

Mr Nick Sloan
Chief Executive Officer
Western Australian Local Government Association
PO Box 1544
WEST PERTH WA 6872

Attention: Dana Mason

Dear Mr Sloan,

2020-2021 STATE BUDGET SUBMISSION

Thank you for the opportunity to contribute to WALGA's collective submission to the 2020-2021 State Budget and the extension of time for submittal. The Town of Port Hedland responds to the four priorities as follows.

Strategic theme one: Empowering local governments to contribute to the State's priorities

a. Sufficiency of funding for the preparation of a local government Act, including consultation on the draft bill with the local government sector and community

Council supports new legislation that is more agile, smart and inclusive; however, consultation on legislative amendments and policy implications need to be considered by the sector to ensure their applicability and manageability across the State. Appropriate levels of consultation will:

Ensure that the local government Act and related legislation is suitable in scope, construction and application, specifically that:

- local government autonomy is retained through general competence powers
- the legislation is appropriately flexible to meet variable service delivery challenges, and is principles-based to ensure local government authorities are clear on the outcomes intended by the legislation
- the compliance regime is scalable, taking account of the constraints and size of regional and remote local government authorities
- red tape is appropriately considered in the context of accountability outcomes to ensure that an unnecessary regulatory burden is not placed on Councils and ratepayers (discussed below)
- local governments are empowered, particularly in areas of high economic activity, to conduct activities that contribute to sustainable and resilient communities i.e. through economic development, environmental protection and social advancement.
- unfunded responsibilities are not transferred to local government from the State government (discussed below).

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Ensure the administrative and financial burden on local government authorities does not unduly increase, and in fact, provides opportunities for administrative efficiencies and cost reductions

Changes to accountability and probity must consider the administrative and financial burden on smaller regional and remote local government authorities with limited revenue, high cost structures, broader delivery mandates, lower asset renewal ratios, and difficulties accessing technical expertise (often requiring outsourcing). An example includes the recently enacted provision for the delivery of training to Councillors.

Amendments should reduce ambiguities and duplication in legislation that increase administration or create legal complexity. Current examples include the apparent incongruency between the requirement for the Chief Executive Officer (CEO) to advise Council of the appointment or dismissal of a senior employee under s. 5.37, and the CEO's role in governing employment under s.5.41(g)), or potential duplications in disclosure requirements under the Act (i.e. annual returns and related party transactions (AASB 124: Regulation 4)).

Requirements for, or access to, new services should not be cost prohibitive or overly burdensome. For example, while not supported by Port Hedland, the Public Sector Commission's involvement in Chief Executive Officer recruitment.

Opportunities should also be explored to reduce the administrative and cost burden on local government authorities such as streamlining regulatory compliance requirements, equitably applying rating models, and allowing local governments to set fees and charges in line with cost recovery and other local factors.

Ensure the Act is contemporary

The legislation must respond to contemporary issues and challenges faced by local governments state-wide; include contemporary structures that mirror best practice governance/operations (public sector, local government and corporate); and engage contemporary technologies. Examples include, the establishment of Beneficial Enterprises; engagement of modern technologies for Council meetings (quorums); public notices and two-way and 'real time' community engagement; potential for online elections; and insertion of a sunset clause in the legislation to ensure review of workability of amendments and that the legislation keeps pace with emerging challenges.

Ensure interoperability with other legislation

Legislative amendments must consider the impact of other legislation on the performance of local government authorities under the *Local Government Act 1995* and Regulations. Example includes, limitations on the capacity of local government authorities in mining regions to effectively rate leases under the *Mining Act 1978* and state agreement Acts or that enable the proliferation of satellite infrastructure in close proximity to mining towns.

- b. **Review of local government fees and charges that considers:**
- the suitability of local governments setting fees and charges for all the services they provide
 - a transparent method for setting and adjusting local government statutory fees and charges on a cost reflective basis

Council supports WALGA's approach regarding removal of fees and charges from legislation and empowerment of Councils to set fees and charges for local government services. It concurs with WALGA's findings that fees do not always align with cost recovery due to lack of indexation or review and the absence of a clear methodology for calculation.

The result is that this unfairly transfers some of the cost burden onto ratepayers and exacerbates ratepayers offset of unrateable or limited rating of mining activities and the impact of these activities on town services and infrastructure.

Further, it fails to recognise the increased cost of doing business in the Pilbara (and in remote areas more generally), reflected in the current Regional Price Index in the Pilbara being 10.7 percent above Perth (or 37 percent above Perth in 2011), although markedly higher for transport, construction, accommodation, insurance and wages.¹

Regional inflation in the Pilbara is heavily influenced by global demand for resources, and fluctuating commodity prices. While fees and charges would need to be reasonable (as per s.6.17) regardless of economic fluctuations, embedding fees and charges in legislation and failing to index them means that areas significantly impacted by economic fluctuations are heavily penalised.

The capacity for local governments to set fees and charges will assist in cost recovery, improve Council's fiscal position, and will go some way to remediating ratepayer subsidy by implementing a largely user-pays system.

- c. **That removal of unnecessary waste and expenditure from the State Public Sector does not result in transfer of unfunded responsibilities onto local government**

Council endorses this approach. The impact of transfer of unfunded responsibilities to remote local governments is two-fold. Firstly, it compounds the capital and operational position of local governments that already experience significant financial constraints, aged infrastructure, and an expanded delivery mandate. Secondly, Pilbara local governments experience substantial problems with staff attraction, turnover (29-44 percent) and high wage costs. This limits the financial and operational capacity to deliver additional unfunded responsibilities. There is also the risk that despite initial funding on transfer of responsibilities, recurrent funding is not maintained by government.

¹ Regional Development Australia Pilbara, *The Cost of Doing Business in the Pilbara 2018*, p5.

Local government authorities in mining towns already work extensively with government on lands and infrastructure planning to improve economic outcomes and returns for government.

- d. **Advocate to the Commonwealth Government to initiate a Productivity Commission inquiry into the effectiveness and efficiency of Australia's taxation system – recognising the vertical fiscal imbalances placing the sector under considerable financial strain.**

The WA economy is predicted to expand robustly over the coming three years, driven in the medium to long term by iron ore prices, primarily as a result of increasing demand from Asia. In 2017, investments in iron ore infrastructure over the prior 5-6 years went into full production and mining and business opportunities strengthened further in 2019.^{2 3} Australia has experienced record earnings in commodity exports over the last 12 months (\$275 billion) substantially off the back of the Pilbara. Further, as at March 2019, \$24.5 billion in major resource projects were under construction or committed and \$88.3 billion under consideration.⁴ There are also major expansion plans for the Port Hedland Port (largest bulk export port in the world) and other Pilbara Ports Authority Ports as well as planned greenfield developments. This will double the capacity of the Port Hedland Port and provide port facilities for a range of users other than minerals (i.e. smaller miners, agriculture and livestock), effectively diversifying the local economy.

State Government and local government (and industry) are key partners in enabling economic growth through infrastructure investment, lands planning and service delivery. Just as the State Government was not able to effectively invest in a depressed budgetary environment, compounded by poor Horizontal Fiscal Equalisation, remote local governments in mining towns suffer the impacts of Vertical Fiscal Equalisation in an environment where revenue raising capacity is substantially constrained and reductions in general purpose and local roads funding has reduced. Inadequate funding risks the following:

- reduction in service delivery capacity
- inadequate planning and investment to support economic outcomes for the next upward swing
- government policy outcomes, both social and economic, will not be fully realised

State and Commonwealth funding allocations need to recognise the higher costs of doing business in remote areas and the differences in demand/challenges i.e. economic development mandates, closing the gap on Indigenous disadvantage, limits on rating capacity, and regional inflation and wage competition. There are a number of federal/state policies targeting population growth and economic development i.e. Asian Engagement Strategy, *Our North, Our Future: White Paper on Developing Northern Australia*, and the *Plan for Australia's Future Population*.

² Ibid.

³ Regional Development Australia Pilbara, *Pilbara Quarterly Economic update, July 2019*, p1.

⁴ Department of Jobs, Tourism, Science and Innovation, *WA Economic Profile, August 2019*, p6. Available at: https://www.jtsi.wa.gov.au/docs/default-source/default-document-library/wa-economic-profile-0719.pdf?sfvrsn=d8e6701c_4.

Unless the taxation regime is fair and outcomes for fiscal equalisation considered in more depth, the state and national interest and sustainability of local communities will be impacted.

Strategic theme two – A strategic approach to economic development in WA

a. Establish an economic development committee for long term economic planning and coordination across the state

Council supports this approach provided there is local government representation from key areas of economic development and agreed partnership arrangements with government to facilitate outcomes.

