



Department of
**Local Government, Sport
and Cultural Industries**



Local Government Act 1995 review
Agile • Smart • Inclusive

Local Government Act 1995 **Review**

Agile • Smart • Inclusive – Local governments for the future

Phase 1: Consultation Paper

8 November 2017

Name: Helen Harrison

1. Relationships between council and administration

Introductory questions

- 1) Would you like your submission to remain anonymous?
No
- 2) Postcode:
6056
- 3) Who are you submitting on behalf of?
Local Government
- 4) Local government name:
Swan City
- 5) Organisation name
- 6) Are you a:
Local government employee

Defining the roles of council and administration: Guidance questions

- 7) How should a council's role be defined? What should the definition include?
Definition in the Act is adequate
- 8) How should the role of the CEO and administration be defined?
- 9) What other comments would you like to make on the roles of council and administration?
- 10) Are there any areas where the separation of powers is particularly unclear?
Yes
- 11) How do you propose that these are improved?
Strengthen the existing prohibition in being involved in Administration by making it explicit that a Councillor has no direct authority over an employee.

Improving relationships between council and administration: Guidance question

- 12) Do you have any other suggestions or comments on this topic?

City does not favour the creation of any additional independent review process to deal with complaints and difficulties in this area.

2. Training

2.1 Competencies required to be an elected member

Elected member competencies: Guidance questions

- 13) What competencies (skills and knowledge) do you think an elected member requires to perform their role?

The skills and knowledge listed as dot points in the discussion paper are essential. In addition, the City would suggest inclusion of leadership, team work, board membership, social media and communications, risk management and audit, strategic planning, decision making, asset management.

- 14) Do these vary between local governments?

Yes

- 15) If so, in what way?

2.2 Funding training

Funding training: Guidance questions

- 16) Who should pay for the costs of training (course fees, travel, other costs)?

Local government

- 17) If councils are required to pay for training, should a training fund be established to reduce the financial impact for small and regional local governments?

Yes

- 18) Should contribution to such a fund be based on local government revenue or some other measure?

State government should fund allowances for small, remote and regional local governments

Do you have any other suggestions or comments on this topic?

No

2.3 Mandatory training

Mandatory training: Guidance questions

19) Should elected member training be mandatory?

No

20) Why or why not?

In response to a WALGA discussion paper entitled 'Policy Options to Increase Elected Member Training Participation', Council resolved unanimously on 04/11/15 to:

1. Not support the adoption and delivery of a structured and thorough Council induction program through legislative change
2. Not support legislative amendments to require all Councils to review and adopt an Elected Member Training and Development Policy following every biennial election
3. Not support legislative amendment to require candidates to attend an information session prior to nominating for election
4. Not support legislative amendments to enable Elected Members to be paid additional allowances commensurate with the level of training undertaken
5. Not support legislative amendment to require Elected Members to be required to undertake foundation training (such as the Elected Member Skill Set or equivalent)
6. Record the reason for changing the officer's recommendation as legislative change to force controls are not required where the matters can be adequately dealt with by Council processes

21) Should candidates be required to undertake some preliminary training to better understand the role of an elected member?

Yes

22) Should this be Compulsory?

No

23) Should prior learning or service be recognised in place of completing training for elected members?

No

24) If yes, how would this work?

Candidates should be strongly encouraged to complete a one week training program immediately following the election. Attendance is strongly encouraged after each election.

- 25) What period should apply for elected members to complete essential training after their election?

Councillors should be strongly encouraged to complete a one week training program immediately following the election. Attendance is strongly encouraged after each election.

2.4 Continuing professional development

Continuing professional development: Guidance questions

- 26) Should ongoing professional development be undertaken by elected members?

Yes

- 27) If so, what form should this take?

Training: Guidance question

- 28) Do you have any other suggestions or comments on training?

Provision of any approved training should be open to a range of providers

3. The behaviour of elected members

3.1 Current Situation

Codes of conduct: Guidance questions

29) Should standards of conduct/behaviour differ between local governments?

No

30) Please explain.

