



METROPOLITAN LOCAL GOVERNMENT REVIEW

CITY OF WANNEROO SUBMISSION



JANUARY 2012



Preface

Thank you for the opportunity to participate in a discussion on a review of Metropolitan Local Government.

The City of Wanneroo is the largest growing Local Government in Western Australia contributing between 6,000 to 9,500 additional persons each year to the broader population of Perth and will continue to do so for at least the next 20 years, growing to a population of over 300,000 by 2031 from its current population of 156,000.

In responding to what the City believes is the focus of the review being to enhance the liveability and economic wellbeing of metropolitan Perth we have developed our submission into two key components being:

Part A – Developing Leadership Focussed on Shared Vision

The first component of our submission explores governance models that will assist in developing a shared vision for all tiers of Government to **work together** to enhance the liveability and economic well-being of the City of Wanneroo and the State of Western Australia

Our submission expands on some of the recommendations in the Australian Government National Urban Policy in relation to facilitating a whole of Government approach between the three tiers of Government to improve the sustainability and liveability of our major urban centres. The submission also suggests the South Australian Strategic Plan as an example for informing the potential development of a Western Australian State Strategic Plan.

Part B – Future Governance Model for the City of Wanneroo

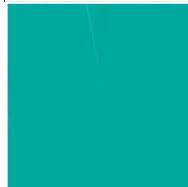
The City of Wanneroo will continue to experience strong and sustainable growth and is the Local Government that contributes the most to the population growth of the Perth metropolitan area. The City of Wanneroo has the shared responsibility of developing the next strategic metropolitan centre at Yanchep.

The development of Yanchep has been recognised at a State and Federal Government level through the St Andrews Project Strategic Cooperation Agreement and the designation of the project by the Federal Government as a major project through Infrastructure Australia.

Part B of our submission reviews in detail the optimum governance structure for the community represented by the City of Wanneroo in 2021 and 2031. In summary, the City of Wanneroo has and will continue to be best placed to manage the largest growth area in Western Australia.

The City supports reform in Local Government but strongly believes that the best outcome to be delivered for its community out of this reform process is a more collaborative and outcome targeted partnership between all three tiers of Government to ensure the management of the City's significant growth is aligned to the continued creation of vibrant sustainable communities.

Mayor Tracey Roberts JP





Part A

DEVELOPING LEADERSHIP
FOCUSSED ON A SHARED VISION





Table of Contents

- 1. Introduction 2
 - 1.1. Background 2
 - 1.2. Purpose 2
 - 1.3. Report Structure 2
- 2. City of Wanneroo Context 3
- 3. Royalties for Regions 4
 - 3.1. Royalties for Regions Funding Mechanism 5
 - 3.2. Economic Development in Western Australia 5
 - 3.3. Implications for Reform 6
- 4. Funding Reform 8
 - 4.1. Treasury Role 8
 - 4.2. Delivering Directions 2031 and Beyond 9
 - 4.3. Potential for Funding Reform 10
 - 4.4. Current Funding Situation 11
 - 4.5. Whole of Government Approach 11
 - 4.6. South Australia Strategic Plan Example 13
 - 4.7. Potential for Developing a Western Australia State Strategic Plan 15
 - 4.8. Whole of Government Reform - Implications for Local Government 15
- 5. Whole of Government Review – Opportunities for Local Government 16
 - 5.1. Improved Waste Management Coordination 16
 - 5.2. St Andrews Project, Yanchep 17
 - 5.3. Bringing it together 17





1. Introduction

1.1. Background

The City of Wanneroo commissioned Syme Marmion & Co to develop a Workforce Plan and a Governance Model as part of the Local Government Reform process. In developing these reports, the City of Wanneroo commissioned Syme Marmion & Co to assist in drawing together various elements into a submission to the Local Government Review Panel.

1.2. Purpose

In developing the City of Wanneroo draft Governance Model, it was evident that the City would benefit from aligning its strategy within a State framework. The purpose of this report is to outline some of the key areas of focus so that the State Government can collaborate with Local Government in the equitable delivery of regional level infrastructure outcomes for the benefit of all people in Western Australia. This report forms Part A of the submission to the Local Government Review Panel and should be read in conjunction with Part B – City of Wanneroo Governance Model.

1.3. Report Structure

The report reviews the Royalties for Regions program, outlines the context for economic development in Western Australia and the City of Wanneroo and indicates the implications for funding reform. The report also looks at how Treasury currently funds programs and discusses issues with this process with particular reference to delivering the objectives of Directions 2031 and Beyond. Potential mechanisms for funding reform and State strategy are outlined and opportunities for Local Government including the City of Wanneroo are summarised.





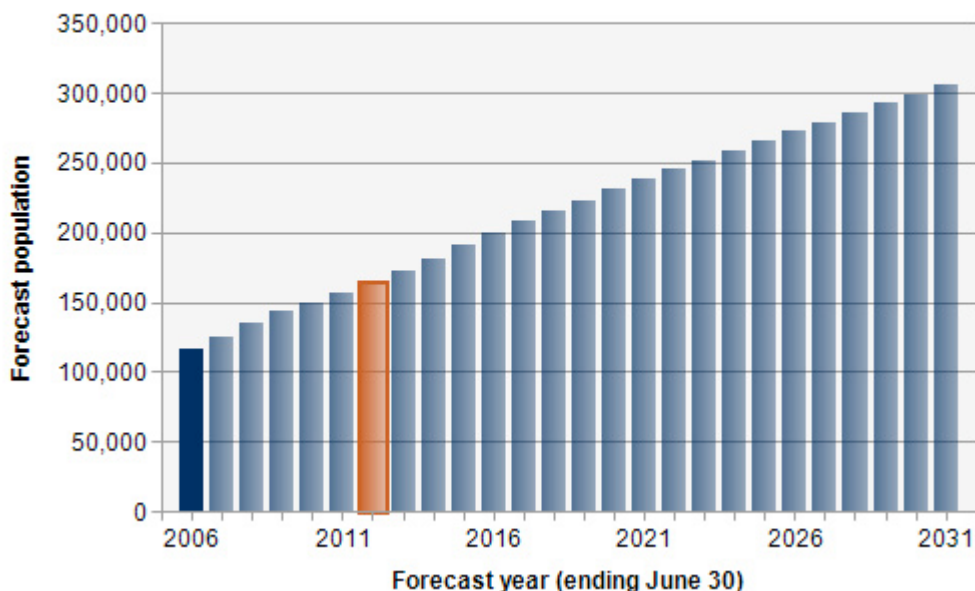
2. City of Wanneroo Context

The City of Wanneroo is committed to its strategic vision of being the centre for creative and sustainable growth, delivering strong, vibrant and connected communities.

As the largest growing Local Government in Western Australia and one of the fastest growing Local Governments in Australia, the City of Wanneroo is and will continue to play an important role in shaping Perth over the next 50 years.

Unlike other Local Governments in Western Australia the City of Wanneroo is growing at what is often described as a "hyper growth rate".

Forecast population, City of Wanneroo



The City is also actively involved in the:

- development of one of Metropolitan Perth’s largest new industrial estates at Neerabup with an employment target of up to 20,000 new jobs and a diverse range of industries;
- development of a new strategic metropolitan centre at Yanchep;
- significant potential urban infill throughout the City of Wanneroo;
- growth management of the Northern Coastal Growth Corridor within the City of Wanneroo with planning well advanced for an imminent population of 106,000 and a build out population of 233,000; and
- development of a new marina facility at Alkimos.

The City of Wanneroo has the experience and resources to manage this growth at a local level and to partner with State and Federal Governments at a regional level to deliver the key strategic outcomes required within the City of Wanneroo to ensure that the City achieves its strategic vision.

The City welcomes the opportunity to explore broader governance as there is an urgent need for a whole of Government governance model for the City of Wanneroo to meet the challenge that both State and Federal Government will face in servicing the continued and sustained growth within the City of Wanneroo.





3. Royalties for Regions

The change of Government in Western Australia in September 2008 resulted in more robust regional investment through the Royalties for Regions program.

This program sets aside the equivalent of 25 per cent of all mining and onshore petroleum royalties for investment in regional infrastructure and community projects, over and above normal budgeted Government expenditure.

For the purposes of the Royalties for Regions program “regions” is essentially everywhere outside of the Perth metropolitan area. No metropolitan regions are included and one of the specific aims of the program is to generate increased population away from the Perth metropolitan area. Royalties for Regions is a long-term vision for Western Australia, one that recognises that the sustainable development of regional Western Australia is vital to the State’s future.

Royalties for Regions states that it is a plan for the whole of Western Australia, with a focus on building communities in regional areas through six policy objectives:

- Building capacity in regional communities
- Retaining benefits in regional communities
- Improving services to regional communities
- Attaining sustainability
- Expanding opportunity
- Growing prosperity.

Royalties for Regions recognises that many regional centres require an infrastructure “catch-up” so that more residents can be attracted to live in regional centres.

Royalties for Regions has presented challenges for Regional Development Commissions (RDCs) as the significantly increased investment by Government for regions has taken effect. The RDCs represent a significant avenue for Government to direct and organise spending on regional projects and initiatives, such as through the Regional Grants Scheme and supporting Local Governments through the Country Local Government Fund.

At the State level, the RDCs are represented by the Regional Development Council which is the advisory body to the Minister on regional development issues as outlined in the following flow chart.



Source: Review of Functions and Responsibilities of Regional Development Commissions – Issues Paper 2010 (State Government)

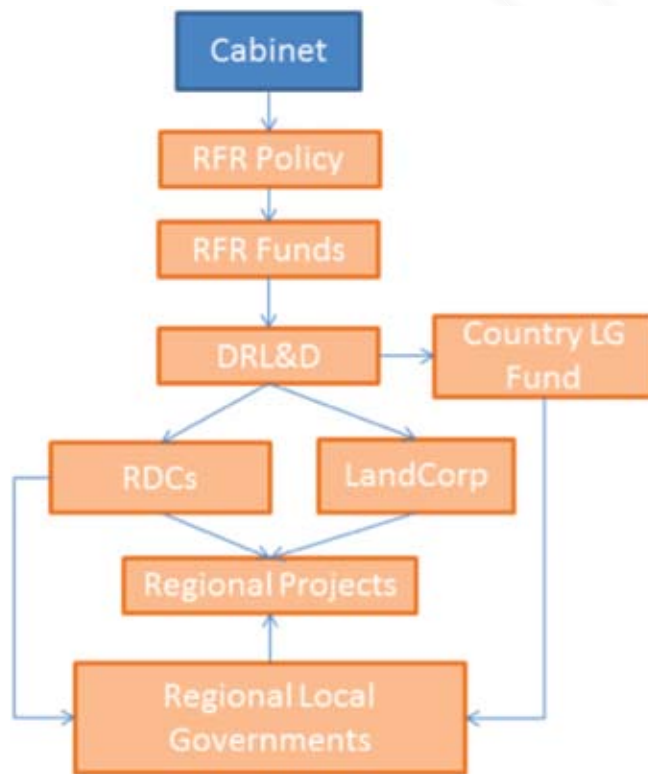




3.1. Royalties for Regions Funding Mechanism

Royalties for Regions does not replace the normal Treasury funding processes but is in addition to the normal budgeted Government expenditure. A summary interpretation of how the funding decisions are processed and funds allocated is shown below.

Figure 1: Royalties for Regions Funding Decision Summary



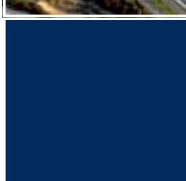
Through the Royalties for Regions agreement (Cabinet), Treasury allocates the funds to the Department of Lands and Regional Development and these funds are directed to various programs and projects in regional areas. The major benefit to this system is that decisions can be made quickly and funds sourced immediately for identified priority projects in advanced stages of planning.

3.2. Economic Development in Western Australia

It is worth noting that any additional population locating to the regional areas would otherwise be located in Perth. Any significant shift in the base population growth in a specific centre cannot be realistically achieved without economic development and diversification of the economic base. Increasing a population of a town such as Karratha to 50,000 from the current base of around 13,000 requires an employment base in addition to mining so that the broader employment opportunities will help to attract additional population other than direct and indirect mining related occupations. Without a significantly more diversified industry base, it is difficult to envisage the aspirational population target being achieved.

Outer Perth Metropolitan Local Government areas such as the City of Wanneroo have almost the reverse situation but with a similar economics issue. That is, the population growth is inevitable (and unrelenting), unlike Karratha for example, but the economic base requires intervention to enable economic growth beyond what would normally be expected based on population led economic growth. Major projects and significant employment nodes will require substantial State Government support if Directions 2031 employment self-sufficiency targets are to have any likelihood of being achieved.

Whilst the State Government currently has a “to do” list contained in Directions 2031 and Beyond, there is an ideal opportunity for governance to increase the possibility of this through the development of an Economic Development Strategy.

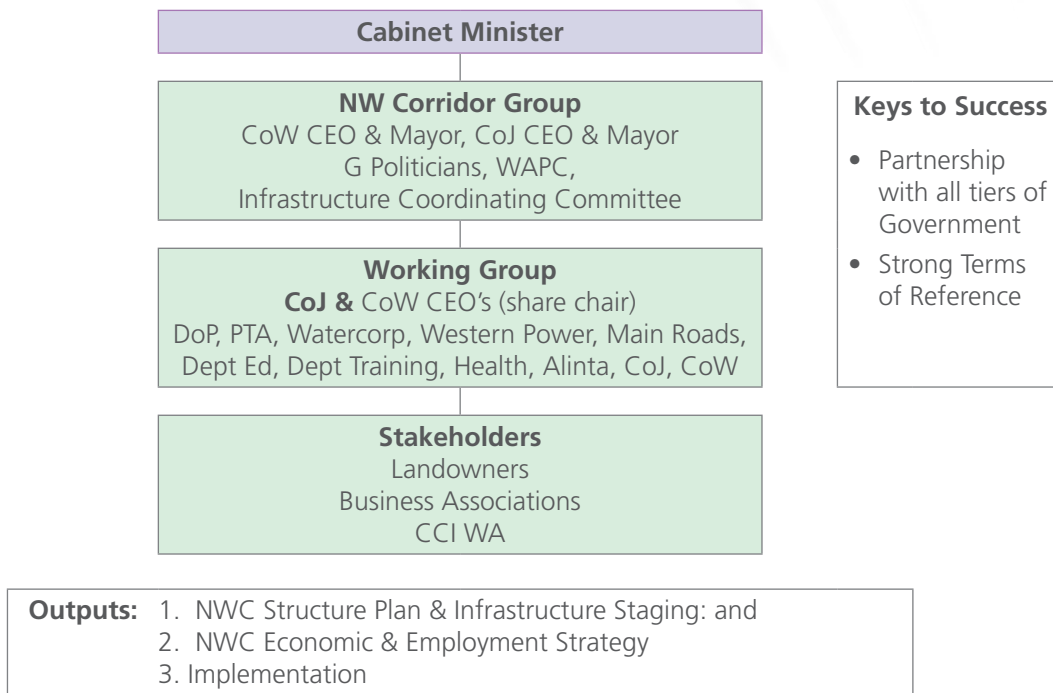




RDCs are the only mechanism currently providing a State level policy backed framework for economic development. Economic Development strategies are now being formulated for regional supertowns as part of the Royalties for Regions program. Towns such as Boddington are benefiting from this program.

The Cities of Joondalup and Wanneroo already have a draft governance model endorsed by both councils to advocate for economic development in the Perth metropolitan North West Corridor, but without State level support through appropriate policy and funding reform there is no mechanism to fund specific projects. The draft model is illustrated below.

Draft NW Corridor Regional Governance Model for Planning and Economic Development



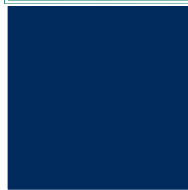
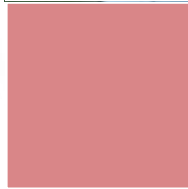
3.3. Implications for Reform

The Royalties for Regions approach has achieved some significant positive outcomes in regional centres in a relatively short period of time. From an economics perspective, the aggregate spending of \$1.2 billion allocated to 2011-2012 in regional areas is a very significant stimulus to local economic growth in the regional centres with increased employment on projects and flow on indirect employment for other business types as well.

It is likely that the successes and lessons learned from the Royalties for Regions program could form the basis for State Government funding reform and may provide a funding framework example of how Directions 2031 and all of its targets and outcomes can be delivered within the timeframe.

In terms of delivering value for money, the Royalties for Regions program is committed to providing approximately \$6.1 billion over seven years to areas other than the Perth Metropolitan region. The population of Western Australia at 2010 of 2.293 million persons (ABS Estimated resident Population) includes 1.696 million persons in the Perth metropolitan region and 597,000 persons in the remainder of Western Australia. This implies that the \$6.1 billion of expenditure in regional areas will be the equivalent of around \$10,000 per person in regional areas at 2010. The equivalent level of State expenditure in the City of Wanneroo if committed based on 2010 population of 150,000, would be \$1.5 billion.

A commitment by the State Government to allocate this level of capital expenditure in the City of Wanneroo would enable the delivery of very significant and needed infrastructure projects such as the rail to Yancheep and Freeway connection to the Neerabup industrial area.