The State Government has undertaken considerable work in economic planning, including but not limited to:

- delivery of an economic development framework *Diversify WA*
- enactment of *Jobs WA Act 2017* and accompanying buy-local policies and industry participation plans, *Infrastructure WA Act 2017* and the development of a 20-year infrastructure strategy
- partnering with the Commonwealth in the Northern Australia Strategic Partnership under the White Paper on Developing Northern Australia (governing office in Darwin);
- Asian Engagement Strategy and Future Battery Industry Strategy
- New Industries Fund

As detailed, local government is a key player in economic development and community sustainability. In the absence of a governing economic committee with representation from key sectors and appropriate expertise, strategies become outdated and misaligned with other governing policies, and projects stall. For example, with the change of government in 2017 and review of the Royalties for Regions program and fluctuations in economic conditions, projects such as vital land assembly projects stalled, despite significant investment.

In simple terms, greater coordination, expertise and long-term planning would:

- give greater recognition to the role of local government in economic development
- ensure government's economic strategies are effectively aligned to changing global opportunities and challenges
- enhance economic outcomes by defining outcomes, initiatives, integrating economic development policies (where relevant), and evaluating success or otherwise
- consider regulatory impediments to economic development; national, state and local
- pool economic expertise as a point of reference for policies and proposals
- create partnerships with industry to identify investment opportunities, regulatory and other impediments, enabling infrastructure and contributions
- guide local government planning for economic development, particularly in regional areas and give impetus to planning and infrastructure investment

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- create a conduit for local level advocacy to government

b. Build on the recently released DiversifyWA Strategy through measurable targets for priority industries listed in the strategy

Council supports this approach. The *Service Priority Review, the Special Inquiry into Government Programs and Projects* recommended a more outcomes-focused public sector aligned to priorities and delivered in an efficient and sustainable manner. The *Special Inquiry into Government Programs and Projects* identified deficiencies in governance, poor transparency and weak project management, amongst other issues. The latter report also raised major concerns about land assembly issues, recommending centralisation of governance. Infrastructure WA introduces a highly regulated governance structure for strategic planning and project oversight.

Measurable targets will achieve the following:

- embed consultation and community engagement on proposals
- ensure a greater project standard and accountability in the delivery timeframes, efficiency and achievement of project outcomes
- improved economies of scale
- enhance alignment between initiatives and global economic drivers
- provide guidance for local level planning and investment and identify opportunities for leveraging funding and realising local economic outcomes
- enhance evidence-based decision-making and minimise costly mistakes
- achieve productivity gains

The White Paper on Northern Australia (founded on a federal-state partnership) lacks recognition of the importance of local planning and infrastructure to economic development and the impacts (and potential) of industry investment and operational practices on local communities. Compelling government departments to meet consultation benchmarks and project delivery benchmarks and measure success will ensure that local government authorities have greater capacity to support, participate and benefit from those initiatives.

c. Develop a Regional Economic Development Strategy that:

- articulates the long-term economic vision for regional WA
- identifies regional WA's competitive advantages and engine industries and how they align with those identified in the DiversityWA Strategy
- identifies impediments and enablers to regional economic development and a plan for addressing these

Council supports this approach, provided the strategy recognises some of the unique challenges of remote local governments and is monitored and measured for success and currency.

The Pilbara is an 'economic powerhouse' with extensive mineral (iron ore, Lithium, rare earths) and hydrocarbon assets; it hosts the largest bulk export port in the world which expanding

capacity; it is located on the doorstep to Asian markets (mining and agriculture); and is home to rich and ancient Indigenous cultures. Yet, significant regional inequality is experienced by its residents. There is a lack of understanding of the realities and potential of the region by state and federal policy-makers; absence of strong local leadership and vision (outdated policies and inadequate coordination between tiers of government); high cost of doing business and few economies of scale; inadequate economic and social infrastructure; and significant wealth and on the corollary, disadvantage or wage disparity. This regional inequality impedes regional growth and development; amenity and liveability; attraction of skilled staff and results in an exodus of workers. A regional economic strategy must recognise the centrality of the local government, state and industry partnership to effective economic development, and address some of the aforementioned constraints. This includes:

Fiscal policies - improving coordination and leadership between tiers of government to facilitate access to federal funding streams; supporting innovative ways of doing business at the regional level to address shortfalls in state funding; remediating short-term funding cycles; recognising the higher costs of doing business in certain regions, lower revenue sources and the broader service delivery mandate and the responsibility for multiple disparate towns/communities.

Commonwealth, state and local government regional development policies – integrate policies to maximise coordination and reduce duplication and conduct regular and genuine consultation with regions i.e. the White Paper on Developing Northern Australia is not integrated with regional plans.

Infrastructure and services to facilitate economic development and community sustainability – i.e. land assembly; internet; small business incentivisation; high utility costs due to lack of an integrated system; poor asset renewal capacity; quality social, health and educational infrastructure.

Statutory measures that build human capital – taxation measures that encourage FIFO over residential settlement; mining developments in absentia from social and economic impact assessments; inequitable rating of industry investment and exemptions from local planning approvals processes under the Mining Act and state agreement acts.

Decentralisation policies – while the state government has moved towards regionalisation of some of its departments, there is still a paucity of government departments, resource companies, multi-nationals and in some cases, non-government organisations, present and invested in the Pilbara.

- d. **Pilot a new place-based approach to economic development to determine the competitive advantages that can be leveraged by local governments in the select region with a view to rolling out this place-based approach across all regions, if deemed successful.**

Council supports this approach.

There are a number of existing or emerging opportunities in the Pilbara that align with government economic policies but have not been realised due to the absence of an integrated and coordinated approach. Pilbara local governments could be a key partner with the federal and State governments, and industry in realising economic and social benefits for townships. The process could also serve as a platform for examining regulatory impediments to regional economic growth and town sustainability.

Opportunities include:

- Indigenous economic participation (native title land) under the White Paper on Developing Northern Australia
- buy-local policies and the realisation of industry participation plans
- downstream processing for new and emerging minerals, particularly renewables i.e. Lithium (Future Battery Industry Strategy) and rare earths
- port expansion to meet new and expanded iron ore projects and industry diversification i.e. smaller miners, agriculture and livestock exports
- mining and technology
- supply chain opportunities, capitalising on existing and emerging markets (in close proximity to Asia)
- address low infrastructure renewal ratios and limited infrastructure and services (potential to review the impact of initiatives under Infrastructure WA)
- establish a clear and integrated vision for the Pilbara and its towns
- bring greater realisation of the impact of climate change on small local governments
- explore the potential for Designated Area Migration Agreements or the implementation of State's approach to migration to address critical skills shortages

The Pilbara has the core elements needed for downstream processing (i.e. Lithium or rare earths), namely, a multi-user port, mineral industry processing capability, dedicated industrial area, proximity to mines and key markets and a skilled technical workforce.

That said, local governments and communities in mining regions face significant challenges including coordination and delivery of infrastructure to support economic growth and amenity and the cost burden associated with isolation and a fluctuating economy and limited revenue sources. A place-based approach would not only position the economy to capitalise on the next evolution in global trade but facilitate some understanding of the intricacies and challenges of operating in the Pilbara.

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Strategic theme three – Important local government infrastructure

- a. Infrastructure WA consults with the local government sector during the development of the 20-year infrastructure plan and includes key local government infrastructure on the plan. The process must be adequately funded.

Council supports this approach for the following reasons:

- there is currently no agreed Commonwealth, state and local government vision for the Pilbara but rather a series of policy documents that lack integration and currency
- infrastructure WA is partly reliant on these plans, the majority of which are outdated, therefore, infrastructure planning must consider the local government planning context, including adverse impacts
- infrastructure must align with need, be evidenced-based, harness opportunities, and not duplicate existing or planned infrastructure
- local government must be aware of, and have the opportunity to negotiate, any ongoing capital and recurrent costs associated with infrastructure
- residents and businesses must feel secure around their economic base and community infrastructure and related service delivery
- the infrastructure WA strategy must provide for local government infrastructure which is integral to residential settlement and attraction, retainment of a skilled workforce and servicing of mining activities and supply chains.

b. Increase State roads funding

Council supports this approach for the following reasons:

- federal grants can be capped regardless of the cost differential for remote local governments (i.e. crews can be in isolated locations for two weeks at a time completing works or a small job can take two days to complete). Council tends to group repairs and maintenance to achieve economies of scale
- other grants require shared funding or proof of inclusion of the roadworks in the Town's budget. Shared funding is difficult in a tight fiscal environment and roadworks are not always foreseeable
- the damage to roads in regional areas is impacted by multi-axle vehicles. While this damage falls largely within the domain of Main Roads WA, Council has responsibility for industrial areas and access roads
- extreme climatic conditions such as high Summer temperatures or cyclones damage roads. Cyclone Veronica washed away large tracts of isolated dirt roads as well as surfacing for sealed roads. Not all costs will be covered by NDRRA funding.

c. Fund the agricultural commodities freight route

The Town of Port Hedland has not been directly involved in this issue but notes that there has been significant work undertaken through the Northern Australia Beef Roads fund, based on CSIRO modelling, around investment and associated deregulation priorities. The Town assumes

that similar outcomes would be envisaged, albeit for Agriculture, to increase commercial opportunities and enhance economic outcomes.

