



City of  
**Greater Geraldton**  
a vibrant future



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Economic Regulatory Authority  
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Dear Sir/Madam

**SUBMISSION: INQUIRY INTO MICROECONOMIC REFORM IN WESTERN AUSTRALIA  
DRAFT REPORT**

Please find below the City of Greater Geraldton's Response to the Inquiry into Microeconomic Reform in Western Australia Draft Report for your consideration:

**1. Royalties for Regions – Governance and Processes**

Recommendation 4 of the report shows a lack of understanding of the current process regarding the allocation of Royalties for Regions funding and its importance to regional and remote communities.

The City of Greater Geraldton believes that the current governance processes are robust and ensures that projects are effectively evaluated and prioritised to achieve the best use of available funding. Key characteristics of the current process, with respect to local governments, include:

- a. The development of regional Blueprints and Investment Plans by Development Commissions (often in conjunction with Regional Development Australia) that identify and prioritise regional infrastructure needs. These blueprints are developed after considerable consultation with local governments, industry and the broader community and are aligned with the State Planning Strategy 2050 strategic goals of Global Competitiveness, Resilient and Adaptive Regions, Sustainable Communities, Infrastructure Planning and Coordination, Conservation, and Innovation.
- b. The requirement of Development Commissions on Council's wishing to access funding to submit an initial expressions of interest which is evaluated and assessed against the Blueprint and Investment Plan and the strategic goals of the State Planning Strategy 2050.
- c. Where a local government has had its expression of interest endorsed it must then submit a detailed submission including a business case and cost benefit analysis for the project.



- d. Where a Development Commission has approved the submission and business case the application local government funding applications are forwarded to the state government Director Generals Reference Group for detailed examination, consideration, and recommendation to Cabinet.
- e. After an application, and its associated business case, has been considered by the relevant local government, Development Commission, and Director General's Reference Group, it is finally reviewed by Cabinet and a funding decision is made.

Given the above lengthy and detailed consideration of Royalties for Regions funding applications it is difficult to fathom how the Economic regulatory Authority has come to the conclusion that the current process (with respect to Local Governments) does not follow a proper process or is not sufficiently robust to consider alternate infrastructure options.

## **2. Royalties for Regions – Leveraging Capability**

The Draft Report, and in particular recommendation four, also fails to acknowledge the additional value that Royalties for Regions provides in leveraging alternative sources of finance. Local governments throughout Western Australia are typically required to co-contribute to the funding of Royalties for Regions projects either directly from their own financial resources, through grants from agencies such as Lotterywest or Regional Development Australia, or through contributions from community groups.

Because of this co-contribution requirement, the proportional impact and social return from the Royalties for Regions funding is substantially increased and reduces the financial drain on Royalties for Regions funding pool. Royalties for Regions is therefore an essential tool to leverage off and attract alternate sources of funding that may otherwise be unavailable to local governments.

## **3. Royalties for Regions – Infrastructure Backlog**

One of the most alarming and concerning comments made in the draft report was that the Committee on Estimates and Financial Operations: "Royalties for Regions" Policy was that it *"was unable to establish any evidence of an actual infrastructure backlog in regional local government"* (page 65).

The above comment simply beggars belief given the wealth of information on the significant backlog of information readily available and the specific aim of the Integrated Planning and Reporting Framework introduced by the State Government to address asset management and infrastructure renewal deficiencies being experienced by local governments throughout Western Australia.

I would draw the Economic Regulatory Authority's attention to the following references and would be pleased to provide additional references upon request if required:

- National Financial Sustainability Study of Local Governments – Pricewaterhouse Coopers – November 2006
- Australia's Regional Infrastructure Crisis – Prof. P Allan AM – Presentation to IPAA Regional Conference, Albury 15<sup>th</sup> March 2012.



#### **4. Regulatory Burden**

The City of Greater Geraldton strongly supports the Economic Regulatory Authority's recommendations with respect to reducing the burden and costs of complying with regulation and the proposed regulatory impact assessment process. However, with respect to local government, the process should include consultation with Western Australian Local Government Association.

It is the City of Greater Geraldton's position that local government within Western Australia is unnecessarily burdened with antiquated, complex, and counterproductive regulation that seriously impacts upon the ability of local governments to govern locally and impedes effective and efficient decision making. In particular the following regulatory instruments are in need of urgent review:

- The Local Government Act – In particular the rating provisions
- Planning & Development Act – In particular Development Assessment Panels

The City of Greater Geraldton would welcome the opportunity to provide a detailed paper demonstrating the unnecessary cost impacts and inefficient processes associated with the above Acts.

The City would further request that the Economic Regulatory Authority's recommendations be extended to address the need of the state government to remove the regulatory burden on Local Governments in consultation with the Western Australian Local Government Association.

#### **5. Public Private Partnership's**

The City of Greater Geraldton supports the Authority's position with respect to expanding the use and scope of Public Private Partnerships but would draw the authority's attention to the absence of legislative provisions within the Local Government Act to enable local governments within Western Australia to take advantage of this service delivery model.

For a number of years the Western Australian Local Government Association has been advocating for a change in legislation that would allow local governments to enter into public private partnerships, however this has been continually resisted by the state. The City of Greater Geraldton believes that legislation should be enacted as a matter of priority so that local governments can access alternative funding sources and more efficient service delivery that may be available from the private sector.

Thank you for allowing the City of Greater Geraldton to make a submission on the draft report and I look forward to the matters raised in this correspondence being considered by the Authority.

Yours faithfully

Ken Diehm  
**CHIEF EXECUTIVE OFFICER**