Which option do you prefer for codes of conduct and why? A code of conduct system where minimum standards are required by legislation. There are consequences for breaching those minimum standards and the local government has discretion to adopt its own standards providing no conflict with minimum standards

31) How should a code of conduct be enforced?

Other than the minimum standards, enforcement should be up to individual local government

3.2 Regulation of elected member conduct: rules of conduct

Streamlined rules of conduct: Guidance questions

32) Do you support streamlined Rules of Conduct regulations?

Yes

33) Why?

Councils should be required to conduct an annual self-assessment. The matters to be considered as part of the review could include:

- Breaches of the code
- Breaches of the rules of conduct
- Performance against strategic plan
- Performance against financial metrics
- # matters referred to state administrative tribunal and how these were resolved

- Conduct of meetings

Self-assessment should be conducted after the adoption of the annual report and a minimum of one hour is to be allocated in confidential business at the relevant council meeting for discussion of council performance

Department or Minister can approve a list of authorised independent facilitators to conduct the self-assessment

- 34) If the rules were streamlined, which elements should be retained?
6, 7, 8, 10, 11
- 35) Do you support a reduction in the time frame in which complaints can be made?
Yes
- 36) Is three months adequate?
Yes

Revised disciplinary framework: Guidance questions

- 37) Do you support an outcome-based framework for elected members?
No
- 38) Why or why not?
The problem is the behaviour not the ability of the local government to continue to perform notwithstanding the bad behaviour.
With the regard to the reduction in the time frame in which complaints can be made, the three month time limit should not apply to release of confidential information, as this may not be apparent at the time the confidential information is released.
- 39) What specific behaviours should an outcomes based framework target?
No

3.3 Other matters recommended in the 2015-16 review

Application of the Rules of Conduct: Guidance question

- 40) Should the rules of conduct that govern behaviour of elected members be extended to all candidates in council elections?

Yes

- 41) Please explain.

A complaint can be used for political purposes outside the campaign period

Offence Provisions: Guidance questions

- 42) Should the offence covering improper use of information be extended to former members of council for a period of twelve months?

Yes

- 43) Why?

Self-explanatory

- 44) Should this restriction apply to former employees?

Yes

- 45) Please explain?

Self-explanatory

Confidentiality: Guidance question

- 46) Is it appropriate to require the existence and details of a complaint to remain confidential until the matter is resolved?

Yes

- 47) Why?

A complaint can be used for political purposes outside the campaign period

3.4 Reforms to the Local Government Standards Panel and the means to review alleged breaches of the Rules of Conduct Regulations

Sector conduct review committees: Guidance questions

- 48) What do you see as the benefits and disadvantages of this model?
Opposed to this model due to the potential for the process to be politicised
- 49) What powers should the Conduct Review Committee have?
N/A
- 50) In your opinion what matters should go directly to the Standards Panel?
N/A
- 51) Who should be able to be a member of a panel: elected members, people with local government experience, independent stakeholders?
- 52) Who should select the members for the pool?
N/A
- 53) How many members should there be on the Review Committee?
N/A
- 54) Are the proposed actions for the Review Committee appropriate?
- 55) If not, what do you propose?

Review of elected member non-compliance: Guidance questions

- 56) Which of the options for dealing with complaints do you prefer? Why?
Retain status quo but with more resources provided to the standards panel to allow for prompt resolution of complaints
- 57) Are there any other options that could be considered?
Nil
- 58) Who should be able to request a review of a decision: the person the subject of the complaint, the complainant or both?
Both

3.5 Sanctions and other Standard Panel matters

Mediation: Guidance question

- 59) Do you support the inclusion of mediation as a sanction for the Panel?
Yes

60) Why or why not?

Self-explanatory

Prohibition from attending council meetings: Guidance questions

61) Do you support the Panel being able to prohibit elected members from attending council meetings?

No

62) Why or why not?

Other suggestions made will improve Councillor capability and performance so that bad behaviour requiring suspension would not be routine. If this suggestion were adopted, it would be necessary to prevent the councillor from attending the meeting as a member of the public

How many meetings should the Panel be able to order the elected member not attend?N/A

63) Should the elected member be eligible for sitting fees and allowances in these circumstances?