- d. Prioritise funding in the Road Trauma Trust Account to maximise achievement of road safety outcomes. Include funding for local road safety projects and remove funding for initiatives that should be funded under consolidated revenue**

Council supports this approach. The Hedland Community Road Safety Group was established under the auspices of WALGA and comprises representation from State and local government, industry, transport, community members and WALGA. The Town has accessed 'Black Spot' funding for 2019/20, although understands this is a different funding stream to the Road Trauma Trust Account.

- e. Provide funding for the replacement of 158,000 mercury vapour streetlights with LED lighting**

Council supports this approach. The Town has converted some lighting to LED lighting but still has a significant number of unfunded mercury vapour streetlights.

- f. Continue to provide funding for conversion to underground power.**

The Pilbara Underground Power Project was completed in 2018 and proved its resilience during Tropical Cyclone Veronica in March 2019 where no loss of power was experienced.

- g. Develop a sports and culture infrastructure strategy that reviews the State's sports and cultural infrastructure assets and future needs, provides advice on priority areas of investment and identifies an appropriate investment framework.**

Council supports this approach. A sports and culture infrastructure strategy would enhance asset renewal, reduce escalating maintenance costs associated with asset depreciation, meet changing community requirements, ensure facilities keep pace with code and standards, and assist in community building and population sustainability.

The Town of Port Hedland has developed three facilities masterplans; JD Hardie Youth Zone, McGregor Street Masterplan and South Hedland Integrated Sports Masterplan. Collectively, this work has been undertaken for the following reasons:

- multi-user facilities are inadequate in capacity, remembering that remote towns have limited facilities that serve multiple purposes i.e. private/public sports, Indigenous business, Non-Government Organisations, and cyclone shelters
- significant problems are experienced with anti-social behaviour and break-ins and layouts that creates safety risks for some users i.e. JD Hardie Youth Zone and the need to navigate drainage swales
- extreme heat which is particularly problematic for outdoor sports, requiring shelter and other support facilities

- age of the facilities – many of them were built in the 1970s. JD Hardie was redeveloped in 2010 but cannot keep pace with demand and McGregor Street is not fit for purpose and facilities are largely end of life and present safety risks or are unusable
- flooding (McGregor Street) which includes the turf club and multiple (primarily open space) sports facilities and support infrastructure
- provides an opportunity to bring facilities up to code and Australian standards and ensure better integration for improved safety, including an additional cyclone shelter
- New facilities can be constructed to meet current multi-purpose requirements

h. Reinstate the Community Sport and Recreational Facilities Fund to \$20 million per year over the forward estimates.

Council supports this approach. The current allocated \$12 million for 2019-2020 is insufficient. Regional and remote centres are heavily reliant on external funding sources and face higher technical and construction costs.

A number of the above projects have advanced to detailed design, have construction timeframes of between 4-8 years and are contingent on significant government funding support. Residential settlement is not sustained in the absence of adequate facilities and they provide important diversionary opportunities and connection with social support services in remote towns.

Strategic theme four – A sustainable environment for our communities

- a. Develop, resource and implement a climate strategy for WA, inclusive of funding for Greening our Cities, funding for the establishment of CoastWA, and a state-wide assessment of the extent of coastal inundation hazards, and a plan to address these hazards**

Council supports a statewide strategy for management of coastal inundation hazards and the establishment of CoastWA.

The Western Australian Government has repeatedly called on COAG to address this issue at a national level. The Town of Port Hedland has high risk of coastal erosion and coastal inundation over a 100-year period. Large-scale coastal erosion was caused in early 2019 by Tropical Cyclone Veronica, a significant portion of which is not covered under NDRRA funding. A Coastal Hazard Risk Management Adaptation Plan (CHRMAP) was endorsed by Council in early 2019.

In brief, the impact of the CHRMAP on local government/community is as follows:

- significant areas in Port Hedland have been identified as at risk of coastal erosion and coastal inundation
- increases risk to assets in areas of coastal erosion and inundation
- imposes additional costs on the Town and LandCorp for land assembly for residential growth in Port Hedland, limits developable land, requires further technical studies, and potentially expensive earthworks for landfill

- local governments are required to give due regard to a strategy of planned or managed retreat over coastal protection which includes accommodating the impacts of long-term sea level rise (0.9m by 2110), including the preparation of a foreshore management plan, preserving beach access and coastal ecosystems, and providing flexibility for future change management approaches
- integration of the CHRMAP in the Town Planning strategy, scheme and policy framework to inform future decisions on development applications
- engagement with affected residents in coastal erosion and inundation areas

Implementation of the CHRMAP in its entirety is significantly beyond the financial and resource capacity of the Town due to substantial capital and operational costs associated with interim coastal protection works and/or managed retreat. These challenges would undoubtedly be replicated across the state and influenced by the level of risk and associated remedial costs of protection works.

b. Develop a strategic plan for roadside reserves.

This is not a priority at this time for the Town of Port Hedland in the context of other infrastructure priorities and high cost structures.

c. Ensure all funds raised from the Waste Levy are directed into strategic waste initiatives identified in the State Waste Strategy Action Plan

Council supports this approach. The Town of Port Hedland has developed a Waste Management Strategy for the Town; site masterplan for the South Hedland Landfill Facility and undertaken a financial and technical analysis of waste management systems (services and infrastructure). Key infrastructure investments have been identified in line with the waste hierarchy, underpinning the State Waste Strategy Action Plan. This will achieve the following:

- introduce landfill diversion strategies i.e. recycling (kerbside and onsite recycling centre and tip shop)
- introduce sustainable waste management education around waste minimisation. The Town intends to work with a municipal waste and recycling contractor to deliver an education campaign regarding new arrangements and recycling. Ongoing education will form part of tender arrangements
- Increase bulk waste acceptance and processing (i.e. green waste and scrap metal)
- ensure best practice management techniques are applied to future landfill development (new site required in approximately 10 years). New municipal waste and recycling contract, coupled with recycling centre and changes to operational practices will extend useful life of current landfill
- focus on emissions reduction through diversion i.e. compost, plastics, etc

Remote northern towns face a range of challenges which makes waste management costly (and sometimes unpredictable):

- high capital cost of infrastructure coupled with higher annual operating costs

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- limited markets for products generated i.e. compost, recycled building products, etc
- cyclone waste and industry waste (there are several industrial and major infrastructure projects within the town). Mines tend to operate their own waste management facilities
- high transport costs
- limited private procurement options for waste management/processing
- if the waste levy is applied to non-metropolitan landfills, this will be a significant fiscal impost in a high cost operating environment
- the application of the Best Practice Environmental Management: Siting, Design, Operation and Rehabilitation of Landfills 2015 has significant cost compliance for owners of old landfill sites

The Town has accessed funding for initial design work for the recycling centre but funding is required in the order of \$3-4 million for construction. The centre will extend the current life of the landfill, providing additional time for planning and construction of a new landfill site.

d. Implement recommendations made by the ERA in its 2017 Review of the Emergency Services Levy

The Town of Port Hedland strongly supports recommendations pertaining to external oversight of the ESL, specifically the allocation of ESL funds to the Department of Fire and Emergency Services (DFES) and review of allocation by DFES of ESL funding to other stakeholders. This will ensure:

- that funding is not allocated to projects that should be funded under consolidated revenue
- improve funding consistency between career and volunteer emergency services brigades and reduce the burden on volunteers to carry out unfunded activities
- improved understanding of funding gaps and challenges for remote units and ensure sufficient flexibility (i.e. in the allocation manual) to account for the unique challenges faced by units i.e. distance, extreme heat, etc
- ensure transparency in post incident analysis reports and implementation of recommendations relevant to the ESL

Council does not support the independent office being the Office of Emergency Management if this is subsumed within DFES (currently mooted).

With respect to recommendation 13 of the report, road crash rescue services in regional/remote areas that are not provided by career brigades are delivered by SES units and therefore already funded.

Please feel to contact me should you require further information.