This is perhaps a simplistic example but demonstrates that an equitable prioritisation system for infrastructure expenditure needs to be developed to ensure provision of adequate regional infrastructure is delivered by the State Government based on the priority needs of the population. By 2031, the City of Wanneroo will have a population of 234,000 persons. The increase in population over 2010 figures amounts to an additional 84,000 persons locating to the City.





4. Funding Reform

4.1. Treasury Role

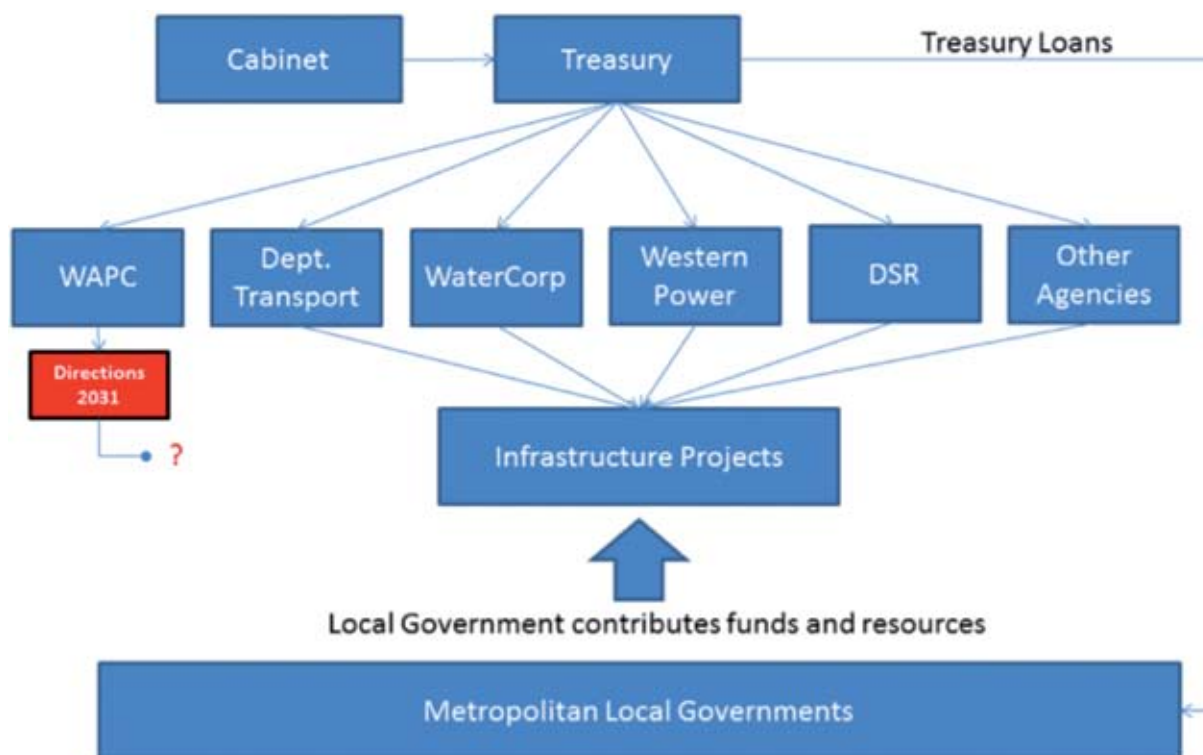
The Department of Treasury plays a central role in managing Western Australia’s public sector finances and provides analysis and advice on the strategies and frameworks necessary for maintaining the State’s economic and financial position.

Treasury has two main roles being a budget management role and a policy advisory role.

Treasury works with every State Government agency at the various stages of the annual budget cycle including a key financial monitoring and reporting role, to ensure that the State remains on track in respect of the Government’s budget objectives and policies. Supporting the Treasurer in the development of the State’s annual budget is one of the prime deliverables of the Department of Treasury. The aim is to assist Government in achieving value for money outcomes for the taxpayers of Western Australia.

The policy advisory role covers a wide range of issues, including public sector wages policy, competition policy, public sector superannuation policy, and advice on alternative models of service delivery and infrastructure provision, including Public-Private Partnerships (PPPs). PPPs describe models of procurement that unite the public and private sectors in the delivery of infrastructure and related public services.

In terms of how State budget and Treasury fit with Local Government infrastructure projects and funding, the following diagram indicates the general relationships.



The above diagram indicates the funding flows and shows that all agencies are funded by Treasury through a budgeting process. The major infrastructure agencies, such as Department of Transport, fund infrastructure through this process. In some instances, infrastructure projects are jointly funded by Local Government and State Government. The funding of sporting clubrooms through the CSRFF is an example of this. In some cases, if agency funds are not available through the Treasury budgeting process, Local Government may decide to pre-fund infrastructure such as in the case of the Hester Road Bridge over the rail line in the City of Wanneroo.





Local Government has access to loans through Treasury to facilitate capital works projects if required and for outer metropolitan Local Government areas, these loans can be substantial. The City of Wanneroo accessed a \$60 million loan from Treasury in 2010/11 to deliver the necessary capital works projects to the community in a timely manner.

4.2. Delivering Directions 2031 and Beyond

There is currently no separate formal funding arrangement through a specific policy for the implementation of Directions 2031 and Beyond. The State Budget Papers for the WAPC budget indicate funding of \$8.4 million for the implementation of Directions 2031 to 2013-14. It is likely that all elements of Directions 2031 and Beyond will be delivered through the existing normal budgeting process through the State agencies, the WAPC and the Infrastructure Coordinating Committee. The committee advises the WAPC on planning for the provision of physical and community infrastructure throughout the State and each representative agency prepares budgets accordingly. There is one Local Government representative on this committee and Treasury is also represented.

This process compares with the funding arrangement through a formal policy that Royalties for Regions has in place, which has enabled, and continues to enable, the delivery of very significant infrastructure projects to regional areas. The Royalties for Regions program sets aside the equivalent of 25 per cent of all mining and onshore petroleum royalties for investment in regional infrastructure and community projects. The estimated expenditure through the Royalties for Regions fund from 2008-09 to 2014-15 is \$6.1billion with \$1.2billion allocated to 2011-12.

An issue for Local Government in the delivery of Directions 2031 and Beyond targets is the additional cost burden. For example, achieving the employment self-sufficiency target for the North West Corridor without State Government support through a coordinated and well-resourced economic development strategy will be very difficult for Local Government and will certainly attract additional operating costs. There are no options available through State Planning Policy to acquire economic development contributions from developers. The preparation of new local housing strategies to meet Directions 2031 targets also adds to the Local Government resource burden.

If the Metropolitan Local Government Review aims to transform Local Government so that it can better promote liveable communities and the economic wellbeing of the metropolitan area, then for the City of Wanneroo at least, this will require funding reforms that enable priority Regional/State level infrastructure, including elements such as regional open space acquisition or contribution, to be provided in a timely fashion without additional financial burden being placed on Local Government.

4.3. Potential for Funding Reform

There are several reports that indicate funding reform as a major benefit to the operations of Local Government.

Regional Development Commission Review Report:

The RDC report found that State Government, and just as importantly, Local Governments, the Commonwealth (through the Regional Development Australia organisations) and not-for-profit partners, need the capacity to work together on the ground for localised decision-making. This objective has been outlined in the State Government's Economic Audit Committee report.

In order for this decision-making to be successful and implementable, it would need to be supported with an appropriate funding mechanism, such as the Royalties for Regions program in the regional areas.





Price Waterhouse Coopers Report - National Financial Sustainability Study of Local Government:

The Price Waterhouse Coopers report indicates that developing the ideal funding principles of a new Local Government system is relatively straightforward, but designing an effective funding model including a specific formula to reflect these objectives is decidedly more difficult. The report suggests that the viability of the Local Government sector would be significantly improved with a targeted Local Community Infrastructure Renewals Fund (LCIRF), in conjunction with improved asset management planning. Under the implementation of this approach FAGs and R2R funding would remain unchanged. The fund could be distributed based on relative need using an approach similar to Roads to Recovery. It should be noted that whilst the City of Wanneroo through its Strategic Asset Management Policy and 10 year Financial Plan, funds its asset renewal obligations, a targeted Local Community Infrastructure Renewal Fund will assist Council in addressing the renewal needs of regional infrastructure and increasing the funds available for the provision of new infrastructure.

Productivity Commission Report Assessing Local Government Revenue Raising Capacity:

The Productivity Commission report indicates that some Local Governments have called for a more substantial reform of the grants allocation process. The City of Mandurah, for example, argued that the Commonwealth Grants Commission:

... should introduce a 'national distribution' model, providing general purpose grants directly to Local Governments (bypassing the States), based on their relative 'need' (horizontal equalisation), rather than on their State's population. The issue of the appropriateness of the current distribution of Financial Assistance Grants is beyond the scope of the Commission's terms of reference. To the extent that full equalisation remains a policy objective of the Australian Government there is a case for more work in this area.

Finding 5.6 of the Productivity Commission report states that given the differences in the scope to raise additional revenue across different classes of councils, there is a case to review the provision of Australian Government general purpose grants to Local Governments.

The Commonwealth Grants Commission (CGC) (2001), in its review of the operation of the Local Government (Financial Assistance Act) 1995 (Cwlth), (2001, pp. 52–3) identified the main reasons for increases in Local Government service provision and expenditure to include:

- i. Devolution — where another sphere of Government gives Local Government responsibility for new functions.
- ii. Raising the bar — where another sphere of Government, through legislative or other changes, increases the complexity or standard at which a Local Government service must be provided, which increases its cost of service.
- iii. Cost shifting — where there were two types of behaviour. The first is where Local Government agrees to provide a service on behalf of another sphere of Government but funding is subsequently reduced or stopped, and Local Government is unable to withdraw because of community demand for the service. The second is where another sphere of Government ceases to provide a service and Local Governments voluntarily decide to provide the service.
- iv. Increased community expectations — where the community demands improvements in existing Local Government services.
- v. Policy choice — where individual LGBs [local governing bodies] choose to expand their service provision. (CGC 2001, pp. 52–3)

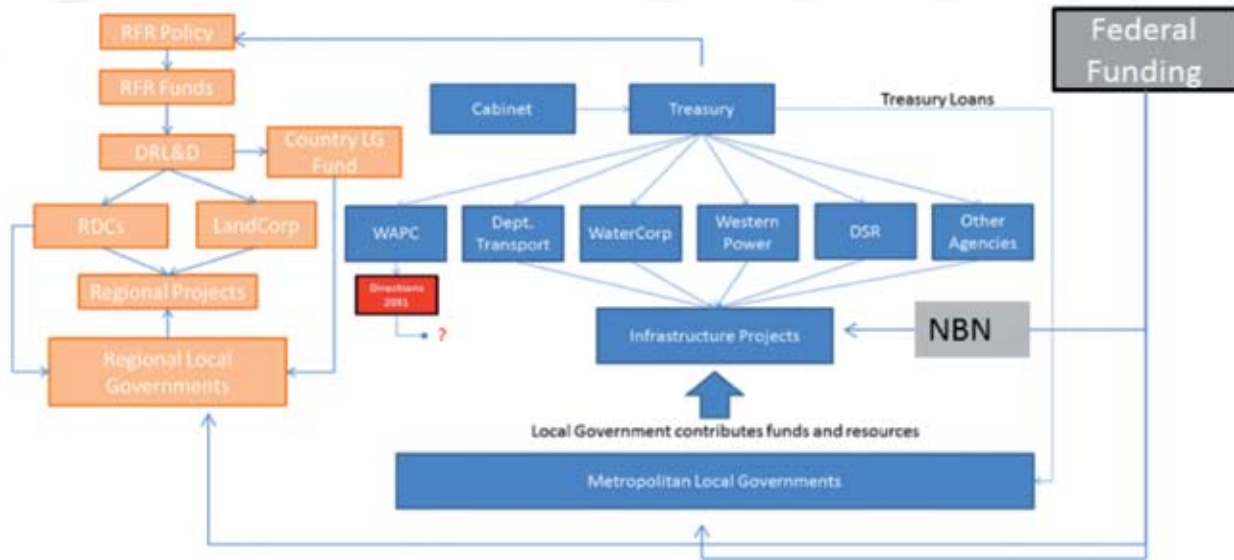
Finding 8.2 of the Productivity Commission report states that there is scope to utilise further the existing institutional arrangements between Australian and State Governments, Local Government associations and Local Governments to promote best practice in all aspects of revenue and expenditure decisions by Local Governments.





4.4. Current Funding Situation

The current overall funding situation with State, Federal and Royalties for regions can be illustrated as follows:



The above flowchart is a simplified representation of the position of Local Government regarding infrastructure provision and funding. It highlights the challenges for Perth metropolitan Local Governments in attracting funds for local, district and regional infrastructure and improvements.

Grants and subsidies revenue includes current and capital grants from the Australian and State Governments. The Australian Government provides funding to Local Government in the form of annual untied Financial Assistance Grants (which are paid in quarterly instalments through the States) and (tied) specific purpose payments direct to Local Governments. The Financial Assistance Grants consist of two components:

- general purpose grants, distributed among the States on an equal per person basis
- identified local road grants, distributed among the States on the basis of historical shares (although identified as road grants, they are untied).

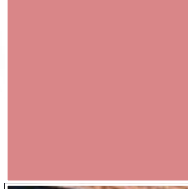
The City of Wanneroo Capital Works program identifies almost \$400 million in capital works projects over the next ten years. The program is anticipated to be funded by a combination of reserves, District Town Planning Scheme contributions, grants and loans. Therefore, any funding reforms at the Federal and State Government level that seek to improve the financial capacity of Local Government to deliver major projects will have a significant beneficial impact on the City of Wanneroo’s financial position.

These benefits are likely to far outweigh any benefits that may be gained as part of the Local Government reform agenda, with the exception of the Local Government Integrated Planning and Reporting Framework which is generally supported by the City in terms of ensuring that Local Governments report consistently on KPIs and remain financially sustainable.

4.5. Whole of Government Approach

The Australian Government introduced the First National Urban Policy in 2011 to improve the sustainability and liveability of our major urban centres and to guide policy development and public and private investment in cities.

One of the key Government initiatives within this policy under the goal of governance is to facilitate a whole of Government approach.





As expressed within the policy – “A high proportion of Local Government authorities are struggling to keep up with infrastructure demands and the delivery of facilities and services to local communities. In addition there are sites of National, State or Territory significance that are affected by the decisions of multiple jurisdictions and planning bodies.”

Better results can be achieved if goals, objectives and funding are aligned across jurisdictions and agencies, and between the three tiers of Government.

As expressed previously the City of Wanneroo is capable of delivering local infrastructure but is experiencing increasing pressure in planning for the growth of the City with the uncertainty that exists in terms of funding and planning priorities at a State Government level. Local Government is being reviewed and new policy adopted regarding reporting against KPIs and reporting of operations within a universal framework, it would be useful to consider how the State Government compares in similar terms. Following the implementation of the Local Government Integrated Planning and Reporting Framework, all Local Governments will have Strategic Community Plans that will identify the vision, priorities, objectives and strategies.

There is currently no State Strategic Plan in Western Australia. In comparison, South Australia does have a Strategic Plan with 98 specific targets under six overarching objectives that relate to economic, social and environmental principles. This plan sets the framework for guiding Government actions and priorities in South Australia and was launched in 2004 with a report on progress against targets released in 2006 and a revised plan released in 2007.

The State Infrastructure Strategy and a State Planning Strategy are the closest documents relating to a State Strategic Plan that Western Australia has attempted to date.

State Infrastructure Strategy

The draft State Infrastructure Strategy has not been finalised. In order to ensure that Directions 2031 and Beyond can be delivered, at minimum a similar infrastructure strategy needs to be developed with timeframes and budget to enable the infrastructure elements to be provided consistent with Directions 2031 principles. This includes infrastructure that is identified through other investigations in alignment with Directions 2031 such as the Public Transport Plan for Perth, the Industrial Land Strategy and any other yet to be completed plans such as the Freight Study.

This in turn would inform the strategic planning processes of Local Government in particular in the context of growth management.

State Planning Strategy

The WAPC is yet to release the revised State Planning Strategy (SPS), which was last released in 1997. The new SPS will hopefully be released in 2012. It is hoped the SPS will provide a framework for the development of the whole State and will incorporate Directions 2031 and Beyond as well as Royalties for Regions principles. The SPS may provide the necessary framework to progress funding reform so the funding for development and infrastructure in regional and metropolitan areas can be prioritised and allocated within the same framework and not separately as is now the case with the Royalties for Regions program.

It is expected that the SPS will provide a set of targets and indicators for the State so that Local Governments can implement their business and community plans consistent with State targets and key performance indicators.





4.6. South Australia Strategic Plan Example

The original 2004 South Australia Strategic Plan contained 84 targets, the majority with a 10-year or longer timeframe, and were grouped under six objectives in the plan. The updated 2007 plan now has 98 targets.

The 98 targets are still set out under 6 main objectives. All targets for Objective 1 are shown below to give an example of the detail delivered in the South Australian targets.