64) Why

Compensation to the local government: Guidance questions

65) Do you support the Panel being able to award financial compensation to the local government?

No

66) Why or why not?

N/A

67) What should the maximum amount be?

N/A

Complaint administrative fee: Guidance questions

68) Do you support this option?

No

69) Why or why not?

A fee is not required to lodge a complaint against other professions. A better outcome would be obtained if there were timely decisions

70) Do you believe that a complaint administrative fee would deter complainants from lodging a complaint?

Yes

71) Is this appropriate?

No

72) Would a complaint administrative fee be appropriate for a sector conduct review committee model?

73) Why or why not?

N/A

74) What would be an appropriate fee for lodging a complaint?

N/A

75) Should the administrative fee be refunded with a finding of minor breach or should it be retained by the Department to offset costs?

76) Why or why not?

N/A

Cost recovery to local government: Guidance questions

77) Do you support the cost of the panel proceedings being paid by a member found to be in breach?

Yes

78) Why or why not?

It is appropriate for the member in breach to pay costs

Publication of complaints in the annual report: Guidance question

79) Do you support the tabling of the decision report at the Ordinary Council Meeting?

No

80) Why or why not?

These should be included in the self-assessment suggested in the answer to question 20 above.

Tabling decision report at Ordinary Council Meeting: Guidance question

81) Do you support this option?

No

82) Why or why not?

These should be included in the self assessment suggested in the answer to question 20 above.

3.6 Elected member interests

Elected member interests: Guidance questions

83) Should not-for-profit organisation members participate in council decisions affecting that organisation?

No

84) Why or why not?

Too much risk for potential conflicts of interest

85) Would your response be the same if the elected member was an office holder in the organisation?

Yes

Improving the behaviour of elected members: Guidance question

86) Do you have any other suggestions or comments on this topic?

Standards of behaviour would be improved by:

- Council owning its behaviour and rules that guide behaviour
- Annual self-assessment as suggested above
- Timely and effective responses to complaints by the standards panel

4. Local government administration

4.1 Recruitment and selection of local government Chief Executive Officers

Recruitment and selection of local government CEOs: Guidance questions

- 87) Would councils benefit from assistance with CEO recruitment and selection?
Yes
- 88) Why?
The legislation should mandate Council obtaining external independent advice to guide the recruitment process. This could be a suitably qualified consultant or the PSC at the discretion of the Council
- 89) How could the recruitment and selection of local government CEOs be improved?
As above
- 90) Should the Public Sector Commission be involved in CEO recruitment and selection?
Yes
- 91) If so, how?
As above
- 92) Should other experts be involved in CEO recruitment and selection?
Yes
- 93) If so, who and how?
As above
- 94) What competencies, attributes and qualifications should a CEO have?
Adequately dealt with under the Act

4.2 Acting Chief Executive Officers

Acting CEOs: Guidance questions

95) Should the process of appointing an acting CEO be covered in legislation?

No

96) Why or why not?

Dealt with under the Interpretation Act

97) If so, who should appoint the CEO when there is a short term temporary vacancy (covering sick or annual leave for example)?

The CEO but it can be handled by delegation or internal process

98) Who should appoint the CEO if there will be vacancy for an extended period (for example, while a recruitment process is to be undertaken)?

Council

4.3 Performance review of local government Chief Executive Officers

Performance review of local government CEOs: Guidance questions

99) Who should be involved in CEO performance reviews?

Councillors and suitably qualified consultants or the PSC

100) What should the criteria be for reviewing a CEO's performance?

As determined by Council

101) How often should CEO performance be reviewed?

At least annually

102) Which of the above options do you prefer?

Option 1

103) Why?

No

104) Is there an alternative model that could be considered?

Do not support WALGA's position. Annual performance review is a basic minimum standard.