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Yours sincerely

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WALGA's 2020-21 State Budget Submission

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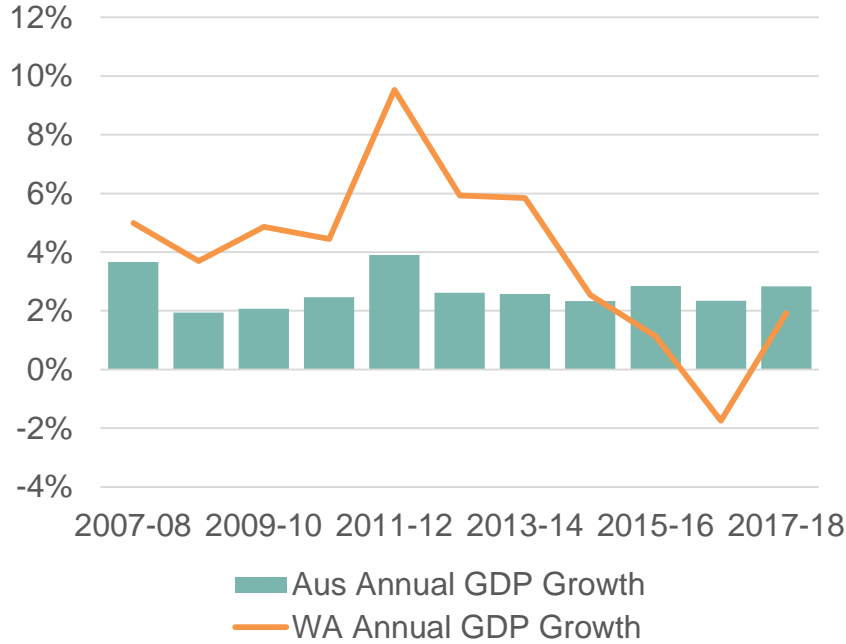


Economic Context

WA is out of recession and into surplus...

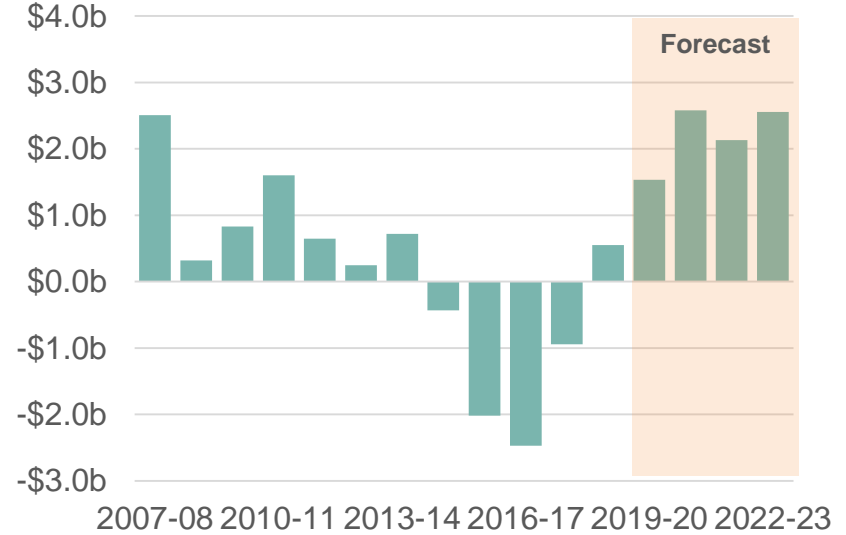


Annual GDP Growth, Australia and WA



Source: ABS Cat. 5220.0

WA General Government Net Operating Balance

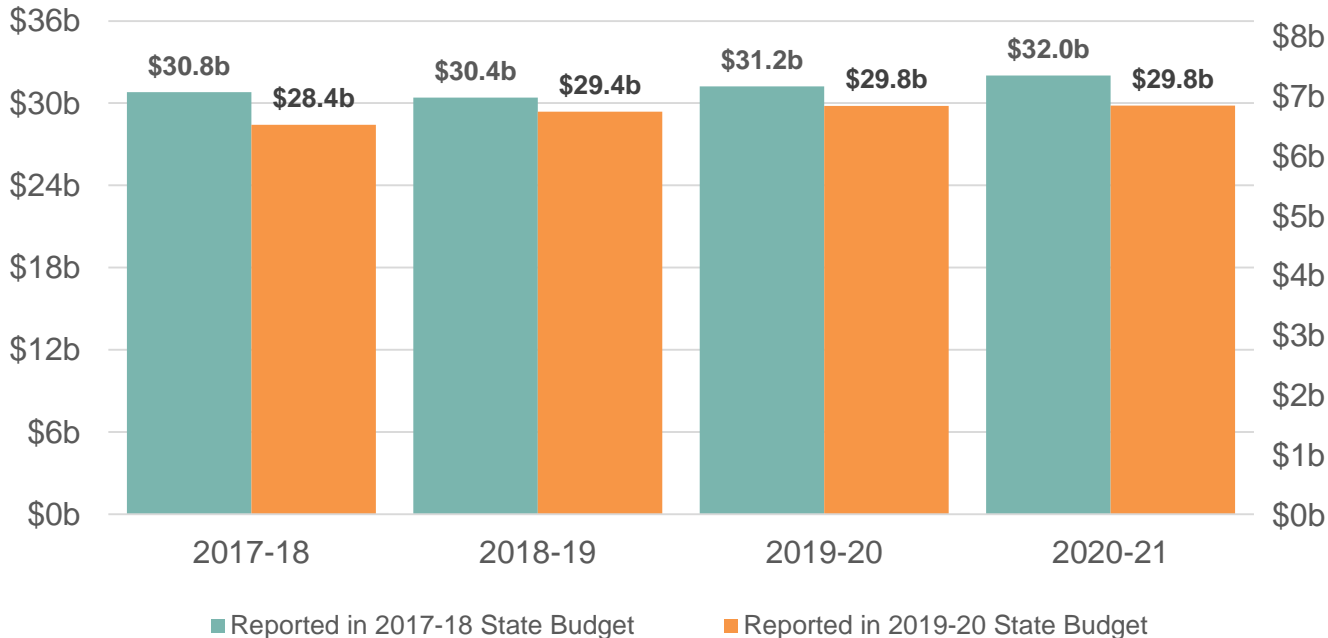


Source: WA State Budget Papers

With some sound financial management...



WA General Government Expenditure
Comparison of what was reported in the 2017-18 and 2019-20 Budgets



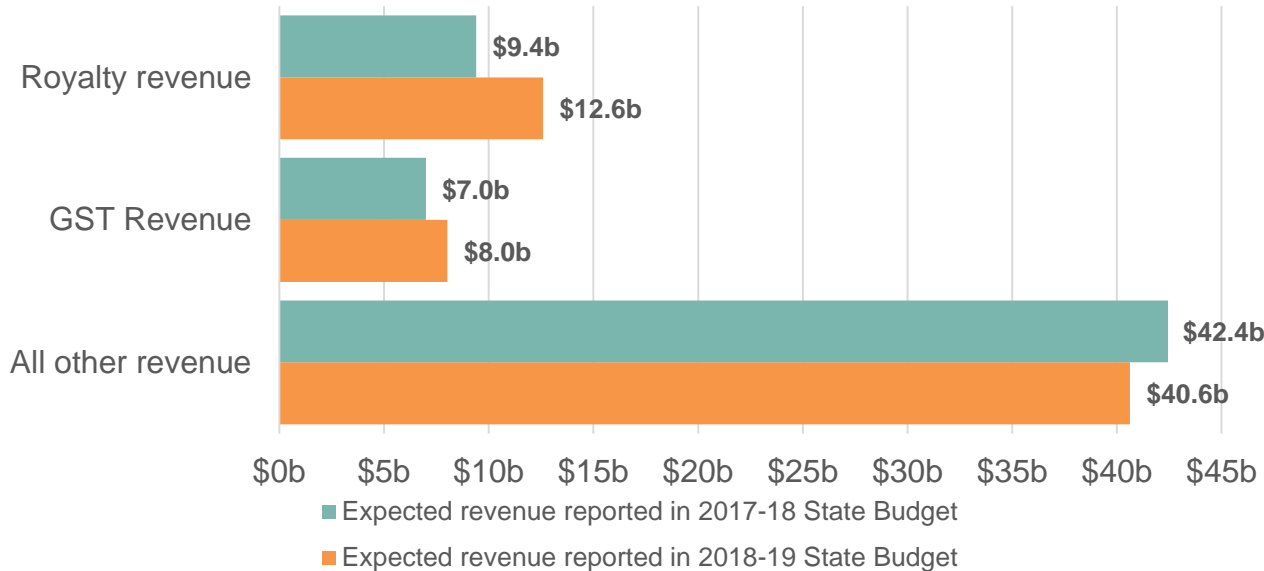
Resulting savings



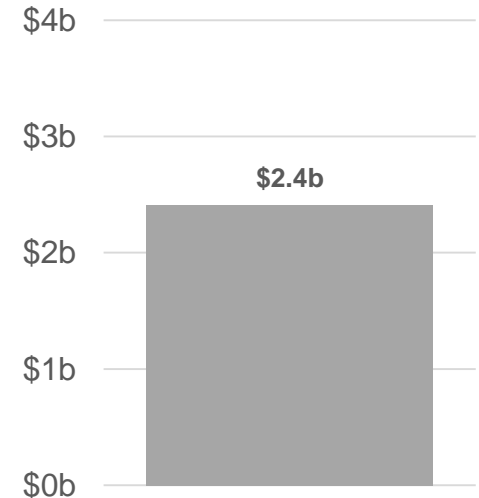
And some unexpected revenue gains



**WA Government Revenue (2018-19 and 2019-20 combined)
Comparison of what was reported in the 2017-18 and 2018-19 Budgets**