Objective 1 - Growing Prosperity (26 targets)

ECONOMIC ENVIRONMENT

T1 Economic Growth: Exceed the national economic growth rate by 2014

T1.2 Competitive business climate: Maintain Adelaide's rating as the least costly place to set up and do business in Australia and continue to improve our position internationally.

T1.3 Credit Rating: Maintain AAA credit rating.

T1.4 Industrial Relations: Achieve the lowest number of working days lost per thousand employees of any State in Australia by 2014.

T1.5 Business Investment: Exceed Australia's ratio of business investment as a percentage of the economy by 2014.

T1.6 Labour Productivity: Exceed Australia's average labour productivity growth rate in trend terms by 2014

T1.7 Performance in the public sector - customer and client satisfaction with Government services: Increase the satisfaction of South Australians with Government services by 10% by 2010, maintaining or exceeding that level of satisfaction thereafter.

T1.8 Performance in the public sector – Government decision-making: Become, by 2010, the best-performing jurisdiction in Australia in timeliness and transparency of decisions which impact the business community (and maintain that rating).

T1.9 Performance in the public sector – administrative efficiency: Increase the ratio of operational to administrative expenditure in State Government by 2010, and maintain or better that ratio thereafter.

EMPLOYMENT

T1.10 Jobs: Better the Australian average employment growth rate by 2014

T1.11 Unemployment: Maintain equal or lower than the Australian average through to 2014.

T1.12 Employment participation: Increase the employment to population ratio, standardised for age differences, to the Australian average.

T1.13 Defence employment: Increase defence industry employment from 16,000 to 28,000 by 2014.

EXPORTS

T1.14 Total Exports: Treble the value of South Australia's export income to \$25 billion by 2014. .

T1.15 Tourism industry: Increase visitor expenditure in South Australia's tourism industry from \$3.7 billion in 2002 to \$6.3 billion by 2014.

T1.16 Share of overseas students: Double South Australia's share of overseas students by 2014.

T1.17 Minerals exploration: Exploration expenditure in South Australia to be maintained in excess of \$100 million per annum until 2010.

T1.18 Minerals production: Increase the value of minerals production to \$3 billion by 2014. (T1.18)

T1.19 Minerals processing: Increase the value of minerals processing to \$1 billion by 2014. (T1.19)

T1.20 Defence industry: Double the defence industry contribution to our economy from \$1 billion to \$2 billion annually. (T1.20)

INFRASTRUCTURE

T1.21 Strategic Infrastructure: Match the national average in terms of investment in key economic and social infrastructure.





POPULATION

T1.22 Total Population: Increase South Australia's population to 2 million by 2050, with an interim target of 1.64 million by 2014.

T1.23 Interstate migration: Reduce annual net interstate migration loss to zero by 2010, with a net inflow thereafter to be sustained through to 2014.

T1.24 Overseas migration: Increase net overseas migration gain to 8500 per annum by 2014

T1.25 Population fertility rate: Maintain a rate of at least 1.7 births per woman.

ABORIGINAL UNEMPLOYMENT

T1.26 Aboriginal unemployment: Reduce the gap between Aboriginal and non-Aboriginal unemployment rates each year.

The remaining objectives in the South Australia Strategic Plan include:

- Objective 2 - Improving Wellbeing (12 targets)
- Objective 3 - Attaining Sustainability (15 targets)
- Objective 4 - Fostering Creativity (12 targets)
- Objective 5 - Building Communities (9 targets)
- Objective 6 - Expanding Opportunity (24 targets)

The Premier of South Australia in introducing the 2007 Strategic Plan for South Australia states:

After nearly three years, our Strategic Plan has taken root in communities across South Australia. People from all over our State, from all walks of life, have taken part. The plan has helped change the way South Australians see their future, and their idea of what they need to do to make a better future.

It has been vital for guiding Government action and priorities, and in driving greater discipline and focus across the Government.

In 2004 I also promised that, after two years, the State's progress against the plan's targets would be reported on publicly and objectively by an independent group of experts, without bias or spin.

I delivered on that promise in June 2006. I am proud that the independent Audit Committee found that, just two years into a ten-year plan, we as a State have already either achieved, or are on track to achieve, more than 50 percent of the targets. The report showed major progress being made by South Australia, particularly in areas such as the economy, the environment and education.

Mike Rann

Premier of South Australia

*Minister for Economic Development, Minister for Social Inclusion,
Minister for the Arts, Minister for Sustainability and Climate Change*

The South Australian Strategic Plan shows a strong commitment by the South Australian Government in endeavouring to achieve a set of targets within a framework that can create significant alignment across all Government sectors as well as fostering partnerships with private enterprises and non-Government agencies. This framework provides the opportunity to Local Government to set its own targets in alignment with State level objectives. The Strategic Plan appears to have created a sense of certainty and collaboration between South Australians in working together to achieve a set of common goals.





4.7. Potential for Developing a Western Australia State Strategic Plan

Developing a robust State Strategic Plan for Western Australia would assist State Agencies in aligning expenditure and projects with a common set of targets for the whole of Western Australia. Local Government would be able to develop their individual Strategic Community Plans in alignment with the State Strategic Plan, which would provide a level of consistency across State and Local Government tiers. A State Strategic Plan would also force a complete review of how projects and infrastructure are funded by providing a new framework for prioritising expenditure in alignment with the plan and its targets.

A State Strategic Plan would identify areas of overlap and interaction between objectives so that collaborative and innovative solutions to delivering on State targets can be developed rather than an individualistic or silo approach. This would enable efficiencies for other plans that would flow from the strategic plan such as a State Infrastructure Plan and a State Economic Development Strategy. It would bring together the plans for the Perth metropolitan area (Directions 2031) and the plans for the regions (supertowns) into one framework.

A State Strategic Plan would have the potential to transform the State of Western Australia and would have significant flow-on benefits to Local Government in terms of providing certainty for the delivery of infrastructure and timeframes and assign greater collaboration between State agencies and Local Government.

4.8. Whole of Government Reform - Implications for Local Government

There are a number of components that are impacting or will impact on the operations and financial sustainability of Local Government in Western Australia. These include:

- Metropolitan Local Government Review;
- Local Government Integrated Planning and Reporting Framework;
- Directions 2031 and Beyond;
- Draft Outer Metropolitan Perth and Peel Sub Regional Strategy;
- State Planning Strategy (yet to be released);
- Perth Public Transport Plan;
- Statement of Planning Policy Activity Centres for Perth and Peel (SPP 4.2); and
- Statement of Planning Policy Development Contributions (SPP 3.2).

The challenge for Local Government will be to achieve all of the various performance targets set out in these documents without changes to the revenue base. A whole of Government approach to reform and in particular funding reform is suggested as a means to achieving the goals of the State. The goals of the State, including performance targets, could be articulated in a manner similar to the South Australian Strategic Plan. The South Australian Model is suggested as an example of a working State level strategic plan in Australia. A set of common strategic goals will enable opportunities for collaboration and innovation across all Government sectors.

In order for Local Government, and particularly the City of Wanneroo due to its high population forecast growth, to work in collaboration with State and Federal Government, a new State framework would provide certainty and a shared vision between all tiers of Government and the community for delivering of regional infrastructure.





5. Whole of Government Review – Opportunities for Local Government

5.1. Improved Waste Management Coordination

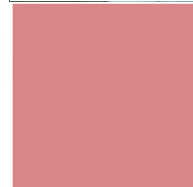
The City of Wanneroo currently undertakes its own waste collections (\$14 M per annum) for the community, and partners with the Cities of Joondalup and Swan in operating a specialized manual sort recycling facility (MRF) (\$6M pa) in Wangara. As one of seven members of the Mandarie Regional Council (MRC), the City disposes of its waste, exclusive of the recyclable materials on sold from the MRF, either direct to landfill or to the Resource Recovery Facility (RRF) operated by the MRC:

- 2011/12 FY Tonnages and Costs
 Anticipated Tonnages from all Collections 68,115 tonnes or 37% of MRC tonnages*
 Anticipated Residue from the Recycling Centre 15,000 tonnes or 28.4 % of MRC Residue
 *NB: Highest contributor to MRC in 2011/12.
 Total Anticipated Costs of \$8,378,145 and \$1,845,000 respectively for the City for the tonnages listed above.
- 2010/11 FY (MRC Annual Report)*
 Tonnages to RRF 39,420 tonnes or 40.5% of total MRC tonnages
 Tonnages to Landfill..... 40,845 tonnes or 24% of total MRC tonnages
 *NB: Inclusive of the City of Stirling waste, the final year of their utilization of the MRC facilities.

Given the significance of the collections and management of waste disposal undertaken, both by the City and the Regional Council, a more coordinated approach is essential for these future essential community services and their sustainability. In 2010/11 MRC paid \$1,837,832 in Landfill Levy to the State Government, with little return investment to the regional council and no return to the City to assist in waste management activities. In 2011/12 the MRC may receive approximately \$370,000 to assist with waste management initiatives on behalf of its members, which has been identified to be used to undertake waste audits of waste collected. With a holistic State Government or metropolitan Perth waste management approach, greater clarity in direction and aggregated coordination would create capacity to leverage partnerships and funding to deliver the necessary waste treatment technologies required for the future, including utilizing the Levy funds collected as a direct investment into the industry.

At present in the absence of a coordinated State or metropolitan strategy for waste management, the six metropolitan regional councils are competing for resources and technologies, duplicating initiatives and possibly technologies e.g. landfills, and potentially implementing only short to medium term solutions for waste management, potentially incurring a cost flow on via individual member councils to the ratepayers which may be inflated and unnecessary in some areas. A coordinated approach would be able to identify suitable and cost effective technologies for use; create and deliver meaningful community education strategies; plan, fund and deliver strategically located facilities for waste minimization and ensure a sustainable waste strategy to support metropolitan Perth for the coming 50 years and beyond. Similar to Water Management, Waste Management needs to be prioritized by the State Government and funded accordingly for the future.

The City itself is experiencing never ending challenges aligned to waste management within its boundaries. Not only is household rubbish increasing in tonnages due to the growth in housing developments, the nature and type of household rubbish put out for verge collections is ever increasing, compounded by having no manufacturers or product return schemes in place at present e.g. e-goods, white goods. Increased tipping fees or disposal costs have also had a causal effect upon the illegal dumping of materials, inclusive of commercial and industrial waste, and construction and demolition waste. Given that it is reported that household waste only accounts for about one third of the State's total rubbish load, the impacts and costs associated with this type of illegal dumping will only escalate and will need to be addressed.





The opportunity for the metropolitan Local Government reform to embrace and implement a coordinated waste management approach at this point in time, coupled with the impending Carbon Tax, would be of significant long term benefit to the Perth Metropolitan area and its community.

5.2. St Andrews Project, Yanchep

The significance of the strategic development of Yanchep to both the State and Federal Government was formally recognised in July 1999 when the State Government (Premier and Western Australian Planning Commission), the City of Wanneroo, Tokyu Corporation and its Australian subsidiary, Yanchep Sun City Pty Ltd, entered into a Strategic Co-operation Agreement which recognised that to achieve the ambitious goals of this project, it is essential that there be strong partnerships between all parties.

In addition to this, the St Andrews Project has received major project facilitation status through Infrastructure Australia. With the final approval of the District Structure Plan for Yanchep/Two Rocks, it is an ideal time to review the governance structure of the Strategic Co-operation Agreement to maximise the strength of these partnerships to further clarify mutual sets of obligations and understanding.

5.3. Bringing it together

The City has been active in making submissions on strategic documents released for public comment by the Federal Government and West Australian State Government, including:

- A Sustainable Population Strategy for Australia;
- National Urban Policy - Our Cities;
- Outer Metropolitan Sub Regional Strategy;
- Directions 2031 and Beyond;
- RDA Plan for Perth;
- Public Transport Plan for Perth 2031;
- Building A Better Planning System;
- Industrial Land Strategy;
- Gnangara Sustainability Strategy; and
- East Wanneroo Structure Plan.

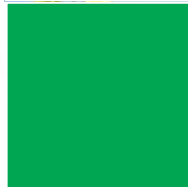
Throughout each submission the City has consistently advocated the need for better implementation and accountability in the delivery of strategic plans, particularly the need for:

1. Long term strategic direction and objectives that are agreed to across all three spheres of Government.
2. Regional planning to be linked to the timely provision of regional infrastructure and services relating to transportation, education, health, open space and environmental protection in the context of substantial long term population growth.
3. An implementation program, including actions, responsibilities and timeframes to better transition key initiatives into project planning, evaluation and delivery.
4. A mechanism to review and align strategic planning in the context of emerging trends better inform Government decision making on where and when to fund infrastructure and services.

The City of Wanneroo is dealing with a substantial long term population growth that will see the City double in size over the next 20 years.

The City believes that a governance approach between all tiers of Government is required to proactively address issues like local employment and transportation infrastructure.

A governance framework similar to the South Australian Government State Strategic Plan may provide a way of facilitating alignment across the three spheres of Government and in turn develop a shared vision for the City of Wanneroo which will see the productivity of the economy improve and the quality of life for our community increase.





Overall, the opportunities for the City of Wanneroo over the next 20 to 30 years are considerable. However, the challenges to maximise these opportunities are substantial and require collaboration between State Government, Local Government, non-Government agencies and the private sector. The City of Wanneroo encourages the State Government to continue with Government reform which must include Local as well as State level performance indicators and targets. This has the potential to result in the development of a robust leadership framework focusing on a shared vision for Western Australia.



Part B

CITY OF WANNEROO GOVERNANCE MODEL





Executive Summary

Syme Marmion & Co has been commissioned by the City of Wanneroo to investigate and to determine the preferred scenario between remaining as a single Local Government area (LGA) and growing to become a large council or splitting into two Local Government areas.

The study considers the impacts of the various scenarios on elected member representation, governance structures, operating costs, rates income and achievement of the City's strategic vision. These impacts will occur within the context of significant population growth. The report builds on the results of the Workforce Plan and utilises City of Wanneroo financial data and the findings are summarised below.

Regional Context

Since 2001, population growth in the City of Wanneroo has totalled almost 66,000 persons and this sets the City of Wanneroo apart from all other growth area councils in Western Australia as the fastest growing Local Government area in absolute population growth terms. This means that the City of Wanneroo has been, and continues to be, highly focussed on its population growth and the consequences. The two major District Structure Plans (Alkimos/Eglinton and Yanchep/Two Rocks) that will underpin future growth have been fundamentally driven by developers and the City of Wanneroo. The City remains the best placed organisation to regulate the development in the region and to enable the delivery of these two significant structure plan areas. The historical growth experienced in the City of Wanneroo is therefore set to continue and the City must be supported by the State Government if it is to succeed in delivering this growth effectively with appropriate provision of infrastructure and employment opportunities.

The City of Wanneroo and the City of Joondalup have collaborated to promote regional economic development and infrastructure staging, through creating and endorsing a draft Regional Governance Framework for the North West Corridor. This draft framework will play an important role in enabling negotiation with the State Government for the staging of large capital investment items including regional transport infrastructure such as public transport and freeways as well as support for the development of strategic employment nodes such as Joondalup Strategic Metropolitan Centre, Yanchep Strategic Metropolitan Centre and the Neerabup industrial area.

The Local Government reform process is welcomed by the City of Wanneroo but the context for the North West Corridor is likely to be significantly different compared with some of the inner area Local Governments. The benefits of amalgamation or boundary changes in the short term to the City of Wanneroo are unlikely to provide the magnitude of benefits to justify the changes compared with other reforms that might be contemplated such as reform of State Government processes to enable both Joondalup and Wanneroo to achieve their strategic economic growth goals.

The strategic direction of Wanneroo is specific to the growth issues context and combining the existing City of Wanneroo with an existing established Local Government area would dilute the strategic importance of addressing growth issues such as meeting the goal of increased employment self-sufficiency.

Growth Impacts

The impacts of forecast growth in the City of Wanneroo show that there will be significant challenges over the next twenty years in the City in addressing these impacts through maximising opportunities and minimising negative impacts. The capacity of the organisation to deal with these issues must therefore be a key consideration in the decision to split or remain as a large Local Government area. This is in terms of not only financial capacity but the ability to attract appropriate human resources and strategic expertise to effectively address growth impacts.





Governance Structures

Current practice shows that even for larger councils of around 300,000 persons, the representation is between 20,000 and 25,000 persons per elected member. This is double the current ratio for the City of Wanneroo. Ratios of this order for the City of Wanneroo are likely in the future and maintaining an effective representation model for the City will require alternate methods for community representation and engagement. The range of potential engagement practices outlined in the report for consideration includes community advisory committee, place management, precinct committee, community council/board, and community engagement officers. It is also likely that the current number of elected members will need to remain unchanged.

Organisational Capacity

The City of Wanneroo Capital Works Program outlines approximately \$400 million in capital works over the next ten years. The City has delivered many large scale development projects over recent years and has the capacity to deliver the current set of planned future projects for the benefit of City of Wanneroo residents. The delivery of these projects relies on the ability to set rates based on cost of project delivery and organisational costs as well as maintaining the organisational capacity in terms of the workforce skill.

Scenarios

The potential broad scenarios for the City of Wanneroo investigated in this report include:

- Scenario 1 - Remain as is and continue to grow into a very large local authority by population; and
- Scenario 2 - Split into two local authorities – this could be achieved under a number of geographical options.