4.4 Extension or termination of the Chief Executive Officer contract immediately before or following an election

Termination or extension of CEO contract around an election: Guidance questions

105) Would a 'cooling off' period before a council can terminate the CEO following an election assist strengthening productive relationships between council and administration?

No

106) What length should such a cooling off period be?

N/A

107) For what period before an election should there be a restriction on a council from extending a CEO contract?

N/A

108) Should there be any exceptions to this?

N/A

4.5 Public expectations of staff performance

Public expectations of staff performance: Guidance questions

109) Is greater oversight required over local government selection and recruitment of staff?

No

110) Should certain offences or other criteria exclude a person from being employed in a local government?

No

111) If so, what?

Oversight over local government selection and recruitment of staff is the CEO's responsibility.

Strengthening local government administration: Guidance question

112) Do you have any other suggestions or comments on this topic?

Overall, the sector does a good job of administering a broad and significant mandate. A view that it is an industry plagued by incompetence and misconduct does not help with that task.

5. Supporting local governments in challenging times

Remedial intervention: Guidance questions

113) Should the appointed person be a departmental employee, a local government officer or an external party?

114) Why?

If this is required, it can be requested and assisted on a voluntary basis. Legislating this approach is not required.

115) Should the appointed person be able to direct the local government or would their role be restricted to advice and support?

Restricted to advice and support

116) Please explain.

117) Who should pay for the appointed person?

Local Government

118) Why?

Powers of appointed person: Guidance question

119) What powers should an appointed person have?

Advisory

Remedial action process: Guidance questions

120) Do you think the proposed approach would improve the provision of good governance in Western Australia?

Yes

121) Please explain.

If it's on a voluntary basis only. Otherwise could be seen as displacing the autonomy of the local government

122) What issues need to be considered in appointing a person?

Qualifications, capability and experience

Supporting local governments in challenging times: Guidance question

123) Do you have any other suggestions or comments on this topic?

Yes, if it's on a voluntary basis only. Otherwise could be seen as displacing the autonomy of the local government

6. Making it easier to move between State and local government employment

Transferability of employees: Guidance questions

124) Should local and State government employees be able to carry over the recognition of service and leave if they move between State and local government?

125)

126) What would be the benefits if local and State government employees could move seamlessly via transfer and secondment?

Greater movement between state and local government would bring these two important sectors closer together

Making it easier to move between State and local government employment: Guidance question

127) Do you have any other suggestions or comments on this topic?

Care needs to be taken in managing liabilities for accrued entitlements. This will need to ensure that financial liability matters are addressed so that the liability for accrued entitlements is not transferred without full and adequate compensation.

7. Gifts

7.1 Simplifying the gift provisions

A new framework for disclosing gifts: Guidance questions

128) Is the new framework for disclosing gifts appropriate?

Yes

129) If not, why?

N/A

130) Is the threshold of \$500 appropriate?

Yes

131) If no, why?

N/A

132) Should certain gifts – or gifts from particular classes or people – be prohibited?

Yes

133) Why or why not?

134) If yes, what gifts should be prohibited?

Support the Gifts Working Group recommendations and should be implemented in full immediately.

Excluding gifts received in a personal capacity: Guidance questions

135) Should gifts received in a personal capacity be exempt from disclosure?

Yes

136) If yes, how could 'personal capacity' be defined?

This is a matter for interpretation and incapable of being adequately defined. Will be interpreted on a case by case basis

137) Should there be any other exemptions from the requirement to disclose a gift over the threshold?

No

138) If so, what should these be? Please justify your proposal.

N/A

Gifts: Guidance question

139) Do you have any other suggestions or comments on this topic?

No

8. Access to information

8.1 Public notices

Public notices: Guidance questions

140) Which general option do you prefer for making local public notices available?

Option 7

Why?

141) Should the requirements for any notice in the Supplementary Information - Public Notices be changed?

No

142) Please list and explain the reasons for the proposed change.

Publication on the my council website.

143) Could any of the notices in the Supplementary information be published on alternative websites?

Yes

144) Please provide details

Publication on the my council website.