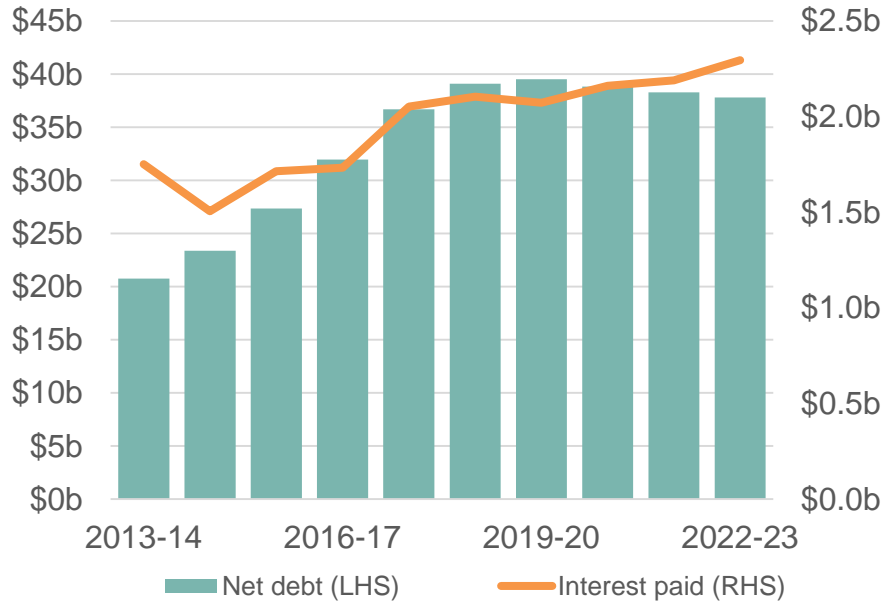
Resulting additional revenue



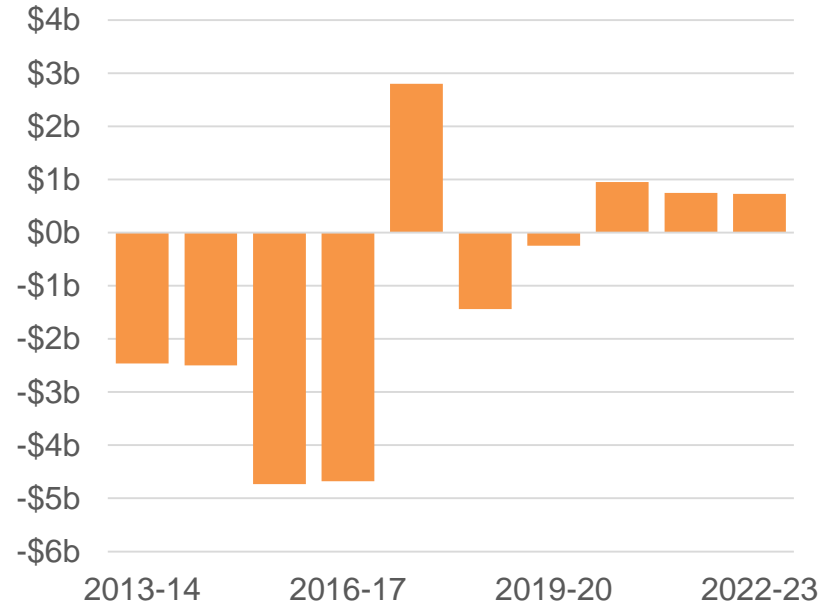
But we still have a mountain of debt to pay...



Total WA public sector net debt



WA public sector annual cash balance



And our economic recovery is a fragile one



Expectations were high late last year...



Economy

New boom tipped for WA, consumer confidence increase: CCI survey

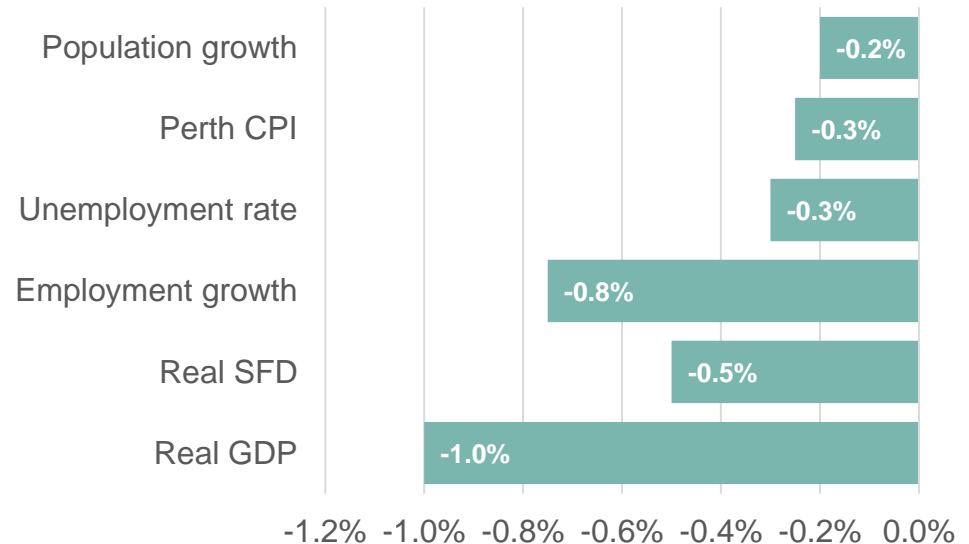
Wesley Paddenburg | PerthNow
September 30, 2018 12:00AM

TOPICS **WA News** Perth

BOOM times could soon be back in WA.

That's the verdict from the Chamber of Commerce and Industry WA's latest consumer confidence research, due out today.

...but economic forecasts for the 2018-19 FY changed considerably between December 2018 and May 2019

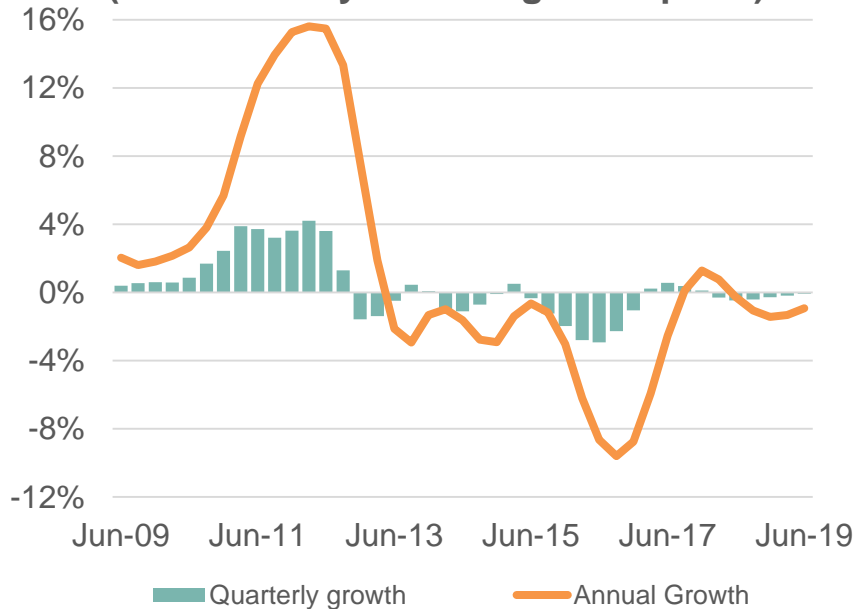


Source: WA State Budget Papers

As our domestic economy is still in recession...