Operating Budget

At 2021, remaining a large single Local Government authority is estimated to have operating costs in the order of \$267m compared with a split arrangement with estimated total combined operating costs of \$299m. This is a difference of \$32m for the year 2021. At 2031, a large LGA would incur operating costs of around \$474m compared with a total combined \$526million in a split scenario, or a difference of \$52m for the year 2031. If the LGA were to split in 2021, the additional costs incurred between 2021 and the end of 2031 would total in the order of \$454m (over 11 years including escalation). Therefore the operating budget would incur significant savings if the authority were to remain a large single entity. This is mainly due to avoiding the requirement to duplicate senior staffing and management roles and premises running costs. It should be noted that the current 10-Year Financial Plan maintains an operating surplus throughout the plan and this would remain under Scenario 1.

Income Generation

Based on the forecast growth and rates modelling, the estimated rates for the large LGA at 2021 are forecast to total \$198m. There is unlikely to be any additional income generation scope if the LGA is split. It is therefore assumed that the aggregate rates potential will be the same for all scenarios and that the major difference will be in the cost base. The rates coverage of operating costs at 2021 is estimated at 77.1% for the large single LGA and a combined 69.3% for the split LGA. At 2031 the rates coverage is estimated at 71.3% for the large single LGA and 64.7% for the split scenario.

Financial Analysis Implications

It is likely that any of the scenarios could be financially sustainable if the proper preparation and planning is undertaken prior to splitting. However, a large single council at 2031 will have lower aggregate operating expenses than the aggregate costs of two split entities. This is mainly due to the duplication of staff and premises factors.





Although splitting the area to form an additional “Shire of Alkimos’ was suggested as a possibility in 1997 by the then Minister for Local Government, the analysis shows that it would be difficult to justify splitting the local authority since the additional operational costs over the 2021 period 2031 totalling \$454 million (escalated) could otherwise be used for infrastructure improvements or other programs. This represents a significant opportunity cost. Therefore Scenario 1 would have the best financial outcome.

Representation Implications and Preferred Scenario

The Vision for the City of Wanneroo is *to be the centre for creative and sustainable growth, delivering strong, vibrant and connected communities*. In order to achieve this vision, the City needs to remain financially strong whilst engaging the community. It is inevitable in any scenario for the City of Wanneroo that the ratio of population to elected members will increase. Therefore, under all scenarios, strategies will be required to ensure that the residents in the City are adequately represented in their views. There are a number of approaches outlined in this report that may be implemented to achieve this.

Therefore, on balance, the preferred scenario over the timeframe to 2031 is to remain as a large single Local Government area, or Scenario 1. The prime rationale for recommending Scenario 1 is the greater financial capacity. The downside to Scenario 1 is the relatively high population to elected member ratio. Utilising some of the approaches to addressing this issue, such as employing community engagement officers to assist elected members, will mitigate the negative consequences of higher population to elected member ratios.

Organisational capacity to deliver more complex projects is likely to be enhanced in a larger organisation with larger overall budget to allocate to priority projects and leverage to obtain better State and Federal funding. Ability to attract and pay for the best people to implement more complex projects is also a major factor.

In terms of the recommended Scenario 1, the main administration centre in the Wanneroo Town Centre would remain as the core administrative hub. It will be necessary to provide some additional level of customer service centres or “spokes” throughout the City such as Yanchep. These service centres provide an opportunity to house community engagement personnel to assist elected members in engaging with the community.

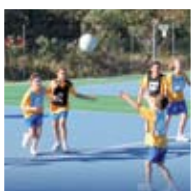
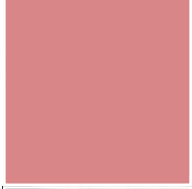




Table of Contents

1.	Introduction	2
1.1.	Background.....	2
2.	Background Analysis.....	2
2.1.	Regional Context.....	3
2.2.	Growth Impacts.....	4
2.3.	Governance Structures	6
2.3.1.	Voter Participation.....	8
2.3.2.	Community Engagement.....	8
2.3.3.	Current Performance.....	11
2.3.4.	Capital Works and Infrastructure Provision.....	12
2.4.	Scenario Development.....	13
2.5.	Financial Analysis.....	13
2.5.1.	Operating Budget.....	13
2.5.2.	Income Generation.....	14
2.5.3.	Financial Sustainability.....	15
2.5.4.	Financial Analysis Implications	19
3.	Outcomes.....	20
3.1.	Vision Achievement	20
3.2.	Economies of Scale.....	21
3.3.	Economies of Scope	21
3.4.	Preferred Scenario	22
	Appendices – Scenario Maps and Estimated Rates Income	23





1. Introduction

1.1. Background

Syme Marmion & Co were commissioned by the City of Wanneroo to investigate potential future governance models for the City.

This report builds on the findings contained within the Draft Workforce Plan, and utilises information contained in the 10-Year Strategic Financial Plan 2011-2021 including the 10-Year Capital Works Program. The current rating regime is also used to forecast future income scenarios.

The main aim of this study is to determine the preferred scenario between remaining as a single LGA and growing to become a large council or splitting into two Local Governments.

2. Background Analysis

Expectations of Local Government are changing with councils now expected to be much more than just “roads, rates and rubbish”. There is a significant emphasis on Local Government to advocate for their communities across a range of economic, social and environmental elements. The City of Wanneroo Strategic Plan reflects this by focussing on four specific “pillars” namely, Environment, Social, Economic and Governance to deliver on its vision: “The City of Wanneroo, the centre for creative and sustainable growth, delivering strong, vibrant and connected communities.”

Significant change in Local Government has occurred in many jurisdictions similar to those in Western Australia. In England for example, a localism Bill is designed to shift responsibility for managing a range of services to Local Government and local communities. Changes to Local Government legislation in Australia and New Zealand during the last decade or so have included reference to the role of Local Government in promoting the social, economic, environmental well-being of communities and involving the community in determining needs and priorities. In Victoria, local authorities are required to prepare community plans and in NSW, councils must engage the community in the preparation of their Community Strategic Plan.

As a result of the State Government’s Local Government Reform Program, Western Australian Local Government authorities are required to develop a long term Integrated Planning Framework that encompasses strategic planning systems that deliver accountable and measurable linkages between community aspirations, financial capacity and practical service delivery. A significant component of the Planning Framework is the development of a Strategic Community Plan (SCP).

The operating environment for Local Government has undergone significant change in Western Australia over the last decade and will continue to change into the future. Additional pressures will be experienced by those Local Government areas, such as the City of Wanneroo, that are forecast to experience significant growth. The impacts of growth will need to be confronted along with changes resulting from ongoing Local Government reform processes. A key component for the City will be to understand the consequences that various scenarios for managing the growth of the region will have on the financial sustainability of Local Government in the region as well as on community representation.



2.1. Regional Context

The most recent population growth data for Western Australian Local Government Areas (ABS Estimated Resident Population, March 2011) shows that the City of Wanneroo experienced growth of an additional 6,000 persons between 2009 and 2010 with Rockingham experiencing growth of about 4,000 and Stirling just over 3,000 persons. This growth in Wanneroo between 2009 and 2010 was in fact the lowest growth experienced since 2003. The growth between 2008 and 2009 in the City of Wanneroo was almost 9,500 persons. Growth since 2001 has totalled almost 66,000 persons and this sets the City of Wanneroo apart from all other growth area councils in Western Australia as the fastest growing Local Government area in absolute population terms. This means that the City of Wanneroo has been, and continues to be, highly focussed on the population growth and its consequences.

This growth has been well recognised and in 1997 when the then Minister for Local Government (Hon. Paul Omodei) proposed to split the City of Wanneroo into the City of Joondalup and Shire of Wanneroo due to the anticipated population growth, he also suggested that the Shire of Wanneroo would grow rapidly and would lead to the creation of the Shire of Alkimos. To put this timing into a planning context, it should be noted that the State Government North West Corridor Structure Plan was finalised in 1997, around the same time as the Ministers announcement, and is yet to be updated to reflect recent District Structure Plan approvals. The two District Structure Plans advocated for by the City of Wanneroo now effectively form the North West Corridor Structure Plan by default.

The two major District Structure plans (Alkimos/Eglinton and Yanchep/Two Rocks) have been fundamentally driven by developers and the City of Wanneroo. To provide some context to the magnitude of size and growth that the two major District Structure Plans represent, this area contained within the City of Wanneroo is similar in size to the Cities of Joondalup and Stirling with planning well advanced for an imminent population of 106,000 and a build out population of 223,000. The City remains the best placed organisation to further the development in the region and to enable the delivery of these two significant developments. The historical growth experienced in the City of Wanneroo is set to continue and the City must be supported by the State Government if it is to succeed in delivering this growth effectively.

As an example of how the City of Wanneroo and the City of Joondalup collaborate to promote regional economic development, both councils have endorsed a draft Regional Governance Framework for the North West Corridor. The Council of Australian Government (COAG) Communiqué in December 2009 agreed that by 1 January 2012 all States will have in place capital city strategic plans that will meet national criteria, and noted that the Commonwealth will link future infrastructure funding decisions to meeting those criteria. In Western Australia, Directions 2031 will fulfil these criteria. With Federal and State strategic planning structures becoming more aligned, having a robust regional governance framework for the North West Corridor will ensure that the region maximises the opportunities for securing available infrastructure funding at both Federal and State levels. The Draft Regional Governance Framework was endorsed as a basis for ongoing dialogue with the City of Joondalup and the State Government.

This draft governance framework will play an important role in enabling negotiation with the State Government for large capital investment items including regional transport infrastructure such as public transport and freeways as well as support for the development of strategic employment nodes such as Joondalup City Centre, Yanchep and Neerabup industrial area.

The Local Government reform process is welcomed by the City of Wanneroo but the context for the North West Corridor is likely to be significantly different compared with some of the inner area Local Governments. The benefits of amalgamation in the short term to the City of Wanneroo are unlikely to provide the magnitude of benefits to justify the changes compared with other reforms that might be contemplated such as reform of State Government processes to enable both Joondalup and Wanneroo to achieve their strategic economic growth goals.

The strategic direction of Wanneroo is specific to the growth issues context and combining the existing City of Wanneroo with an existing established Local Government area would dilute the strategic importance of addressing issues such as increasing employment self-sufficiency.





2.2. Growth Impacts

Growth in the City of Wanneroo is expected to continue to outpace growth in other Local Government areas in Western Australia. The growth forecasts show an average increase in the City of around 7,500 persons per annum over the next twenty years. This level of growth will have social, environmental and economic consequences that will need to be managed through effective strategies.

The following sections outline some of the main growth impacts that will require the City to minimise negative impacts and maximise opportunities wherever possible.

Social Impact

The main social impacts of the forecast population growth will be reflected in the changing age profile of the City.

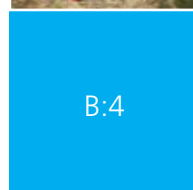
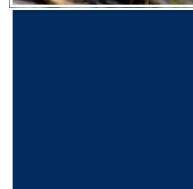
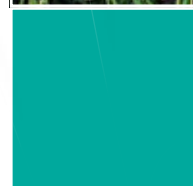


Table 1: Forecast Age Structure, City of Wanneroo

Age structure	Persons 2011	% 2011	Persons 2021	% 2021	Persons 2031	% 2031	Change 2011 to 2031
0-14 years	38,152	24.4%	57,999	24.4%	70,717	23.2%	32,565
15-19 years	11,245	7.2%	16,520	6.9%	21,006	6.9%	9,761
20-24 years	10,614	6.8%	15,594	6.6%	19,294	6.3%	8,680
25-34 years	22,700	14.5%	32,895	13.8%	39,626	13.0%	16,926
35-44 years	24,886	15.9%	35,465	14.9%	43,385	14.2%	18,499
45-54 years	19,601	12.5%	30,815	13.0%	39,625	13.0%	20,024
55-64 years	14,099	9.0%	22,326	9.4%	31,926	10.5%	17,827
65-74 years	9,245	5.9%	15,781	6.6%	23,568	7.7%	14,323
75-84 years	4,561	2.9%	8,519	3.6%	13,522	4.4%	8,961
85 years +	1,224	0.8%	1,936	0.8%	2,712	0.9%	1,488
TOTAL	156,327	100%	237,850	100%	305,381	100%	149,054

Source: ID Forecast

The age profile will shift to include a higher proportion of persons aged 45 years and above, increasing from 31% in 2011 to almost 37% by 2031. The population of persons aged over 80 will increase from around 3,000 in 2011 to more than 8,000 in 2031. Services for all age groups will experience increased demand.

Environmental Impact

The additional dwellings that will be located in the City over time will result in broad environmental impacts. There will be an increase in the demand for power, transport, water and other services with accompanying environmental impact consequences.

Table 2: Forecast Additional Dwellings, City of Wanneroo

Age Group	Dwelling Commencements – 5 year period	Private Dwellings (inc. Commencements)
2011	13,971	56,107
2016	15,255	71,362
2021	14,644	86,006
2026	13,967	99,973
2031	13,868	113,841

Source: ID Forecast



The number of dwellings is expected to double between 2011 and 2031 and there is consequently the potential for environmental impacts caused by dwellings to double as well. This will add to the existing pressure on remnant bushland, conservation areas and parks, beaches and agricultural land. Opportunities to minimise the impact to the environment of the dwellings growth identified in strategic plans should be actioned wherever possible and reviewed periodically.

Along with population growth, it is expected that the number of businesses will increase significantly. Although this is more difficult to quantify, the typology of businesses likely to locate within the City to areas such as Neerabup are likely to use significant resources and will have an impact on the environment. However, the provision of local jobs for the local population is likely to have less impact on the environment than if the majority of the labour force travelled outside of the region to work. Maximising employment self-sufficiency is therefore seen as a way to minimise the environmental impacts of travelling to work.

Economic Impact

The main economic impact of the forecast growth is the subsequent increase in the labour force residing within the City. These people will need to be employed. The current participation rate (from 2006 Census) is shown below.

Table 3: City of Wanneroo Labour Force Participation, 2006

Age Group	2006 Population	2006 Labour Force	Participation Rate
15-19 years	8,043	4,544	56.5%
20-24 years	7,174	5,613	78.2%
25-34 years	16,011	12,042	75.2%
35-44 years	18,507	14,283	77.2%
45-54 years	13,658	10,549	77.2%
55-64 years	9,898	5,529	55.9%
65-74 years	5,902	617	10.5%
75-84 years	3,130	58	1.9%
85 years and over	862	19	2.2%
Total	83,185	53,254	64.0%

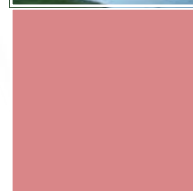
Source: ABS Census 2006

By applying the 2006 labour force participation rates to the future projected population by age cohort, an estimation of the future labour force can be derived.

Table 4: City of Wanneroo Estimated Future Labour Force

Age Group	Participation Rate	2011 Population	2011 Est. Labour Force	2021 Population	2021 Est. Labour Force	2031 Population	2031 Est. Labour Force
15-19 years	56.5%	11,245	6,353	16,520	9,333	21,006	11,868
20-24 years	78.2%	10,614	8,304	15,594	12,201	19,294	15,096
25-34 years	75.2%	22,700	17,073	32,895	24,741	39,626	29,803
35-44 years	77.2%	24,886	19,206	35,465	27,371	43,385	33,483
45-54 years	77.2%	19,601	15,139	30,815	23,801	39,625	30,605
55-64 years	55.9%	14,099	7,876	22,326	12,471	31,926	17,834
65-74 years	10.5%	9,245	966	15,781	1,650	23,568	2,464
75-84 years	1.9%	4,561	85	8,519	158	13,522	251
85 years +	2.2%	1,224	27	1,936	43	2,712	60
Total		118,175	75,029	179,851	111,767	234,664	141,462

Source: ID Forecast, ABS Census 2006, Syme Marmion & Co Modelling





It is expected that the labour force residing within the City of Wanneroo will increase from around 75,000 in 2011 to 141,000 in 2031. This represents an increase of almost 90%. In order to achieve 60% employment self-sufficiency, which is outlined in Directions 2031 and Beyond as a target for the North West Perth metropolitan Sub Region, the City of Wanneroo will need to accommodate around 85,000 jobs. In 2006 the City contained only 23,500 jobs. If it is assumed that the City currently contains around 30,000 jobs at 2011 (the 2011 Census when released in 2012 will reveal the actual number), there will still be the requirement to develop an additional 55,000 jobs within the City of Wanneroo area if the target is to be achieved by 2031.

This is difficult and requires significant economic activity that is oriented outside of the region to be located there. It is a significant strategic challenge and requires substantial and highly skilled resources to be applied for it to be achieved. In large part these resources will be expected to come from Local Government.

Opportunities, such as the National Broadband Network, will need to be maximised if these jobs are to be created. Development opportunities that have the potential to create jobs at Neerabup, Yanchep - Two Rocks and Alkimos – Eglinton will also need to be maximised.