8.2 Information available for public inspection

Information available for public inspection: Guidance questions

145) Using the following table, advise how you think information should be made available:

Provision	Documents	In person only	Website only	Both	Neither
Section 5.53	Annual Report Both Both				
Section 5.75 & 5.76	Primary and Annual returns – for Elected members Includes – sources of income Trusts Debts Property holdings. Interests and positions in corporations. Both				
Section 5.87	Discretionary disclosures generally Both				
Section 5.82	Gifts (already required to be on the website) Both				
Section 5.83	Disclosure of travel contributions (already required to be on the website) Both				
Elections Regulations 30H	Electoral gifts register Both				
Section 5.98A	Allowance for deputy mayor or deputy president				

Both

Section 5.100 Payments for certain committee members

Both

Functions and General Regulations 17 Tenders register

Both

Section 5.94 & Administration Regulations 29 Register of delegations to committees, CEO and employees

Both

Minutes of council, committee and elector meetings

Both

Future plan for the district

Both

Annual Budget

Both

Notice papers and agendas of meetings

Both

Reports tabled at a council or committee meeting

Both

Complaints register (concerning elected members)

Both

Contracts of
employment of the CEO
and other senior local
government employees

Both

Schedule of fees and
charges

Both

Proposed local laws

Both

Gazetted Local laws
(and other law that has
been adopted by the
district)

Both

Rates record

Both

Electoral roll

Both

Note: There is no intention to amend the current limitations imposed by section 5.95 of the Act which limits the disclosure of certain information.

146) Should the additional information that is available to the public in other jurisdictions be available here?

Yes

147) If so which items?

Rates information and district maps only

148) How should they be made available: in person, website only or both?

Required

149) Is there additional information that you believe should be made publicly available? Please detail.

No

150) For Local Governments: How often do you receive requests from members of the public to see this information?

Minimal

151) What resources do you estimate are involved in providing access in person (hours of staff time and hourly rate)?

Access to information: Guidance question

152) Do you have any other suggestions or comments on this topic?

In relation to the rates record, it should only be information about the property, the method of rating and the current rate amount for the property. Personal details about the owners should be excluded from what is published online.

9. Available information

9.1 Expanding the information provided to the public

Expanding the information provided to the public: Guidance questions

153) Which of these options do you prefer?

Option 2: Additional reporting requirement

154) Why?

155) In the table below, please indicate whether you think the information should be made available, and if so, whether this should be required or at the discretion of the local government:

Proposal	Should this be made available: No, optional, required?
Live streaming video of council meetings on local government website	Optional
Diversity data on council membership and employees	Required
Elected member attendance rates at council meetings	Required
Elected member representation at external meetings/events	Required
Gender equity ratios for staff salaries	Required
Complaints made to the local government and actions taken	Optional
Performance reviews of CEO and senior employees	Not Required
Website to provide information on differential rate categories	Required

Proposal	Should this be made available: No, optional, required?
District maps and ward boundaries	Required
Adverse findings of the Standards Panel, State Administrative Tribunal or Corruption and Crime Commission.	Not Required
Financial and non-financial benefits register	Required

156) What other information do you think should be made available?

Expanding the information available to the public: Guidance question

157) Do you have any other suggestions or comments on this topic?

Information available to the public on elected member representation at external meetings/events should also include formal and representational activities and also training.

Information on adverse findings of Standards Panel, SAT and CCC are available on those agencies' websites.

Defining red tape: Guidance questions

158) Which regulatory measures within the Act should be removed or amended to reduce the burden on local governments? Please provide detailed analysis with your suggestions.

a) Briefly describe the red tape problem you have identified.

1. Section 6.21 of the Local Government Act limits the security of the borrowing to general funds.
2. The business planning process was designed for smaller transactions involving one or at most a few parcels of land. As Perth grows and develops, local governments will be involved in larger more complex infill development.
3. Following public consultation and consideration of the submissions, the making of the local law requires the local government to publish it in the WA Government Gazette per section 3.12(5) of the Local Government Act 1995. Section 3.12(6) of the Act stipulates that after the local law has been published in the gazette, the local government is to give local public notice stating the title of the local law; summarising the purpose and effect of the local law (specifying the day on which it comes into operation); and advising that copies of the local law may be inspected or obtained. Additionally, per section 3.12(7) of the Act, following gazettal, the local government is to provide an Explanatory Memoranda to the Government (WA Parliamentary Joint Standing Committee on Delegated Legislation (JSCDL) for its review.