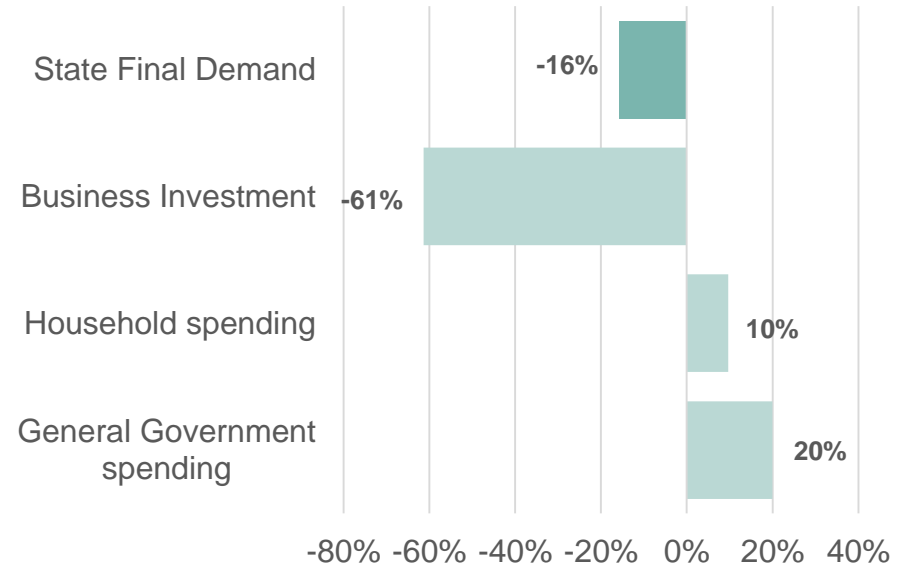


**WA Quarterly and Annual State Final Demand
(The economy excluding net exports)**



Source: ABS Cat. 5206.0

Change since June 2012

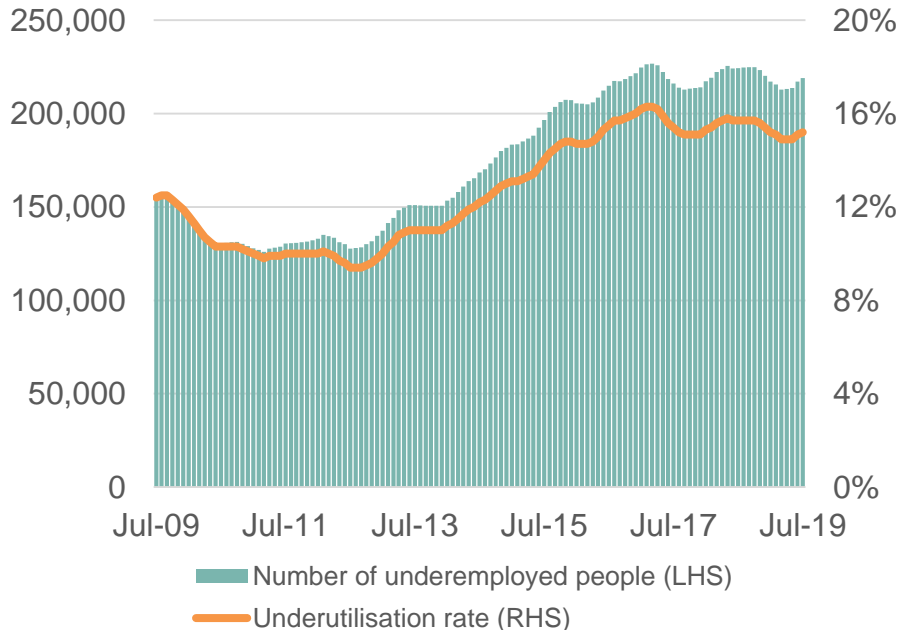


Source: ABS Cat. 5206.0

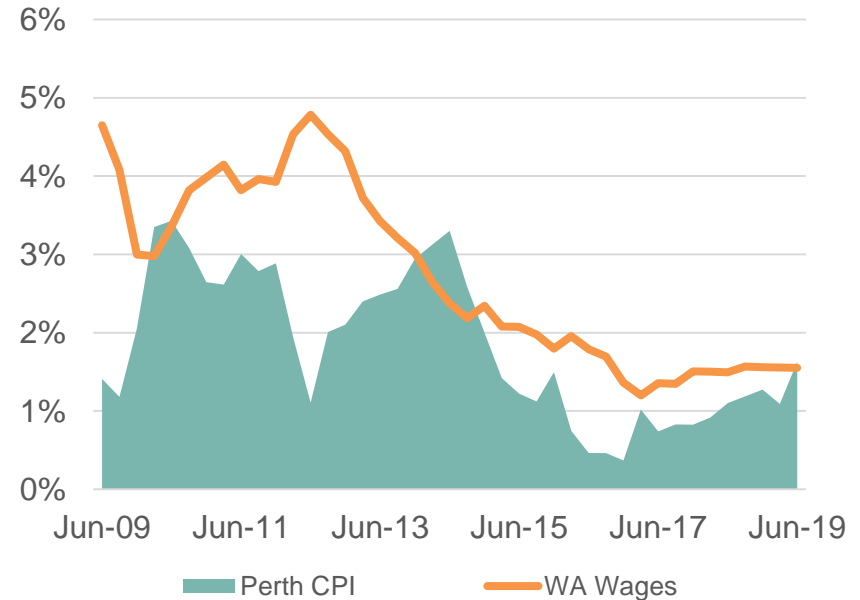
Spare capacity still exists in the labour market..



WA labour force underutilisation (people who want to work more than they do)



WA Wages and Perth CPI annual growth



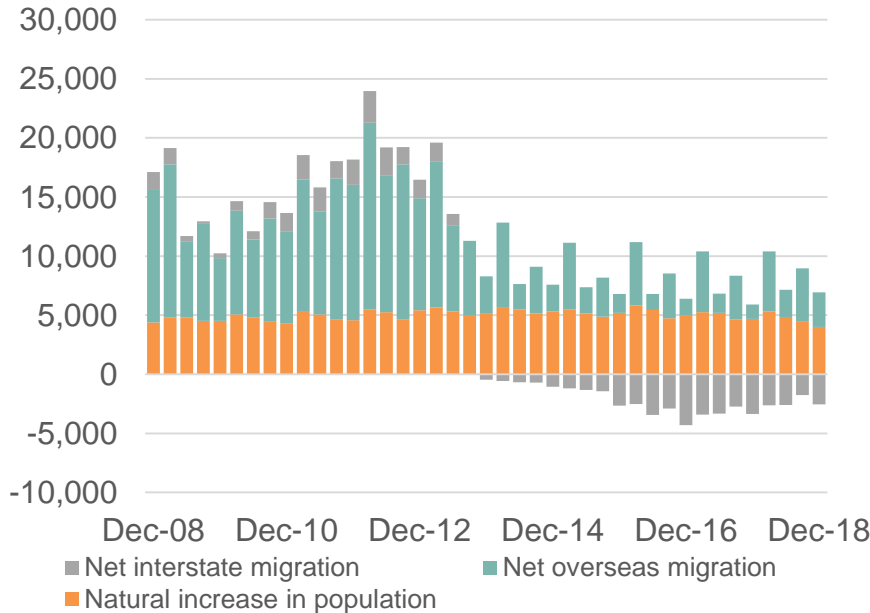
Source: ABS Cat. 6202.0

Source: ABS Cat. 6345.0 and 6401.0

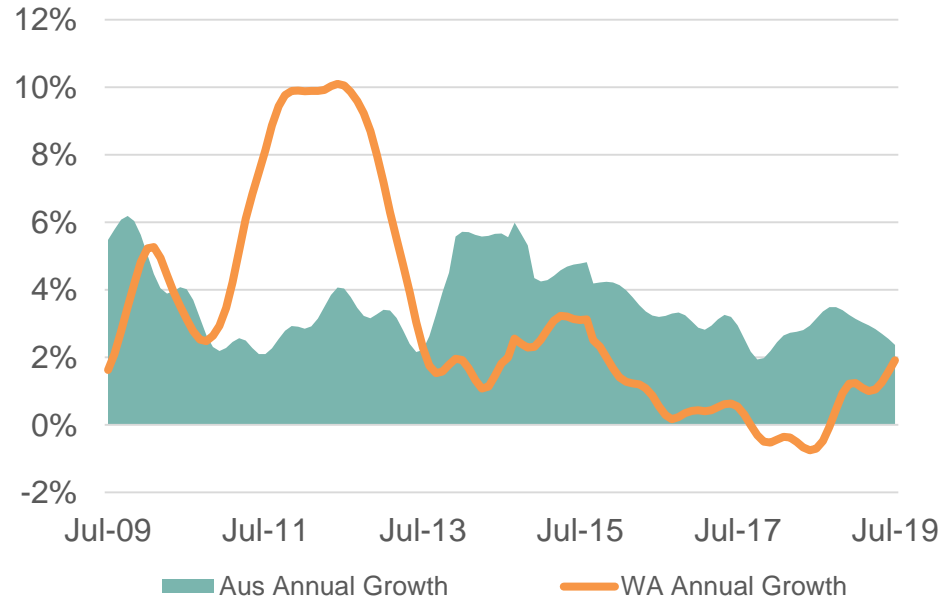
And population growth and consumer spending remain subdued...