The above impacts of growth show that there will be significant challenges over the next 20 years in the City of Wanneroo in addressing these impacts through maximising opportunities and minimising negative impacts. The capacity of the organisation to deal with these issues must therefore be a key consideration in the decision to split or remain as a large Local Government area. This is in terms of not only financial capacity but the ability to attract appropriate human resources and strategic expertise to effectively address growth impacts. The City of Wanneroo Strategic Plan (revised 2010) outlines a number of strategies to address issues and maximise opportunities for the future. The continuous pursuit of the outcomes contained in the Strategic Plan and the periodical review has already delivered a large number of significant benefits to the City and its residents. Any change to the Strategic Plan resulting from amalgamation into a very large Local Government area would lose the required focus to deliver on the strategic outcomes required of the City in its role as a growth council.

2.3. Governance Structures

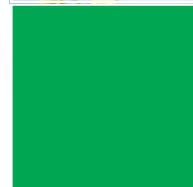
In terms of elected member to population ratio, the working paper by Purdham et al¹. provides some useful insight into the issue. Purdham et al. state:

The predominant criteria in determining the number of elected representatives is population size. However, population size does not indicate how many elected representatives are required for effective governance. But other factors, such as those promoting democratic engagement and achieving desired policy outcomes, could be taken into account in determining the number of elected representatives.

The strength of Local Government is in its true connection to its community and through this connection making decisions that are based on an understanding of its community needs.

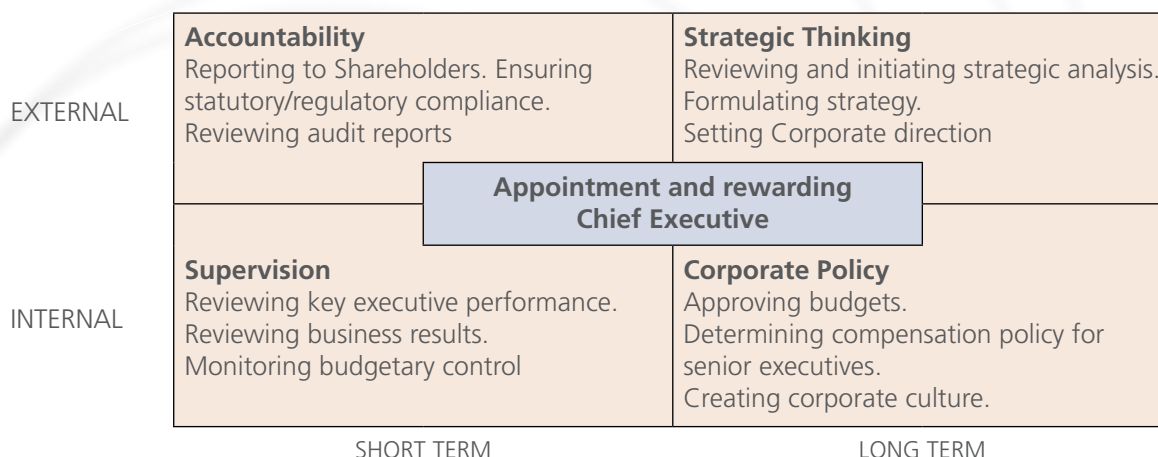
It is often said that a role of a councillor is similar to that of a director or a corporate board.

¹Purdam, K., John, P., Greasley, S., and Norman, P., *How Many Elected Representatives Does Local Government Need? A Review of the Evidence from Europe, University of Manchester, Working Paper (2008)*





Hilmer and Tricker describe typical board roles as follows:



Whilst Councillors have similar roles as a board member they have a substantial additional role of representing and communicating with their local community. This role is critical in maintaining a strong connection between the Council and its community and ensuring that the decisions made by Council are drawn from an understanding of community needs.

With the strong and sustained growth of the City of Wanneroo, the City's current Councillor to resident ratio of 1:11,000 persons will grow to 1:17,000 in 2021 and 1:22,000 in 2031.

The tables below indicate the comparative levels of representation currently in Local Government areas of comparable size to the City of Wanneroo at 2011, 2021 and 2031.

Table 5: City of Wanneroo Comparison with Other Councils at Various Growth Levels

City of Wanneroo Current Population (156,000)

LGA	Population	Elected Members	Representation
Newcastle City Council	156,000	13, 4 wards	12,000
Campbelltown City Council	153,222	11, 5 wards	13,909
Knox City Council	156,997	9, 9 wards	17,333
City of Whittlesea	155,000	9, 3 wards	17,222

City of Wanneroo 2021 Population (238,000)

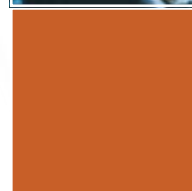
LGA	Population	Elected Members	Representation
Southerland Shire Council	220,000	15, 5 wards	14,666
Wollongong City Council	203,000	13, 3 wards	15,615
City of Casey	220,000	11, 6 wards	20,000

City of Wanneroo 2031 Population (305,000)

LGA	Population	Elected Members	Representation
Blacktown City Council	307,000	15, 5 wards	20,466
Sunshine Coast Regional Council	330,000	13, 12 divisions	25,384
City of Logan	282,000	13, 12 divisions	21,692

Whilst other options will need to be explored to maintain the correct strong connection the City has with its community, Council is of the strong view that these additional measures should be based around an elected Council of 14 Councillors and a popularly elected Mayor.

This was expressed by the community in the 2010 Catalyse Community Perceptions Survey which resulted in the City of Wanneroo setting the industry standard (of the councils that participated in the survey) for understanding community needs.





2.3.1. Voter Participation

In Western Australia, South Australia and Tasmania, voting is not compulsory, and these States show poorer voter turnouts than in those States where voting is compulsory. In 2007 the voter turnout at the Local Government elections in WA (non-compulsory) was 33.8% across the State, but generally rates are not even across Local Governments. Participation rates are generally higher outside metropolitan Perth. In metropolitan Perth the turnout was 28.8% in 2007 and 26.6% in 2009.

In Queensland, voting in Local Government elections is compulsory, while in New South Wales and Victoria voting is compulsory for residents of the area and not compulsory for non-residents (i.e. eligible ratepayers and property owners who reside outside the area).

Comparing the voter turnout rates for compulsory and non-compulsory Local Government elections, in the 2008 Local Government elections in New South Wales and Victoria where voting is compulsory, the turnout rate was 83% and 76%, respectively (NSWEC 2008; VEC 2010). However, in other States where voting is not compulsory, turnout rates were much lower. For example, about 56% of enrolled people voted in Tasmania's 2009 Local Government elections (TEC 2010), compared with 33.8% in Western Australia's 2009 Local Government elections (WAEC 2009). There is concern from some parts of the community about the relatively low voter turnout at Local Government elections. For example, increasing voter turnout at Local Government elections is one of the targets embodied in South Australia's Strategic Plan (SA Government 2007).

The voter participation for the City of Wanneroo in the 2011 elections is detailed below.

Table 6: City of Wanneroo 2011 Elections Participation

Voter Participation	Voters	Participation	Proportion
Central	20,633	4,531	21.96%
Coastal	23,684	5,483	23.15%
North	9,310	2,236	24.02%
South	30,223	6,700	22.17%
TOTAL	83,850	18,951	22.60%

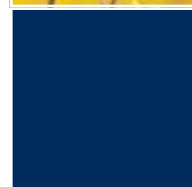
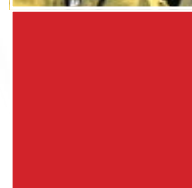
Source: Western Australian Electoral Commission

2.3.2. Community Engagement

There are many methods and techniques used by Local Government to engage with their communities to ensure informed and accurate representation. Not only does this allow residents and ratepayers to contribute to the decision making and future planning processes, but encourages greater ownership, sense of community, and volunteerism.

Community engagement is especially critical for Local Government's that cover large areas and have a dispersed population, as well as for those with large populations and high representation ratios. Australian Centre for Excellence in Local Government (ACELG, 2011) indicates that citizens are no longer content to rely on voting as the only form of input into the issues faced by their Local Government. Residents are seeking new ways to communicate and engage with their local council regarding specific issues and concerns and they demand a higher level of accountability and reporting. The challenge for Local Government therefore is to adopt and develop means for the public to participate and have their voices heard.

Outlined below are a number of examples of current engagement practices from around the world. These techniques can be used independently or concurrently as part of an overarching community engagement strategy, dependant on the requirements and situations faced by the LGA.





Community Advisory Committee

Section 5.8 of the Local Government Act states:

A Local Government may establish committees of 3 or more persons to assist the council and to exercise the powers and discharge the duties of the Local Government that can be delegated to committees.*

*ABSOLUTE MAJORITY REQUIRED.

Community advisory committees assist councils in their decision making, and regularly involve members of the community with expertise or direct involvement with the specific location or purpose of the committee. The number of council representatives and external committee members varies, as does the regularity of meetings dependant on the objective of the committee.

The City of Wanneroo currently has 16 committee/working groups as well as providing representation on an additional 16 external committee/working groups that are controlled by other agencies. Committees include for example, the Arts Advisory Committee (internal), the Community Funding Working Group (internal), and Wanneroo Agricultural Society (external).

Place Management

In the journal article "Place Management as a Core Role in Government", Mant² states:

Place Management can have a central role in Government, particularly at the level of Local Government. For this to occur, fundamental organisational change is required. Instead of professionally based Divisions (or Departments) designed to deliver specialist outputs, the structure of Government is designed around its core operating objectives – effectiveness, efficiency and transparency, or, Outcomes, Services and Standards (regulation). Places can be a key responsibility of an Outcomes Division, leading to the appointment of Place Managers to every area of the jurisdiction.

Place management or a community renewal program is a technique used in community engagement that focuses on a geographic location with the objective of achieving or maintaining a standard of operation. This form of engagement is project based and The Premier's Department New South Wales³ provides a guide to the features of these projects:

- They focus on specific locations such as neighbourhoods, towns or remote areas.
- They aim to address key social or economic issues that seriously impact on general community well-being, welfare and participation.
- Their focus can include improving the design and use by the community of public places and facilities in town centres and major public access points.
- There is an emphasis on enhancing the community's strengths and building its capacity to maintain long term change.
- They usually impact on several areas such as community safety, crime prevention, civic participation, public transport and broader social well-being.
- They promote a whole of Government / whole of community approach to planning and service provision.
- They encourage cross-sectoral approaches leading to partnerships between community, business and Government.

Public Place Officers are employed by larger LGA's to monitor these spaces, notify council of any requirements, coordinate the improvements as required, and conduct stakeholder engagement and liaison.

²Mant, John., *Place Management as a Core Role in Government*, *Journal of Place Management and Development* Vol 1 No 1 March 2008

³Local Government Place Management and Community Renewal – An Inventory of Initiatives, 2002





Wanneroo Town Centre – Best Practice Example

In 2005 the City entered into a formal partnership agreement with the State Government to work together with the community to revitalise the Wanneroo Town Centre.

Together with a community visioning process and other vision, the Town Centre was developed.

Through this partnership \$8 million of State Government funding and \$22 million of City of Wanneroo funding enabled building of the new Library and Cultural complex and redevelopment of the existing Wanneroo Aquamotion complex.

Working in partnership with the owner of the Wanneroo Central Shopping Centre, the Centre owners invested \$41 million dollars in a substantial rebuild of the Centre.

It is estimated that this combined investment has led to a three-fold increase in the number of jobs created in the Town Centre.

The City's achievement in working in partnership with the community, Government and industry was recognised in 2010 when the City was awarded as the winner of the 2010 Merit Award by the International Downtown Association for Economic and Business Development Revitalisation of the City of Wanneroo Town Centre.

Precinct committees

Precinct committees can be considered a form of place management as they are formed to provide suggestions, ideas and opinions on a specified precinct. The Department of Local Government (2009) provide an outline of the functions these committees serve:

- encourage resident involvement in council decisions;
- enhance community awareness and social interaction;
- generate consultative information, ideas and opinions;
- imbue planning programs and policies with local insight; and
- facilitate resident-initiated expenditure on care of public land.

As an example, the City of Fremantle is divided into 11 precinct areas which were introduced in 1997 as part of a range of community engagement practices used by the City. Precincts are groups of residents from local areas within Fremantle who *"...work in partnership with the City of Fremantle to get things done for the good of the community."* – Precinct Working Group, September 2010.

Community Councils/Community boards

The Department of Local Government⁴ identifies community councils and community boards as worth further consideration by Local Governments. These types of arrangements are used in Scotland and New Zealand.

The main purpose of community councils is to determine and communicate the views of the community that they represent. Furthermore, many community councils are involved in a wide range of other activities such as fundraising; organising civic and charitable events; and maintenance of footpaths and cycle ways.

Community councils only exist where volunteers are prepared to represent their community. The boundaries, the number of community council representatives, the populations they represent and their election procedures are all determined by each parent local authority.

Community boards carry out the functions and exercise only those powers delegated to them by their Local Governments. The purpose of a community board is to:

- Represent and act as an advocate for the interests of the community.
- Consider and report on any matter referred to it by the territorial local authority, and any issues of interest to the community board.



⁴Options for Community Representation and Maintaining Local Identity, Local Government Reform Steering Committee, June 2009



- Make an annual submission to the territorial local authority on expenditure in the local authority.
- Maintain an overview of services provided by the territorial authority within the community.
- Communicate with community organisations and special interest groups in the community, and undertake any other delegated responsibilities.

For example, the new City of Greater Geraldton will establish a Community Representative Group and maintain a District Office at Mullewa to assist local representatives.

Community Engagement Officers (to assist elected members)

As a result of population growth and Local Government amalgamations, there are a growing number of municipalities that have very high representation ratios and as a result require a heavy reliance on appointed officials, rather than elected members to manage community engagement (ACELG 2011).

Brisbane City Council is provided as an example with an approximate population of 1,000,000, 27 elected members, and a representation ratio of approximately one per 38,500. As one of the means of communicating with citizens, a ward office with two full-time staff has been established for each Councillor.

The above range of methods for improving community representation are all worth considering and each would have benefits depending on the long term scenarios for the City in terms of whether it remains a large council or splits into two smaller entities.

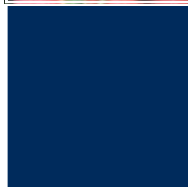
2.3.3. Current Performance

The City of Wanneroo routinely commissions surveys of the community to gauge its perceived effectiveness. The Community Perceptions Survey 2010 results include:

- Most residents are satisfied with the City's overall performance;
- Perceptions of leadership have improved over the last two years;
- The City is thought to have a strong and improving understanding of residents' needs with the City setting the industry standard;
- 1 in 2 agree that the City has developed and communicated a clear vision;
- Many residents are delighted with weekly rubbish collections, fortnightly recycling services and library and information services;
- The number one priority area to address is safety and security;
- Secondary areas of concern are:
 - The visibility of rangers;
 - Facilities and services for youth (especially North Ward);
 - Management and control of traffic on local roads;
 - Public transport (especially North Ward);
- 1 in 3 are dissatisfied with how the community is consulted; and
- The City may benefit from further consultation and community-activated planning, especially in the North Ward, where residents tended to be more dissatisfied across a number of areas.

The survey results assist the City in developing the required actions to improve performance and service delivery. A similar survey is performed for local businesses. The results highlight business service areas for improvement and areas where performance is satisfactory or better.

The community and business perceptions surveys are conducted on a regular basis and demonstrate that the City of Wanneroo is proactive in developing strategies and actions to address community concerns across multiple areas.





2.3.4. Capital Works and Infrastructure Provision

The current capacity and governance structure of the City of Wanneroo has allowed for the significant provision of new infrastructure within the City. These are funded through loans, grants, reserves or municipal funds. Capital Works items are included in a rolling 10-year capital works schedule and have included some large projects delivered by the City including:

- Kingsway Sporting Complex - \$26 million
- Facilitation of WAPC adoption of Yanchep Two Rocks and Alkimos/Eglinton District Structure plans
- Hester Road bridge prefunding - \$3 million to State Government
- Neerabup Industrial Area (Joint Venture with LandCorp) - \$10 million
- Pinjar Road - \$10 million
- Joondalup Drive - \$5 million
- Wanneroo Library and Cultural Centre \$18.5m
- Ocean Reef Road Extension - \$18 million
- Mirrabooka Avenue - \$16 million

The current Capital Works program totals approximately \$400 million over the next ten years and includes multiple projects under the following categories:

- Community
- Corporate
- Investment
- Recreation & Sport
- Stormwater Drainage
- Transport
- Waste Management

It is critical that the City of Wanneroo implements these programs in order to provide the level of service delivery that is expected by the community. The organisational capacity and financial mechanisms are in place to enable these projects to be implemented. However, any changes to the City of Wanneroo in terms of splitting will have an impact on the financial capacity to deliver infrastructure projects. These impacts are investigated in section 2.5.3.

The Western Australian Local Government Association (WALGA) and eight Perth Metropolitan Growth Councils engaged Price Waterhouse Coopers (PWC) to undertake a review of the rate setting processes and financial strategies for the Outer Metropolitan Growth Councils of WA. This resulted in the preparation of a report entitled 'Western Australian Local Government Association Rate setting processes, Funding Amenity and Service Sustainability of WA Outer Metropolitan Growth Councils'. The conclusion and recommendations stated in the study are:

"Ultimately, based on recent trends in cost growth, with most Perth outer metro growth Councils experiencing real rises in expenditures of 2-5% per annum [over CPI], Councils will need to increase rates and the level of other user charges by this same magnitude to retain the current level of financial sustainability. However, to improve financial sustainability, it is likely that Councils may require even higher rate increases."