I

b) What is the impact of this problem? Please quantify if possible.

1. This restricts the borrowing capacity and reduces the scale of borrowing that can be undertaken. Within the balance sheet of local governments are freehold land that could be utilised as collateral and security for borrowings.
2. The current provisions create a regulatory regime that stifles this development, making it virtually impossible for local government to drive urban renewal projects. These provisions need to be revisited to provide a regime that ensures transparency and accountability in a way that still enables large and complex infill development projects to be completed.
3. Due to the sequence of events, there is a possibility that following the review by the JSCDL, the local law may be amended or disallowed despite the local law having been gazetted. The WA Government Gazette should be relied upon as the definitive version.

c) What solutions can you suggest to solve this red tape problem?

1. That section 6.21 of the Local Government Act 1995 be amended to allow local governments to use freehold land, in addition to its general fund, as security when borrowing.
2. That requirement for a business plan under the Local Government Act 1995 be amended for complex land transactions.
3. It is proposed that the JSCDL should review the local laws before the final version is gazetted. That section 3.12(7) of the Local Government Act 1995 be amended such that the approval of the Explanatory Memoranda be given prior to the Gazettal Notice requirement of section 3.12(5).

159) Which regulatory measures within the Act should be removed or amended to reduce the burden on the community? Please provide detailed analysis with your suggestions.

a) Briefly describe the red tape problem you have identified.

That the Local Government Act 1995 be amended to allow for a person to be declared vexatious or frivolous by the local government

b) What is the impact of this problem? Please quantify if possible.

A frivolous claim or complaint is one that has no serious purpose or value. Often a "frivolous" claim is one about a matter so trivial or one so meritless on its face that investigation would be disproportionate in terms of time and cost. The implication is that the claim has not been brought in good faith because it is obvious that it has no reasonable prospect of success and/or it is not a reasonable thing to spend time complaining about

A vexatious complaint is one (or a series of many) that is specifically being pursued to simply harass, annoy or cause financial cost to their recipient. A vexatious complaint is a form of abuse. A vexatious complaint has the power to hurt and disrupt another person's life in such a way that their career can be torn to shreds and may result in psychological injury.

c) What solutions can you suggest to solve this red tape problem?

Relevant workplace legislations in Australia have already been legislated to protect against vexatious complaints and their consequences of workplace bullying.

Section 5.110(3a) of the Act allows for "... a standards panel can at any stage of its proceedings refuse to deal with a complaint if the standards

panel is satisfied that the complaint is frivolous, trivial, vexatious, misconceived or without substance".

10.1 Potential red tape reductions

Special majority: Guidance question

160) Should the provisions for a special majority be removed?

Yes

161) Why or why not?

Senior employees: Guidance questions

162) Is it appropriate that council have a role in the appointment, dismissal or performance management of any employees other than the CEO? Why or why not?

Status quo should be retained

163) Is it necessary for some employees to be designated as senior employees?

164) If so, what criteria should define which employees are senior employees?

A matter for each local government

Exemption from accounting standard AASB124 - Related party disclosures: Guidance questions

165) Are the existing related party disclosure provisions in the Act sufficient without the additional requirements introduced by AASB 124?

Yes

166) Why or why not?

A single provision that requires Councillors to complete one form that meets the intent of the existing regulations and AASB 124 should be adopted.

Disposal of property: Guidance questions

167) The threshold for trade-ins was set originally to \$50,000 in 1996 and raised to \$75,000 in 2015. Should that threshold be raised higher,

Yes

168) if so how high?

Trade-ins should be dealt with under the procurement regulations and policy and there should be no limit provided that a proper procurement process is followed.