WA Quarterly population trends



WA and Australia Retail turnover annual growth



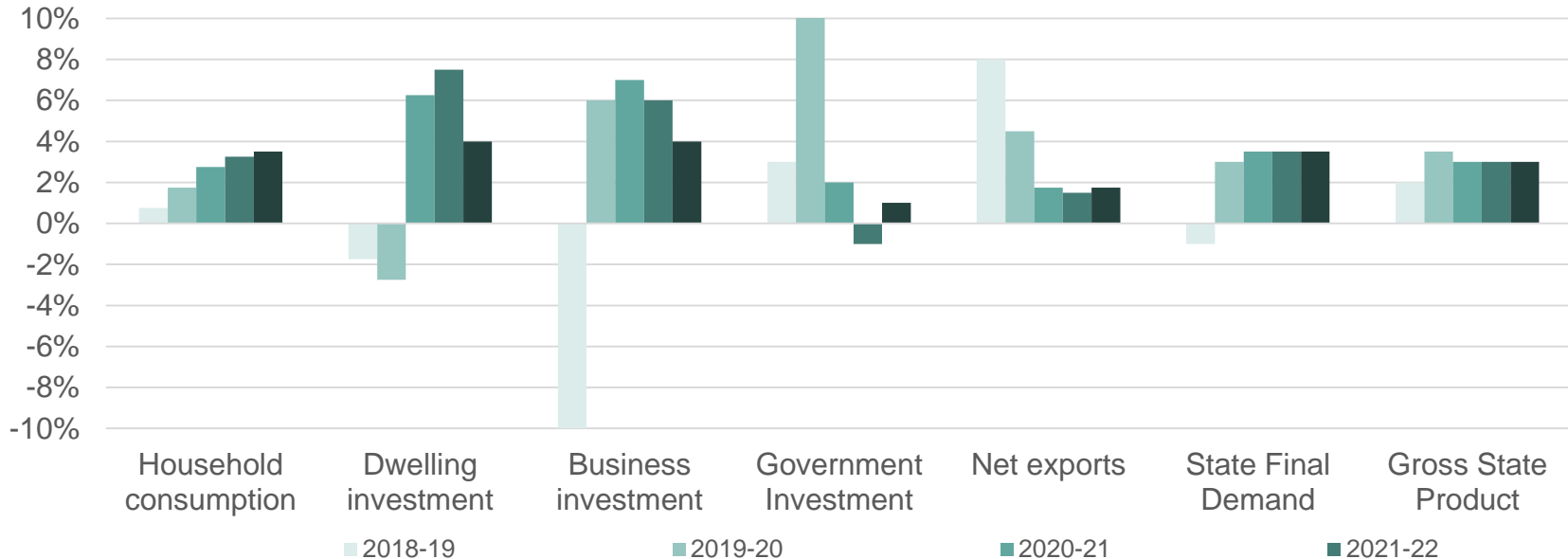
Source: ABS Cat. 3101.0

Source: ABS Cat. 8501.0

But the outlook remains bright



WA Economic Forecasts, 2018-19 to 2021-22



Largely because of our most dominant sector



BHP approves \$4.7b South Flank project in WA to replace Yandi mine

By James Carmody
Updated 15 Jun 2018, 4:36pm



Fortescue Metals Group gives green light to \$3.6b Iron Bridge project in WA's Pilbara

By Kathryn Dias
Updated 2 Apr 2019, 4:51pm



FMG green lights \$1.7b Eliwana with 500 jobs to come

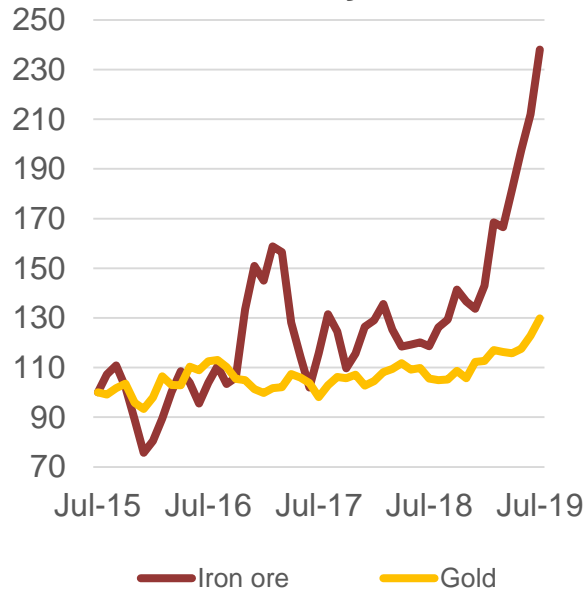
Daniel Newell | The West Australian
Monday, 28 May 2018 8:17AM

Daniel Newell



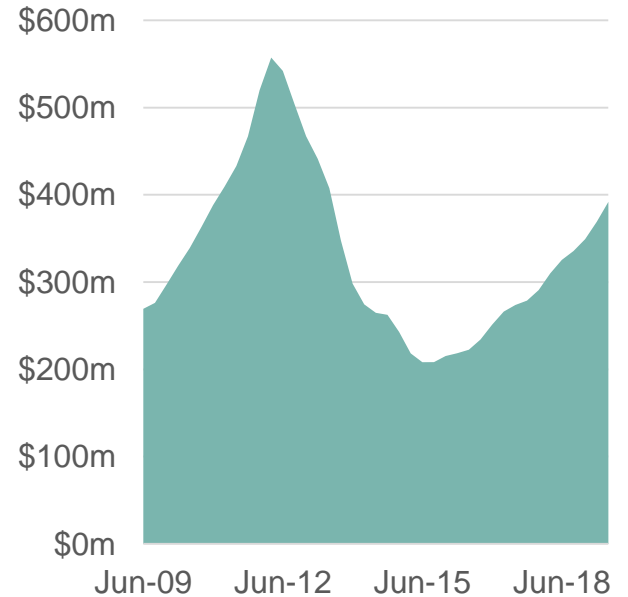
Rio Tinto counting on Koodaideri in \$2.2bn new ore mine spend

**Iron ore and Gold Price Indices (\$AUD),
Index base of July 2015 = 100**



Source: World Bank

WA Mineral exploration expenditure



Source: ABS Cat. 8412.0

But the State Government is also playing an important role



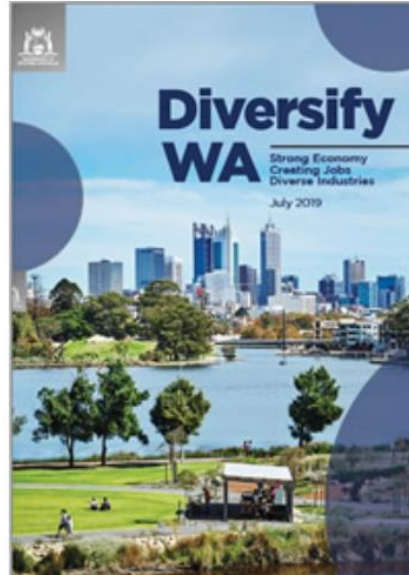
State Government *Our Priorities* Document



Our Priorities

Sharing Prosperity

State Economic Development Plan released



Over \$5 billion infrastructure investment

Keystart reforms to increase building activity

Tourism WA funding directed towards value for money initiatives

Other initiatives





Proposed Strategy

1. Recognise the economic context



1. The WA Government should be commended for the work it has done to reduce expenditure and get the budget back to surplus, although the State has been fortunate to receive GST windfall gains and increased royalty income.
2. We still have a mountain of debt to pay and our interest repayments on debt will be a burden for many years to come.
3. The WA economy is still in recovery mode, and the recovery is a fragile one that is based largely on the resources sector, once again.