Accordingly, the City of Wanneroo Capital Works program assumes that rates can be levied with increases above CPI so that provision of the required infrastructure can be funded.

A significant pressure point on the City is not necessarily in the funding of local infrastructure, but in the funding of regional infrastructure. An example is in the redevelopment of the Kingsway Regional Sporting facility which services a regional population of 300,000 and Council has invested over \$26 million when the project is completed with no financial contribution from the State Government.





2.4. Scenario Development

The potential broad scenarios for the City of Wanneroo include:

- Scenario 1 - Remain as is and continue to grow into a very large local authority by population; and
- Scenario 2 - Split into two local authorities – this could be achieved under a number of geographical options.

A third scenario looking at the potential for boundary changes was also investigated but it was considered that due to communities of interest, financial management issues, multiple permutations of possible boundary changes and historical context of previous splitting of the City of Wanneroo that this scenario should not be investigated in detail at this time.

The geographic areas for each scenario and resulting estimated rates income (improved only) for each of the scenarios are detailed in the appendices in Figure 1 and Table 21.

The scenarios have been refined during the analysis of data and information provided by the City of Wanneroo. This includes analysis of rate base data by suburb, population forecasts and dwelling forecasts. The following sections outline the consequences for each of the scenarios, such as representation ratios, budget and revenue impacts and administration centre location requirements.

2.5. Financial Analysis

2.5.1. Operating Budget

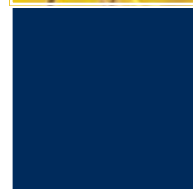
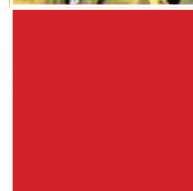
The base operating budget has been identified based on Scenario 1 (large council) and Scenario 2 (split council). The operating budget for the split scenario shows the estimated total budget for the two operating entities.

Table 7: Estimated Operating Budget (escalated)

Estimated Operating Budget	Large LGA		Split LGA		Split Additional
	2021	2031	2021	2031	
Operating Expenses					
Employee costs	-112,465,500	-170,165,118	-138,304,503	-209,623,595	Workforce Model
Materials and contracts	-73,078,860	-143,757,179	-73,078,860	-143,757,179	0%
Utility charges (electricity, gas, water etc.)	-17,124,800	-53,187,029	-18,837,280	-58,505,732	10%
Depreciation on non-current assets	-42,666,981	-68,317,736	-46,933,679	-75,149,510	10%
Loss on asset disposal	0	0	0	0	0%
Interest expense	-3,689,000	-3,689,000	-3,873,450	-3,873,450	5%
Insurance expense	-2,146,200	-3,495,934	-2,253,510	-3,670,730	5%
Materials and contracts from gifted assets	-15,623,430	-30,733,652	-15,623,430	-30,733,652	0%
Strategic costs from asset growth	0	0	0	0	0%
Other expenditure	-594,333	-594,333	-594,333	-594,333	0%
Total Expenses	-267,389,104	-473,939,981	-299,499,045	-525,908,181	

Source: Draft Workforce Model, 2010 and 2011 Ten Year Financial Plan

The 10 – Year Strategic Financial Plan prepared by the City of Wanneroo identifies employee costs (including growth and establishment) at 2019/20 totalling \$116.6m. The above table uses estimates from the workforce plan model and anticipated wages growth (CPI plus escalation as outlined in the 10 Year Strategic Financial Plan) to arrive at an estimated \$112m for 2021. This is slightly below the projected employee costs outlined in the 10 Year Strategic Financial Plan mainly due to the estimated employee growth of 3.00% per annum compared with the workforce model which results in 2.87% per annum.





It is assumed that the major difference in operating costs between a large single LGA and a split LGA would be employee costs. Some operating costs are assumed to be constant. However, it is likely that additional costs would be incurred in a split arrangement due to some loss of economies of scale but to quantify this would be difficult and compared with additional employee costs is not a major consideration. Some additional cost factors are included in the above table for the split scenario but these are only estimates. It is likely that depreciation and utility charges will be greater in a split scenario due to duplication of some elements and insurance and interest expenses are likely to be slightly greater as well.

At 2021, remaining a large single Local Government authority is estimated to have operating costs in the order of \$267m compared with a split arrangement with estimated total combined operating costs of \$299m. This is a difference of \$32m for the year 2021. At 2031, a large LGA would incur operating costs of around \$474m compared with a total combined \$526million in a split scenario, or a difference of \$52m for the year 2031. If the LGA were to split in 2021, the additional costs incurred between 2021 and the end of 2031 would total in the order of \$454m (over 11 years including escalation).

Therefore the operating budget would incur significant savings if the authority were to remain a large single entity. This is mainly due avoiding the requirement to duplicate senior staffing and management roles and premises running costs. It should be noted that the current 10-Year Financial Plan maintains an operating surplus throughout the plan and this would be expected to continue under a large single authority scenario.

2.5.2. Income Generation

Rates income has been identified at the suburb level and projected to 2031 based on additional dwellings and estimated additional commercial, industrial and rural improved rates. The total rates have been estimated based mainly on the change in improved rates with an additional factor used to estimate unimproved and other rates. The summary of estimated rates income is outlined below.

Table 8: Estimated Rates Revenue

Estimated Rates Revenue	Large LGA		Split LGA	
	2021	2031	2021	2031
Est. Rates (Improved) (\$'000)	177,742	286,105	177,742	286,105
Est. Rates Total (\$'000)	198,073	327,328	198,073	327,328
Est. Operating Costs (\$'000)	-267,389	-473,940	-299,499	-525,908
Rates Coverage	74.1%	69.1%	66.1%	62.2%
Improved Rates Coverage	66.5%	60.4%	59.3%	54.4%

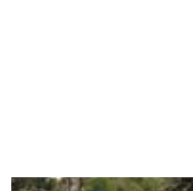
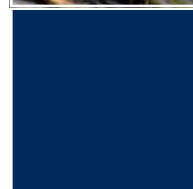
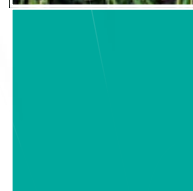
Escalated using City of Wanneroo base assumptions in 10 Year Strategic Financial Plan and SMCO Modelling for growth

Based on the forecast growth and rates modelling, the estimated rates for the large LGA at 2021 are forecast to total \$198m. This is reasonably consistent with the estimated \$205m for the 2020/21 budget as outlined in the 10 year financial plan (2011).

There is unlikely to be any additional income generation scope if the LGA is split. It is assumed that the aggregate rates potential will be the same for all scenarios and that the major difference will be in the cost base. The rates coverage at 2021 is estimated at 74.1% for the large single LGA and a combined 66.1% for the split LGA. At 2031 the rates coverage is estimated at 69.1% for the large single LGA and 62.2% for the split scenario.

Price Waterhouse Coopers *National Financial Sustainability Study of Local Government* (November 2006) commissioned by the Australian Local Government Association (ALGA) developed a series of benchmark financial ratios to assist in determining the sustainability of Local Governments. The benchmark rates coverage of operating costs identified in the report was 40%. Therefore, it is likely that both scenarios would have sufficient rates coverage ratios to be sustainable but the large single LGA scenario has a significantly higher rates coverage proportion of operating costs enabling better financial outcomes.

Note that the improved rates coverage has been included so that comparison can be made with various split scenarios where it is only feasible to estimate the improved rates revenue at the suburb level since data on estimated dwellings is available and estimates of future businesses can be made.





2.5.3. Financial Sustainability

The following sections outline the financial implications of all scenarios including estimated rates revenue, capital works and operating costs.

Scenario 1 – Large Council

Scenario 1 assumes that the current geographical area remains as the City of Wanneroo. The estimated improved rates income and improved rates per capita is outlined below. Figures are shown in 2011 dollars and escalated for 2021 and 2031 for comparison. A more detailed breakdown of estimated rates by type is included in the appendices at *Table 21*.

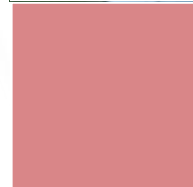


Table 9: Scenario 1 – Estimated Improved Rates Revenue

Scenario 1 - Large Council	2011 Dollars				Escalated	
	2016	2021	2026	2031	2021	2031
Large Single Council						
Total Rates (Improved Only) (\$'000)	102,699	123,081	142,389	161,353	177,742	286,105
Population	199,668	238,358	272,728	305,899	238,358	305,899
Improved Rates/Capita	\$514	\$516	\$522	\$527	\$746	\$935

A large single council is unlikely to experience financial sustainability issues in the short medium or longer term based on the increase in improved rates per capita. The population is expected to reach over 300,000 persons by 2031. In comparison, the City of Stirling is expected to have a population at 2031 of around 237,000 persons. Therefore the City of Wanneroo is likely to be the most populous LGA in WA at 2031 if it remains a large single entity.

The impact on Capital Works is assumed to be unchanged under this scenario. Therefore \$298.5m in capital works over 10 years is expected, excluding waste management and corporate programs. Capital works estimates are shown in 2011 dollars.

Table 10: Scenario 1 - Capital Works Expenditure (unescalated)

Scenario 1 - Capital Works*	2021 Population	Various Capital Works	Known Capital Works by Suburb	Est. Total Cap Works
Single Large LGA	238,358	\$168,375,510	\$130,178,309	\$298,553,819

*Excludes Corporate and Waste Management Capital Works

The estimated operating costs for Scenario 1 are outlined below.

Table 11: Scenario 1 – Estimated Operating Costs

Scenario 1 - Large Council	Operating Costs	
	2021	2031
Total Combined Operating Costs	-256,807	-458,833
Total Rates (Improved Only) (\$'000)	177,742	286,105
Improved Rates Coverage	69.2%	62.4%

The improved rates coverage for Scenario 1 is estimated at 69.2% in 2021 and 62.4% in 2031. It should be noted that the current 10-Year Financial Plan maintains an operating surplus throughout the plan and this would remain under Scenario 1.





Scenario 2A - Split

Scenario 2A assumes that the current geographical area is split into two Local Government areas as shown in the appendices at *Figure 2*. The estimated improved rates income and improved rates per capita is outlined below. Figures are shown in 2011 dollars and escalated for 2021 and 2031 for comparison. A more detailed breakdown of estimated rates by type is included in the appendices at *Table 22*.

Table 12: Scenario 2A – Estimated Improved Rates Revenue

Scenario 2A – Split		2011 Dollars				Escalated	
Split		2016	2021	2026	2031	2021	2031
North	Total Rates (Improved Only) (\$'000)	47,774	62,393	76,238	89,611	90,102	158,895
	Population	100,342	128,481	153,214	176,228	128,481	176,228
	Improved Rates/Capita	\$476	\$486	\$498	\$508	\$701	\$902
South	Total Rates (Improved Only) (\$'000)	54,924	60,688	66,151	71,742	87,640	127,210
	Population	99,326	109,877	119,514	129,671	109,877	129,671
	Improved Rates/Capita	\$553	\$552	\$554	\$553	\$798	\$981

Scenario 2A divides on the north boundary of the suburbs of Tapping and Marigniuip with the population in the southern portion expected to reach 130,000 at 2031 and the population in the northern portion expected to reach 176,000 by 2031. The population in the northern portion will continue to grow well beyond 2050.

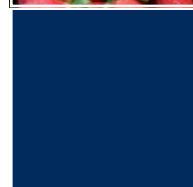
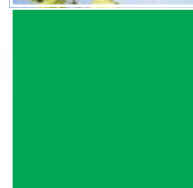
The impact of potential boundary changes on the 10-year Capital Works Program has identified projects by suburb and allocated the expenditure to the northern and southern areas accordingly. Where the location of capital works is not specified, the expenditure has been allocated to the north or south based on population. The corporate and waste management expenditure has been omitted from this analysis since it is difficult to accurately allocate to the northern or southern portions. It is assumed that this expenditure will remain the same in aggregate. Therefore, the programs included are Community, Investment, Recreation and Sport, Stormwater Drainage and Transport.

Table 13: Scenario 2A – Capital Works Expenditure (unescalated)

Scenario 2A – Capital Works*	2021 Population	Various Location Capital Works – Allocated	Known Capital Works by Suburb	Est. Total Cap Works
North	128,481	90,758,665	65,558,722	156,317,387
South	109,877	77,616,845	64,619,587	142,236,432
TOTAL	238,358	168,375,510	130,178,309	298,553,819

**Excludes Corporate and Waste Management Capital Works*

The impact of Scenario 2A on capital works is estimated to be \$156m of expenditure in the northern portion and \$142m of expenditure in the southern portion over 10 years, excluding waste management and corporate programs.





As discussed in section 2.5.1, the operating costs under a split scenario are greater than a single LGA. The table below estimates the operating costs of each entity based on population.

Table 14: Scenario 2A Estimated Operating Costs

Scenario 2A - Split		Operating Costs	
		2021	2031
Total Combined Operating Costs		-285,876	-506,289
Total Rates (Improved Only) (\$'000)		90,102	158,895
North	Est. Cost Split (\$'000)	-154,094	-291,673
	Improved Rates Coverage	58.5%	54.5%
Total Rates (Improved Only) (\$'000)		87,640	127,210
South	Est. Cost Split (\$'000)	-131,782	-214,617
	Improved Rates Coverage	66.5%	59.3%

Scenario 2A indicates that the southern area would achieve significantly better improved rates coverage than the northern area at 2021 and 2031. It should be noted that the current 10-Year Financial Plan maintains an operating surplus throughout the plan and this may not be possible under Scenario 2A.

Scenario 2B – Split

Scenario 2B assumes that the current geographical area is split into two Local Government areas as shown in the appendices at *Figure 3*. The estimated improved rates income and improved rates per capita is outlined below. Figures are shown in 2011 dollars and escalated for 2021 and 2031 for comparison. A more detailed breakdown of estimated rates by type is included in the appendices at *Table 23*.

Table 15: Scenario 2B – Estimated Improved Rates Revenue

Scenario 2B – Split		2011 Dollars				Escalated	
		2016	2021	2026	2031	2021	2031
North	Total Rates (Improved Only) (\$'000)	28,618	40,346	52,840	65,871	58,264	116,801
	Population	60,277	82,738	105,355	128,594	82,738	128,594
	Improved Rates/Capita	\$475	\$488	\$502	\$512	\$704	\$908
South	Total Rates (Improved Only) (\$'000)	74,081	82,735	89,549	95,482	119,478	169,305
	Population	139,391	155,620	167,373	177,305	155,620	177,305
	Improved Rates/Capita	\$531	\$532	\$535	\$539	\$768	\$955

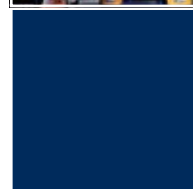
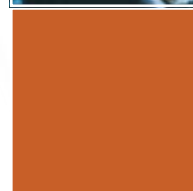
Scenario 2B divides the area on the northern boundary of Mindarie, Clarkson, Carramar, Banksia Grove and Mariginuiup. The population in the northern sector is expected to reach about 129,000 by 2031 with the southern portion reaching 177,000 persons.

The impact of this scenario on the capital works program is outlined below.

Table 16: Scenario 2B – Capital Works Expenditure (unescalated)

Scenario 2B - Capital Works*	2021 Population	Various Location Capital Works - Allocated	Known Capital Works by Suburb	Est. Total Cap Works
North	82,738	58,445,921	48,786,900	107,232,821
South	155,620	109,929,589	81,391,409	191,320,998
TOTAL	238,358	168,375,510	130,178,309	298,553,819

*Excludes Corporate and Waste Management Capital Works





The impact of Scenario 2B on capital works is estimated to be \$107m of expenditure in the northern portion and \$191m of expenditure in the southern portion over 10 years, excluding waste management and corporate programs.

The table below estimates Scenario 2B operating costs of each entity based on population.

Table 17: Scenario 2B Estimated Operating Costs

Scenario 2B - Split		Operating Costs	
		2021	2031
Total Combined Operating Costs		-285,876	-506,289
Total Rates (Improved Only) (\$'000)		58,264	116,801
North	Est. Cost Split (\$'000)	-99,232	-212,834
	Improved Rates Coverage	58.7%	54.9%
Total Rates (Improved Only) (\$'000)		119,478	169,305
South	Est. Cost Split (\$'000)	-186,644	-293,455
	Improved Rates Coverage	64.0%	57.7%

Scenario 2B indicates that the southern area would achieve better improved rates coverage than the northern area at 2021 and 2031. It should be noted that the current 10-Year Financial Plan maintains an operating surplus throughout the plan and this may not be possible under Scenario 2B.

Scenario 2C – Split

Scenario 2C assumes that the current geographical area is split into two Local Government areas as shown in the appendices at Figure 4. The estimated improved rates income and improved rates per capita is outlined below. Figures are shown in 2011 dollars and escalated for 2021 and 2031 for comparison. A more detailed breakdown of estimated rates by type is included in the appendices at Table 24.