169) Should the threshold remain at \$75,000 but with separate exemptions for specific types of equipment, for example plant?

170) The general \$20,000 threshold was put in place in 1996 and has not been amended. Should the threshold be raised higher than \$20,000?

171) If so, what should it be and why?

As above.

172) Would raising these thresholds create an unacceptable risk that the items would not be disposed of to achieve the best price for the local government?

173) Is there an alternative model for managing the disposal of property? Please explain.

As above.

Reducing red tape: Guidance question

174) Do you have any other suggestions or comments on this topic?

1. The annual general meeting of electors should remain a requirement under the Local Government Act 1995.
2. That value of the tender threshold limit for each local government be established having regard to the respective size of local government in

accordance with the Salaries and Allowances Tribunal banding subject to an upper limit threshold. The recent amendments to the Local Government (Functions and General) Regulations 1996 took effect on 1 October 2015 where the increase in tender threshold has been increased from \$100,000 to \$150,000. However, establishing a fixed threshold is a one size fits all and may not be appropriate for smaller sized local governments and inadequate for the larger ones. Similar to the Salaries and Allowances Tribunal (SAT) that establishes Councillor fees and CEO remuneration for local governments, it is considered appropriate to utilise the banding to correlate the tender threshold (subject to an upper limit) to the local government's banding. The SAT utilises a four band classification model that provides for a range of factors to be taken into account including:

- Major growth and development
- Strategic planning, including risk management
- Infrastructure development and asset management
- Significant social/economic/environmental issues
- Significant demand to service and support non-resident needs
- Diversity of services
- Community involvement and advocacy
- State or national negotiations
- Operational and managerial requirements
- Capacity to pay
- Total expenditure
- Population
- FTE's

11.1 Risks and benefits of borrowing

Regional subsidiaries: Guidance questions

175) Which option do you prefer?

Option 3: Regional subsidiaries are permitted to borrow from financial institutions

176) Should regional subsidiaries be allowed to borrow money other than from the member councils?

Option 3: Regional subsidiaries are permitted to borrow from financial institutions

177) Why or why not?

It was regional subsidiaries owned and in a sense underwritten by more than one local government. This provides greater protection for borrowings than if it was just a single local government

178) If a regional subsidiary is given the power to borrow directly, what provisions should be put in place to mitigate the risks?

The City supports the WALGA submission which advocates for legislative and regulatory amendments to enable Regional Subsidiaries to:

- Borrow in their own right;
- Enter into land transactions; and
- Undertake commercial activities

Regional subsidiaries: Guidance question

179) Do you have any other suggestions or comments on this topic, including on any other aspect of the *Local Government (Regional Subsidiaries) Regulations 2017*?

The City supports the WALGA submission which advocates for legislative and regulatory amendments to enable Regional Subsidiaries to:

- Borrow in their own right;
- Enter into land transactions; and
- Undertake commercial activities

Local Government Act review: Guidance question

- 180) You are invited to make comment and put forward suggestions for change on other matters which have not been covered in this paper.

Council resolved on 30 August 2017 for the City to write to the Treasurer, Minister for Local Government and WALGA requesting a review of the current 'ability to pay' rating methodology and investigate a policy that is similar and more transparent.

The issue has arisen as a result of the combined effect of a general revaluation of properties by the Valuer-General and the communication that the average rates will rise by 2.5% in the 2017/18 budget year. The City has a wide range of property types in a variety of localities.

The effect of the revaluation saw some property values rise by up to 7%, whilst some locations fell by 9.5%. Consequently a number of ratepayers saw their rates rise because valuations did not change in a uniform way across the City. This provided little relief or comfort to ratepayers that 'average rates will rise by 2.5%'.

The Council is concerned that ratepayers are left a little bemused by the process which subsequently results in a lack of confidence in their local government.

The City seeks support in defining a system that would make the process simpler and more transparent whilst addressing the 'ability to pay' concept. The City has the largest number of unimproved value (UV) properties in the Perth metropolitan area and looks forward to an opportunity to work with the Department to assist in this review.