member of the South West Group.

In short there appears a genuine case for applying the "if it ain't broke don't fix it" maxim to the situation, and combining this fact with the fact there is no discernable demand from the community for change (in fact the opposite has always been the case) it is concluded the Minister would benefit more from directing his energies to the 73 local governments which are smaller than East Fremantle and in particular to those local governments which have already been identified as having long term financial viability issues.

As various external forces increasingly impact on local communities, the right of citizens to have the opportunity to influence matters in their local neighbourhood becomes even more paramount and must be strongly protected.

This is a cornerstone of a democratic and healthy society. It is essential to community wellbeing.

Thus local government exists to not only provide physical services to their communities, but also to provide effective avenues of community participation and community representation.

There is consequently justifiable concern that these critical elements will not receive sufficient weight, if any weight at all, in the Minister's pursuit of his ideologically driven, economically based, "bigger is better" amalgamation agenda.

The model advocated in the SSS Report, which received the support of almost every local government in Western Australia, *does* recognise this issue and aims to maintain effective local political representation, whilst delivering improved efficiencies of service delivery, through a range of regional cooperation based options.

Effective reform in the local government sector is not achieved through unilateral directives by Ministers and Governments. It is achieved by genuine consultation and mutual cooperation between the sector and the communities which it represents.

It is not too late for this to occur.

RECOMMENDATION

That:

1. CEO's report be endorsed.
2. the Reform Checklist prepared by the CEO be endorsed.
3. the Project Team comprise the Mayor, Deputy Mayor, CEO and Executive Manager Finance & Administration.
4. Discussion take place on issues and options in relation to community consultation.
5. Chief Executive Officer be authorised to expend funds to a maximum of \$50,000 on tasks associated with meeting Stages 1 to 4 of the Timeframe for Reform Submissions to the Minister for Local Government. This authorisation will require Council to approve the following budget reallocation:
 - Debit Account E04239 \$50,000
 - Credit Strategic Plan Reserve \$50,000

The Mayor thanked the CEO for his report which he described as comprehensive.

Cr Dobro entered the meeting at 7.30pm

Cr Olson entered the meeting at 7.38pm

General discussion took place with respect to the report and the CEO answered a number of questions.

Cr Arnold left the meeting at 7.55pm

Mayor Ferris – Cr Dobro

That:

1. CEO’s report be endorsed.
2. the Reform Checklist prepared by the CEO be endorsed.
3. the Project Team comprise the Mayor, Deputy Mayor, CEO and Executive Manager Finance & Administration.
4. Discussion take place on issues and options in relation to community consultation.
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- Debit Account E04239 \$50,000
- Credit Strategic Plan Reserve \$50,000

CARRIED UNANIMOUSLY

136. CLOSURE OF MEETING

There being no further business, the meeting closed at 8.30pm.

*I hereby certify that the Minutes of the special meeting of the **Council** of the Town of East Fremantle, held on **28 April 2009**, Minute Book reference **129** to **136** were confirmed at the meeting of the Council on*

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Presiding Member