Table 18: Scenario 2C – Estimated Improved Rates Revenue

Scenario 2C – Split		2011 Dollars				Escalated	
		2016	2021	2026	2031	2021	2031
North	Total Rates (Improved Only) (\$'000)	41,389	54,756	67,682	80,727	79,074	143,142
	Population	85,228	110,798	133,783	156,494	110,798	156,494
	Improved Rates/Capita	\$486	\$494	\$506	\$516	\$714	\$915
South	Total Rates (Improved Only) (\$'000)	61,310	68,325	74,707	80,626	98,669	142,963
	Population	114,440	127,560	138,945	149,405	127,560	149,405
	Improved Rates/Capita	\$536	\$536	\$538	\$540	\$774	\$957

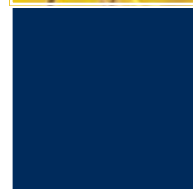
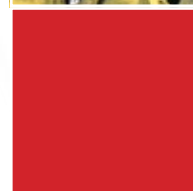
Scenario 2C is similar to Scenario 2A but includes Carramar and Banksia Grove in the southern portion. This split results in a population of 149,000 in the southern portion at 2031 and a population of 156,000 in the northern portion.

The impact of this scenario on the capital works program is outlined below.

Table 19: Scenario 2C – Capital Works Expenditure (unescalated)

Scenario 2C - Capital Works*	2021 Population	Various Location Capital Works - Allocated	Known Capital Works by Suburb	Est. Total Cap Works
North	110,798	78,267,437	57,845,900	136,113,337
South	127,560	90,108,073	72,332,409	162,440,482
TOTAL	238,358	168,375,510	130,178,309	298,553,819

*Excludes Corporate and Waste Management Capital Works





The impact of Scenario 2C on capital works is estimated to be \$136m of expenditure in the northern portion and \$162m of expenditure in the southern portion over 10 years, excluding waste management and corporate programs.

The table below estimates Scenario 2C operating costs of each entity based on population.

Table 20: Scenario 2C Estimated Operating Costs

Scenario 2C - Split		Operating Costs	
		2021	2031
Total Combined Operating Costs		-285,876	-506,289
Total Rates (Improved Only) (\$'000)		79,074	143,142
North	Est. Cost Split (\$'000)	-132,886	-259,011
	Improved Rates Coverage	59.5%	55.3%
	Total Rates (Improved Only) (\$'000)	98,669	142,963
South	Est. Cost Split (\$'000)	-152,990	-247,278
	Improved Rates Coverage	64.5%	57.8%

Scenario 2C indicates that the southern area would achieve better improved rates coverage than the northern area at 2021 and 2031. This is the case for all of the split scenarios due to the presence of the Wangara industrial area in the southern portion of the split. It should be noted that the current 10-Year Financial Plan maintains an operating surplus throughout the plan and this may not be possible under Scenario 2C.

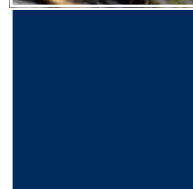
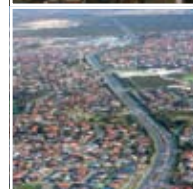
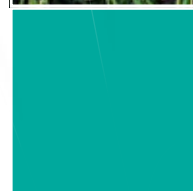
2.5.4. Financial Analysis Implications

It is likely that any of these scenarios could be financially sustainable if the proper preparation and planning is undertaken prior to splitting. However, a large single council at 2031 will have lower aggregate operating expenses than the aggregate costs of two split entities. This is mainly due to the duplication of staff and premises factors.

If the LGA were to split in 2021, the additional costs incurred between 2021 and the end of 2031 would total in the order of \$396m (over 11 years including escalation). These funds could otherwise be used for significant infrastructure projects. For example approximately \$200m (2011 dollars) would fund the extension of the Mitchell Freeway to Neerabup Road and the Flynn Drive connection and an additional rail station with parking on the Yanchep line would cost in the order of \$35m (2011 dollars). The funds could provide significant leverage for joint financing arrangements with State and Federal agencies. This has potential flow on benefits by bringing forward infrastructure developments in terms of employment provision, economic development and planning outcomes (such as increased density).

The cost analysis in each of the Scenario 2 split scenarios does not account for the additional capital costs incurred in housing the estimated additional employees in the split scenario. Based on an additional 217 employees at 2021 and an additional 252 employees at 2031 (see the Draft Workforce Plan), the capital costs of constructing the floorspace to house these employees would be between \$10 million and \$11.5 million (in 2011 dollars).

In terms of the financial analysis, it would be difficult to justify splitting the local authority since the additional operational costs over the 2021 period 2031 totalling \$396 million (escalated) could otherwise be used for infrastructure improvements. This is a significant opportunity cost. Therefore Scenario 1 would have the best financial outcome and would maintain an operating surplus.





3. Outcomes

3.1. Vision Achievement

The City of Wanneroo Strategic Plan outlines the vision and strategies to achieve the vision.

Vision - The City of Wanneroo, the centre for creative and sustainable growth, delivering strong, vibrant and connected communities.

The strategies are formulated under four pillars, namely economic, social, environmental and governance. The direct impact of splitting or retaining the current City of Wanneroo and implementing the appropriate workforce plan is mainly on the governance pillar, however indirect impacts are likely on the other pillars as well. The financial capacity to deliver on economic, social and environmental strategies will be impacted by scenarios that have higher costs of implementation and operational costs.

The governance pillar and related strategies likely to be most impacted are outlined below.

Governance - Leadership and community engagement ensures the best use of our physical, financial and human resources.

4.4 Maintain long-term financial stability
Strategies:

- 4.4.1 Develop, implement and continuously improve asset management practices and systems to ensure infrastructure is fit for purpose to provide sustainable and economic service.
- 4.4.2 **Develop, implement and continuously improve the long term financial management plan.**
- 4.4.3 Broaden revenue base and other contribution models.
- 4.4.4 Develop and implement initiatives to reduce operating costs.

4.5 Provide an engaging and supportive environment for our people
Strategies:

- 4.5.1 Create and maintain a safe working environment.
- 4.5.2 **Attract and retain the best people to work on behalf of the community.**
- 4.5.3 **Provide our people with ongoing development opportunities.**
- 4.5.4 Ensure our people are meaningfully valued, recognised and rewarded for their contributions.
- 4.5.5 Share timely, accurate and relevant information with our people.

Source: City of Wanneroo Strategic Plan 2006-2021, Revised 2010

It is likely that all scenarios would be able to achieve the goals outlined under the governance pillar. However, Scenario 1 is significantly more likely, in terms of financial capacity, to be able to deliver better outcomes in terms of:

- Improving the long-term financial management plan;
- Developing and implementing initiatives to reduce operating costs;
- Attracting and retaining the best people to work on behalf of the community; and
- Providing our people with ongoing development opportunities.

The capacity of the organisation to implement the environment, social and economic elements of the Strategic Plan is significantly greater under Scenario 1. Under the economic pillar for example, the “provision of timely and coordinated regional infrastructure” would be more efficient under Scenario 1 due to the increased access to funds.

Despite Scenario 1 showing the best performance for the current geographical area in terms of financial performance and delivery of most elements within the Strategic plan, the impact on representation requires review.





3.2. Economies of Scale

Economic theory generally argues that as the physical scale of production increases, production processes first show increasing returns to scale, followed by constant returns to scale and finally decreasing returns to scale. The difficulties associated with managing a larger production is the major factor producing decreasing reduced returns to scale. This simple model is easily applied to an organisation producing a single type of product or service.

However, in a complex organisation such as a Local Government authority, which provides a wide range of products and services each with its own set of production costs and output factors, it is not simple to broadly determine whether economies of scale can be maximised for a particular sized local authority. Consequently, where consolidation of local authorities into a larger organisation occurs, economies of scale may be realised in some areas of operations but diseconomies of scale may result in other operational areas.

With the increase in scope of services and products provided by local authorities moving from capital intensive property services to more labour intensive people services over recent years, scale economies on cost of provision have become more difficult to realise.

Stephen Soul (2000)⁵ examined the effect of council size, in terms of population, on gross expenditure per capita. He concluded that increasing population yields a lower level of gross expenditure per capita up to a council size somewhere between 100,000 and 316,000 people, at which point 'scale diseconomies' begin.

With the City of Wanneroo population currently over 156,000 persons and growing toward 305,000 by 2031 it is possible that scale diseconomies will become an issue some time after 2031. Therefore there is unlikely to be any economic benefit in splitting or changing boundaries prior to 2031.

3.3. Economies of Scope

Economies of scope are realised when the cost of producing a range of goods and services in a single organisation are lower than the cost of those goods and services being provided by a number of specialist organisations. A Local Government area is a good example of where economies of scope can be realised. The reason for this is that the cost of administration and other fixed overheads can be spread over several product and service delivery areas.

Large local authorities may be better able to attain cost savings through economies of scope but smaller local authorities may still achieve economies of scope through regional organisations of councils. Regional councils also offer the ability for economies of scale to be achieved through centralised operations such as waste removal and disposal.

The City of Wanneroo has developed key regional partnerships with other local authorities through membership and involvement in:

- Mindarie Regional Council;
- Tamala Park Regional Council; and
- Wangara Recycling Facility.

In terms of economies of scope for the City of Wanneroo and the delivery of its services to the community, the wide range of services includes:

- Governance and General Purpose Funding;
- Law and Order;
- Public Safety;
- Health;

⁵Soul, S. (2000) *Population Size and Economic and Political Performance of Local Government Jurisdiction*. Unpublished Ph.D. thesis, Southern Cross University: Lismore. Also quoted in: Dollery, B., Byrnes, J., Crase, L., *Australian Local Government Amalgamation: A Conceptual Analysis Population Size and Scale Economies in Municipal Service Provision*, Australasian Journal of Regional Studies, Vol. 14, No. 2, 2008





- Waste Services;
- Education and Welfare;
- Community Amenities;
- Recreation and Culture;
- Transport and Roads;
- Economic Services; and
- Other Property and Services.

3.4. Preferred Scenario

The Vision for the City of Wanneroo *is to be the centre for creative and sustainable growth, delivering strong, vibrant and connected communities*. In order to achieve this vision the City needs to remain financially strong whilst engaging the community. It is inevitable that in any scenario for the City of Wanneroo that the ratio of population to elected members will increase. Therefore, under all scenarios, strategies will be required to ensure that the residents in the City are actively represented in their views. There are a number of approaches outlined in this report that may be implemented to achieve this.

Therefore, on balance, the preferred scenario over the timeframe to 2031 is to remain as a large single Local Government area, ie. Scenario 1. The prime rationale for recommending Scenario 1 is the greater financial capacity. The downside to Scenario 1 is a relatively high population to elected member ratio. Utilising some of the approaches to addressing this issue, such as employing community engagement officers to assist elected members, will mitigate the negative consequences of higher population to elected member ratios.

Organisational capacity to deliver more complex projects is likely to be enhanced in a larger organisation with larger overall budget to allocate to priority projects and leverage to obtain better State and Federal funding. Ability to attract and pay for the best people to implement more complex projects is also a factor.

The split scenarios are not recommended since the duplication of administration functions result in significantly greater costs and despite better population to elected member ratios, the split scenarios cannot be easily justified.

In terms of the recommended Scenario 1, the main administration centre in the Wanneroo Town Centre would remain as the core administrative hub. Based on the population growth and the need to provide appropriate levels of customer service to the residents, it will be necessary to provide some level of customer service centres or “spokes” throughout the City. These would ideally be located in libraries or other central community and civic use locations and be the new growth areas centred on Yanchep as the primary centre. These service centres provide an opportunity to house community engagement personnel to assist elected members in engaging with the community.





Appendices

SCENARIO MAPS AND
ESTIMATED RATES INCOME





Figure 1: Scenario 1 – Large Council

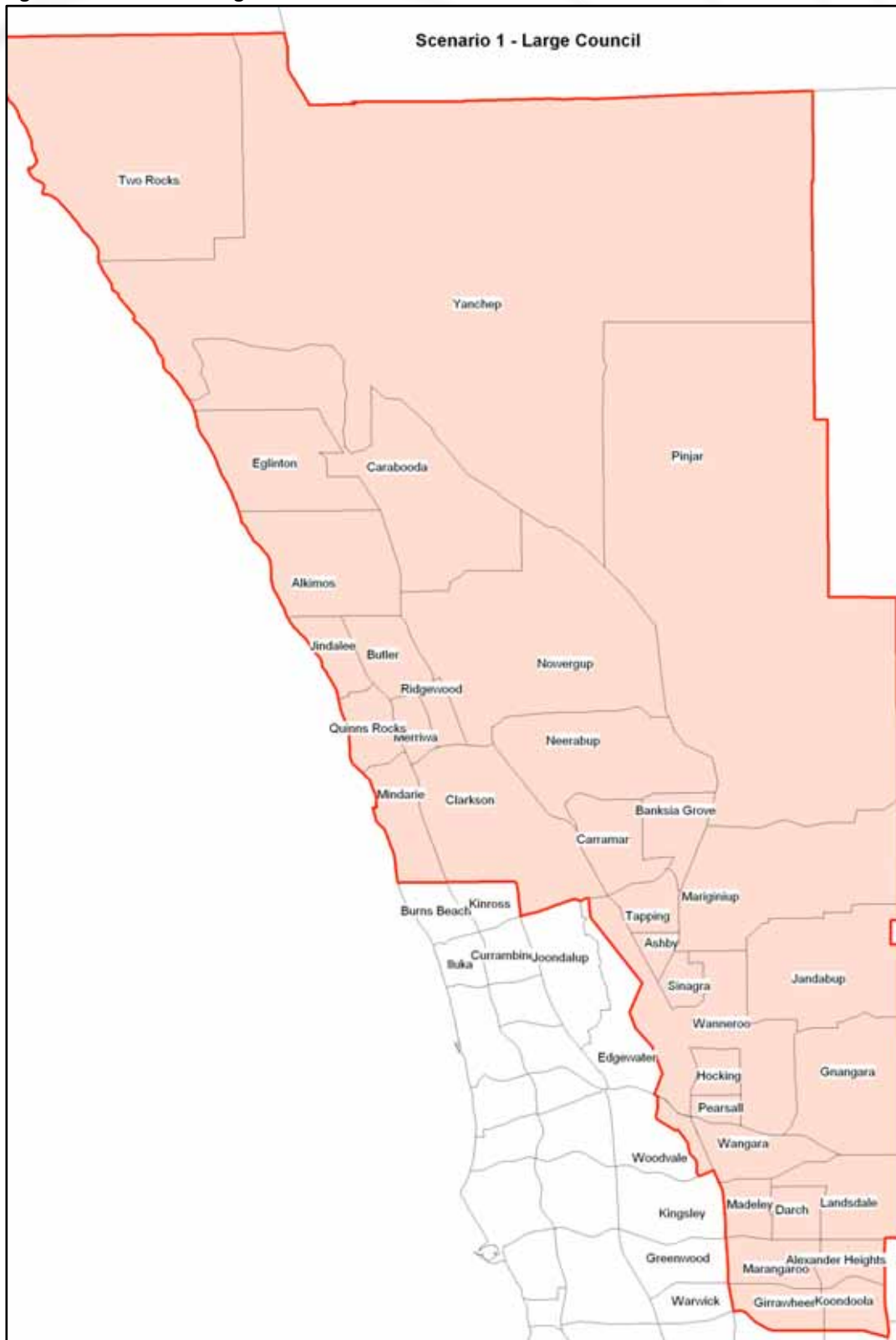




Table 21: Scenario 1 – Estimated Improved Rates Income by Type

Scenario 1 - Large Council	2011 Dollars				Escalated	
	2016	2021	2026	2031	2021	2031
Large Single Council						
Total Rates (Improved Only) (\$'000)	102,699	123,081	142,389	161,353	177,742	286,105
Population	199,668	238,358	272,728	305,899	238,358	305,899
Improved Rates/Capita	\$514	\$516	\$522	\$527	\$746	\$935
Residential Rates (\$'000)	86,375	105,687	123,880	141,729	152,624	251,308
Dwellings	69,389	83,735	97,307	110,706	83,735	110,706
Residential Rates per Dwelling	\$1,245	\$1,262	\$1,273	\$1,280	\$1,823	\$2,270
Commercial Rates (\$'000)	5,377	5,734	6,020	6,432	8,280	11,404
Commercial Units	537	582	617	664	582	664
Commercial rates per Unit	\$10,012	\$9,852	\$9,757	\$9,686	\$14,227	\$17,175
Industrial Rates (\$'000)	6,099	6,706	7,469	8,206	9,684	14,551
Industrial Units	2,023	2,233	2,533	2,833	2,233	2,833
Industrial Rates per Unit	\$3,015	\$3,003	\$2,949	\$2,897	\$4,337	\$5,136
Rural Rates (\$'000)	4,848	4,954	5,021	4,986	7,154	8,842
Rural Units	1,803	1,801	1,786	1,737	1,801	1,737
Rural Rates per Unit	\$2,689	\$2,751	\$2,812	\$2,871	\$3,973	\$5,092

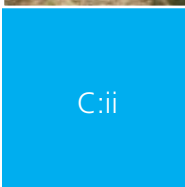




Figure 2: Scenario 2A - Split

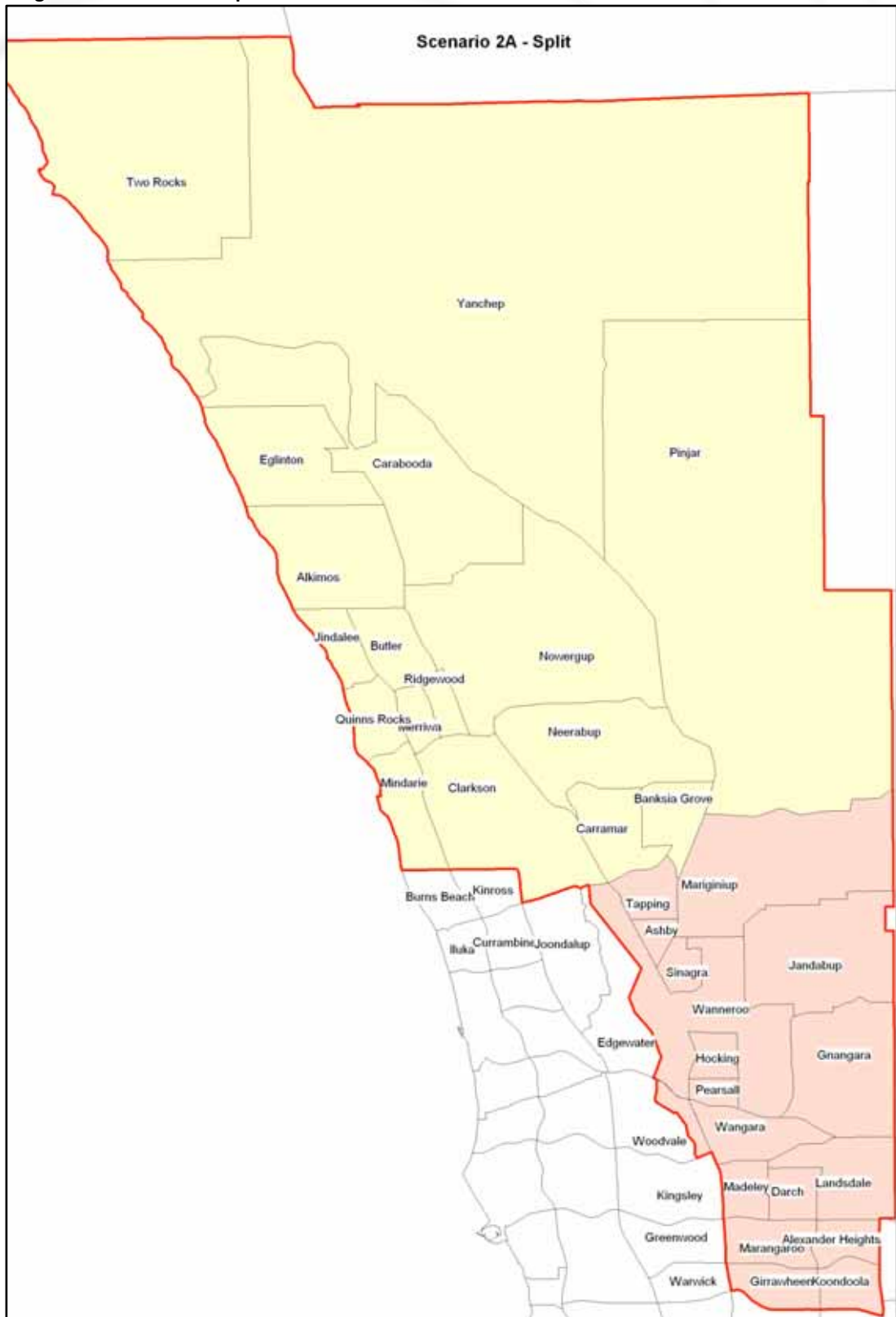




Table 22: Scenario 2A – Estimated Improved Rates Income by Type

Scenario 2A - Split		2011 Dollars				Escalated	
Split		2016	2021	2026	2031	2021	2031
North	Total Rates (Improved Only) (\$'000)	47,774	62,393	76,238	89,611	90,102	158,895
	Population	100,342	128,481	153,214	176,228	128,481	176,228
	Improved Rates/Capita	\$476	\$486	\$498	\$508	\$701	\$902
South	Total Rates (Improved Only) (\$'000)	54,924	60,688	66,151	71,742	87,640	127,210
	Population	99,326	109,877	119,514	129,671	109,877	129,671
	Improved Rates/Capita	\$553	\$552	\$554	\$553	\$798	\$981
North	Residential Rates (\$'000)	42,539	56,257	68,966	81,089	81,241	143,784
	Dwellings	33,916	43,932	53,153	62,001	43,932	62,001
	Residential Rates per Dwelling	\$1,254	\$1,281	\$1,297	\$1,308	\$1,849	\$2,319
South	Residential Rates (\$'000)	43,836	49,431	54,914	60,639	71,383	107,524
	Dwellings	35,086	39,313	43,574	48,069	39,313	48,069
	Residential Rates per Dwelling	\$1,249	\$1,257	\$1,260	\$1,262	\$1,816	\$2,237
North	Commercial Rates (\$'000)	2,604	2,928	3,181	3,527	4,228	6,253
	Commercial Units	261	301	331	368	301	368
	Commercial Rates per Unit	\$9,976	\$9,727	\$9,610	\$9,583	\$14,047	\$16,993
South	Commercial Rates (\$'000)	2,773	2,806	2,839	2,905	4,052	5,151
	Commercial Units	276	281	286	296	281	296
	Commercial Rates per Unit	\$10,046	\$9,985	\$9,926	\$9,814	\$14,420	\$17,402
North	Industrial Rates (\$'000)	375	645	1,259	1,997	931	3,541
	Industrial Units	167	277	527	827	277	827
	Industrial Rates per Unit	\$2,243	\$2,328	\$2,390	\$2,415	\$3,362	\$4,281
South	Industrial Rates (\$'000)	5,724	6,061	6,209	6,209	8,753	11,010
	Industrial Units	1,856	1,956	2,006	2,006	1,956	2,006
	Industrial Rates per Unit	\$3,084	\$3,099	\$3,095	\$3,095	\$4,475	\$5,489
North	Rural Rates (\$'000)	2,257	2,564	2,832	2,998	3,702	5,316
	Rural Units	816	919	1,009	1,065	919	1,065
	Rural Rates per Unit	\$2,766	\$2,790	\$2,806	\$2,815	\$4,028	\$4,992
South	Rural Rates (\$'000)	2,591	2,390	2,189	1,988	3,452	3,525
	Rural Units	987	882	777	672	882	672
	Rural Rates per Unit	\$2,626	\$2,711	\$2,819	\$2,961	\$3,915	\$5,250

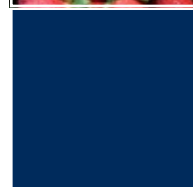
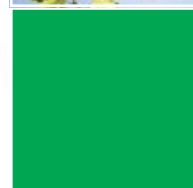




Figure 3: Scenario 2B - Split

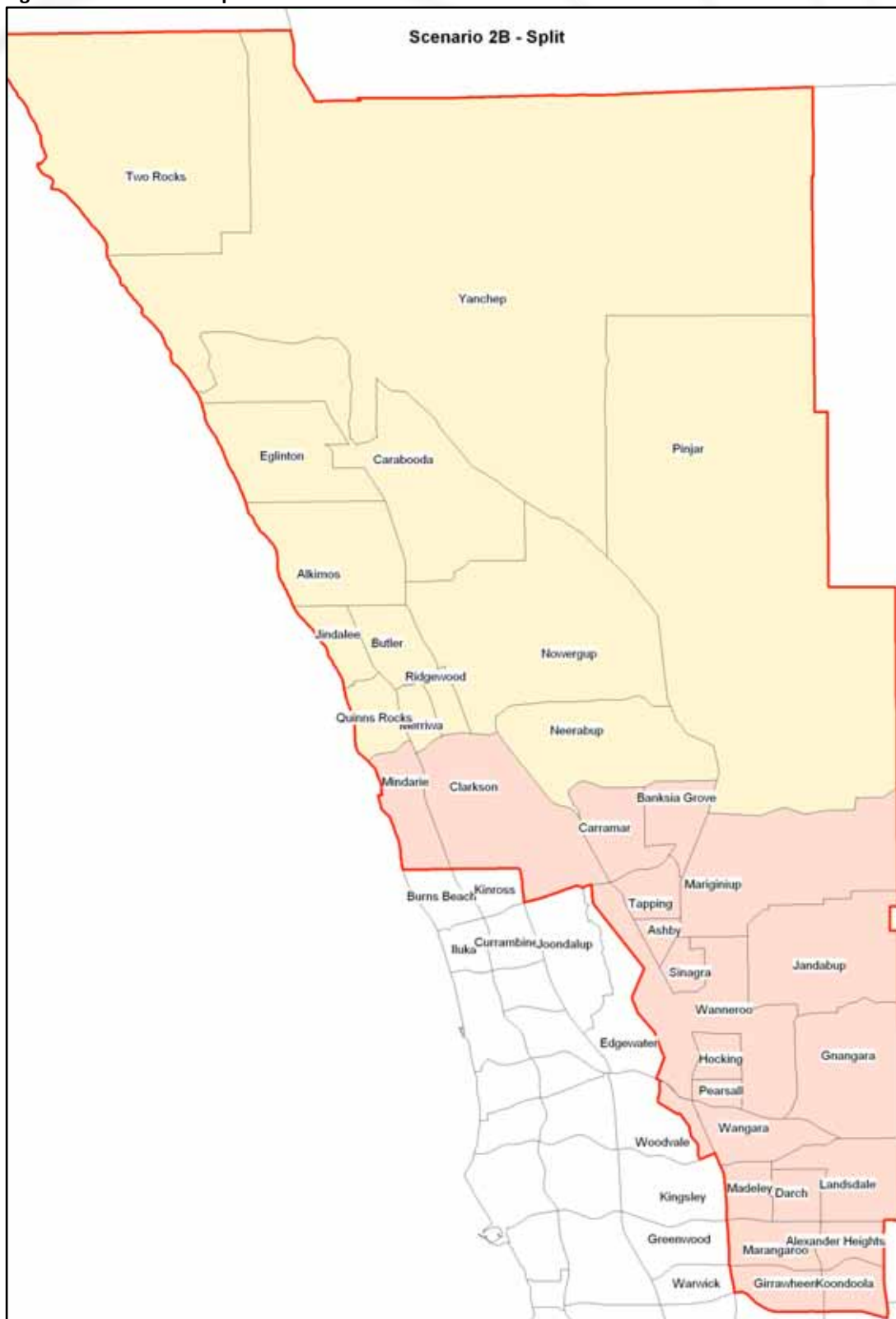




Table 23: Scenario 2B – Estimated Improved Rates Income by Type

Scenario 2B - Split		2011 Dollars				Escalated	
Split		2016	2021	2026	2031	2021	2031
North	Total Rates (Improved Only) (\$'000)	28,618	40,346	52,840	65,871	58,264	116,801
	Population	60,277	82,738	105,355	128,594	82,738	128,594
	Improved Rates/Capita	\$475	\$488	\$502	\$512	\$704	\$908
South	Total Rates (Improved Only) (\$'000)	74,081	82,735	89,549	95,482	119,478	169,305
	Population	139,391	155,620	167,373	177,305	155,620	177,305
	Improved Rates/Capita	\$531	\$532	\$535	\$539	\$768	\$955
North	Residential Rates (\$'000)	25,570	36,548	47,906	59,687	52,779	105,836
	Dwellings	20,510	28,335	36,478	45,047	28,335	45,047
	Residential Rates per Dwelling	\$1,247	\$1,290	\$1,313	\$1,325	\$1,863	\$2,349
South	Residential Rates (\$'000)	60,805	69,140	75,973	82,041	99,845	145,472
	Dwellings	48,492	54,910	60,249	65,023	54,910	65,023
	Residential Rates per Dwelling	\$1,254	\$1,259	\$1,261	\$1,262	\$1,818	\$2,237
North	Commercial Rates (\$'000)	774	947	1,200	1,546	1,368	2,742
	Commercial Units	88	107	137	174	107	174
	Commercial Rates per Unit	\$8,799	\$8,855	\$8,763	\$8,886	\$12,787	\$15,757
South	Commercial Rates (\$'000)	4,602	4,786	4,819	4,885	6,912	8,663
	Commercial Units	449	475	480	490	475	490
	Commercial Rates per Unit	\$10,250	\$10,076	\$10,040	\$9,970	\$14,551	\$17,679
North	Industrial Rates (\$'000)	374	644	1,258	1,996	930	3,539
	Industrial Units	166	276	526	826	276	826
	Industrial Rates per Unit	\$2,250	\$2,333	\$2,392	\$2,416	\$3,369	\$4,284
South	Industrial Rates (\$'000)	5,725	6,062	6,210	6,210	8,754	11,012
	Industrial Units	1,857	1,957	2,007	2,007	1,957	2,007
	Industrial Rates per Unit	\$3,083	\$3,098	\$3,094	\$3,094	\$4,473	\$5,487
North	Rural Rates (\$'000)	1,900	2,207	2,475	2,642	3,187	4,684
	Rural Units	667	770	860	916	770	916
	Rural Rates per Unit	\$2,849	\$2,866	\$2,878	\$2,884	\$4,139	\$5,114
South	Rural Rates (\$'000)	2,948	2,747	2,546	2,345	3,967	4,158
	Rural Units	1,136	1,031	926	821	1,031	821
	Rural Rates per Unit	\$2,595	\$2,665	\$2,750	\$2,858	\$3,849	\$5,067

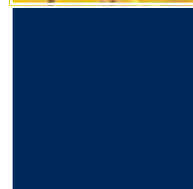
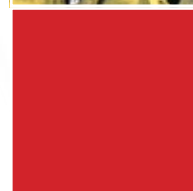




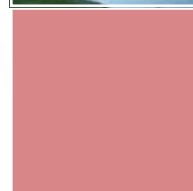
Figure 4: Scenario 2C - Split





Table 24: Scenario 2C – Estimated Improved Rates Income by Type

Scenario 2C - Split		2011 Dollars				Escalated	
Split		2016	2021	2026	2031	2021	2031
North	Total Rates (Improved Only) (\$'000)	41,389	54,756	67,682	80,727	79,074	143,142
	Population	85,228	110,798	133,783	156,494	110,798	156,494
	Improved Rates/Capita	\$486	\$494	\$506	\$516	\$714	\$915
South	Total Rates (Improved Only) (\$'000)	61,310	68,325	74,707	80,626	98,669	142,963
	Population	114,440	127,560	138,945	149,405	127,560	149,405
	Improved Rates/Capita	\$536	\$536	\$538	\$540	\$774	\$957
North	Residential Rates (\$'000)	36,491	48,993	60,784	72,579	70,752	128,694
	Dwellings	29,065	38,089	46,555	55,133	38,089	55,133
	Residential Rates per Dwelling	\$1,256	\$1,286	\$1,306	\$1,316	\$1,858	\$2,334
South	Residential Rates (\$'000)	49,884	56,694	63,096	69,150	81,873	122,614
	Dwellings	39,937	45,156	50,172	54,937	45,156	54,937
	Residential Rates per Dwelling	\$1,249	\$1,256	\$1,258	\$1,259	\$1,813	\$2,232
North	Commercial Rates (\$'000)	2,470	2,758	3,011	3,357	3,983	5,952
	Commercial Units	256	286	316	353	286	353
	Commercial Rates per Unit	\$9,648	\$9,643	\$9,528	\$9,509	\$13,925	\$16,861
South	Commercial Rates (\$'000)	2,907	2,976	3,009	3,075	4,298	5,453
	Commercial Units	281	296	301	311	296	311
	Commercial Rates per Unit	\$10,345	\$10,054	\$9,997	\$9,888	\$14,519	\$17,533
North	Industrial Rates (\$'000)	374	644	1,258	1,996	930	3,539
	Industrial Units	166	276	526	826	276	826
	Industrial Rates per Unit	\$2,250	\$2,333	\$2,392	\$2,416	\$3,369	\$4,284
South	Industrial Rates (\$'000)	5,725	6,062	6,210	6,210	8,754	11,012
	Industrial Units	1,857	1,957	2,007	2,007	1,957	2,007
	Industrial Rates per Unit	\$3,083	\$3,098	\$3,094	\$3,094	\$4,473	\$5,487
North	Rural Rates (\$'000)	2,054	2,361	2,629	2,796	3,410	4,957
	Rural Units	668	771	861	917	771	917
	Rural Rates per Unit	\$3,075	\$3,062	\$3,053	\$3,049	\$4,422	\$5,406
South	Rural Rates (\$'000)	2,794	2,593	2,392	2,191	3,744	3,884
	Rural Units	1,135	1,030	925	820	1,030	820
	Rural Rates per Unit	\$2,462	\$2,518	\$2,587	\$2,673	\$3,636	\$4,740





Locked Bag 1, Wanneroo, WA 6946
Telephone [08] 9405 5000 Facsimile [08] 9405 5499
wanneroo.wa.gov.au