Given the above points, it is important that the State Government:

- 1. Maintains a focus on fiscal repair**
- 2. Funds productivity enhancing initiatives that will support growth in existing and new industries**
- 3. Empowers other stakeholders to help it achieve its ambitious objectives**

2. Align with State Government priorities & KPIs



A strong economy

Creating jobs and repairing the State's finances



A bright future

Improving the health, wellbeing and education of our children



A safer community

Reducing youth reoffending and illicit drug use in the community



A liveable environment

Ensuring a sustainable future by linking homes to transport, conserving land and reducing waste



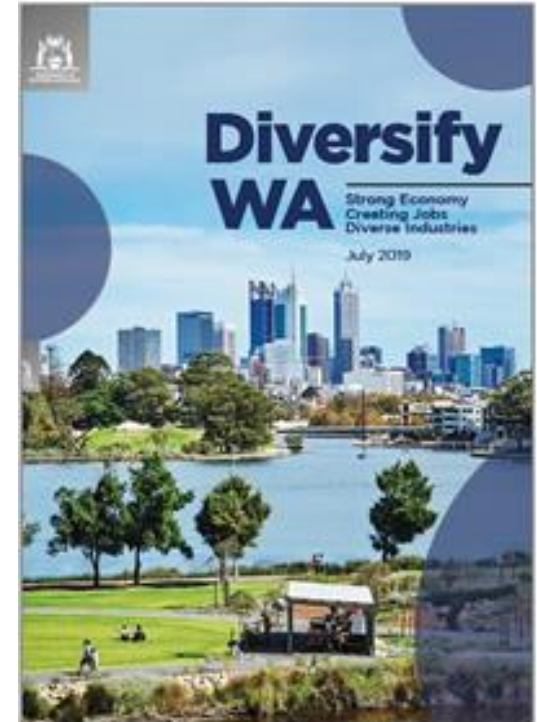
Aboriginal wellbeing

Reducing the overrepresentation of Aboriginal people in custody



Regional prosperity

Delivering stronger regional economies



3. Demonstrate value for money



- Since coming into power, the McGowan Government has continually called for a demonstration of value for money and efficient outcomes across Government departments/agencies for the activities they undertake. Some examples include:
 - *Machinery of Government reforms*
 - *Service Priority Review, the Special Inquiry into Government Programs and Projects*
 - *Sustainable Health Review*
- Within this context, **we should outline, and attempt to quantify, the benefits and costs of any initiatives that we recommend in our State Budget Submission.**
- Where we can't accurately estimate costs to the Government of our recommended initiatives, **at a minimum we should outline, and attempt to quantify, the benefits.** This includes either the extent of the problem if our recommended initiative is not implemented, or the extent of the benefit if it is implemented.

4. Stand out from the crowd



- **The State Budget submission arena is a very competitive environment.** Government agencies provide submissions in addition to membership bodies, advocacy groups and institutions.
- To stand out from the crowd:
 - **Be targeted and succinct by prioritising and grouping our initiatives into key strategic themes and including only necessary information**
 - **Be as specific as possible in our asks.** This includes clearly outlining our request, how it aligns with Government priorities, our rationale, how it could be funded and who within Government would have responsibility for it.
 - **Establish a joint voice with other membership organisations, advocacy bodies and institutions where our interests align**
 - **Work and communicate with relevant State Government Departments and Agencies prior to the finalisation of our Submission**



Proposed Strategic Themes and Priorities

Four Strategic Themes to Guide WALGA's 2020-21 State Budget Submission



- 1. Empowering Local Governments to Contribute to the State's Priorities**
- 2. A Strategic Approach to Economic Development in WA**
- 3. Important Local Government Infrastructure**
- 4. A Sustainable Environment for Our Communities**

Proposed Strategic Theme #1



Empowering Local Governments to Contribute to the State's Priorities

Initiatives

The State Government should:

- Provide sufficient funding to enable the preparation of a New Local Government Act and a comprehensive consultation process on the Draft Bill with the Local Government sector and the general community.
 - Initiate a review of Local Government fees and charges that considers the suitability of Local Governments independently setting fees and charges for all of the services they provide. The review should also consider an appropriate and transparent method for setting and adjusting local government statutory fees and charges on a cost reflective basis, for those fees and charges that will continue to be set by Legislation.
 - Ensure that as it removes unnecessary waste and expenditure from the State public sector, additional responsibilities are not placed on the Local Government sector without an associated increase in funding.
 - Advocate to the Commonwealth Government to initiate a Productivity Commission Inquiry into the effectiveness and efficiency of Australia's taxation system – recognising that vertical fiscal imbalances are placing the sector under considerable financial strain.
-

Proposed Strategic Theme #2



A Strategic Approach to Economic Development in WA

Initiatives

The State Government should:

- Establish an Economic Development Committee of all major players in the economic development space, which will help ensure that economic planning across the State is undertaken with a long term view in mind, and that all stakeholders are better coordinated.
- Build on its recently released DiversifyWA Strategy by identifying measurable targets for the priority industries listed in the Strategy, and allocating responsibility for achieving these targets.
- Develop and effectively resource the implementation of a Regional Economic Development Strategy, which articulates the long term economic vision for regional WA, identifies regional WA's competitive advantages and engine industries and how they align with those identified in the DiversifyWA Strategy, and identifies the impediments/enablers to regional economic development that are common across all, or most of, WA's regional areas, and provides a plan on how to address these.
- Pilot a new, place based approach to economic development in one Regional Development Area in WA (the chosen region), which determines the competitive advantages of the chosen region at the local level and provides a framework through which these advantages can be leveraged upon by Local Governments in the chosen region to build sustainable local communities. If positive outcomes are achieved from the pilot, the State Government should progressively implement a place based approach to economic development across all of WA's regional areas.

Proposed Strategic Theme #3



Important Local Government Infrastructure

Initiatives

The State Government should:

- Ensure that Infrastructure WA consults with the Local Government sector during the development of a draft 20 year Infrastructure Plan, and includes key Local Government infrastructure on the Plan. To do this, the consultation and audit process of infrastructure WA must be adequately funded.
 - Increase the funding provided to Local Governments as part of the State Road Funds to Local Government Agreement (funding amount to be determined).
 - Continue to fund the agriculture commodities freight route fund beyond 2020-21 (funding amount to be determined).
 - Ensure that spending from the Road Trauma Trust Account is prioritised to initiatives that are proven to achieve the greatest improvement in road safety outcomes. This will require the inclusion of funding for local road safety projects, and the removal of funding for initiatives that should instead be funded by consolidated revenue.
 - Provide funding to Local Governments for the replacement of 158,000 mercury vapour street lights with LED lighting (funding amount to be determined).
 - Continue to provide funding for the conversion of overhead to underground power (funding amount to be determined).
 - Develop a sports and cultural infrastructure strategy that reviews the State's sports and cultural infrastructure assets and future needs, provides advice on priority areas for investment, and identifies an appropriate investment framework.
 - Reinstate the Community Sport and Recreational Facilities Fund to \$20 million per year over the forward estimates.²⁴
-

Proposed Strategic Theme #4



A Sustainable Environment for Our Communities

Initiatives

The State Government should:

- Develop, resource and implement a climate strategy for WA, inclusive of the below strategic areas of focus for the Local Government sector.
 - Provide funding for a Greening our Cities and Suburbs initiative (funding amount to be determined)
 - Provide \$5 million over three years to fund the establishment of CoastWA.
 - Undertake a State-wide assessment of the extent of coastal inundation hazards as recommended by the Coastal Hotspots in WA report, and appropriately resource a plan to address these hazards.
- Develop a strategic plan for roadside reserves, which considers/includes:
 - Asset mapping/ecological surveys
 - Future conservation planning
 - The provision of \$4 million over 4 years to build the capacity of Local Governments to embed the value of environmental assets in roadside reserves into asset management plans.
- Ensure that all funds raised from the Waste Levy are directed into strategic waste initiatives identified in the State Waste Strategy and Action Plan.
- Implement recommendations made by the ERA in its 2017 Review of the Emergency Services Levy.



Proposed Format

Main Document



One page per Strategic Theme that outlines:

- The overall problem/benefit associated with the strategic theme
- The individual initiatives that make up the strategic theme, including the funding amount, alignment with State priorities and department/agency with responsibility.

2 Lower business costs

The cost of doing business in Victoria is rising, putting at risk jobs and prosperity. Business is grappling with rising energy and transport costs, increasing utility costs and higher land tax charges. Indirect costs from reforms to environmental protection, long service leave, portable long service and labour hire make it harder for business to comply with regulation.

In this environment, the Victorian Government has an opportunity to demonstrate its support for Victorian industry through real actions that lower business costs and improve the environment for investment and jobs growth.

A key priority for Victorian business is payroll tax relief. While regional businesses now enjoy the lowest payroll tax rate in the nation, many other Victorian small businesses are paying a tax they wouldn't have to pay if they were operating anywhere else in Australia.

An increase in the threshold from its current level of \$650,000 to \$850,000 would support 40,000 businesses to hire, benefiting both industry and job seekers.

The cost of doing business in Victoria is exacerbated by rising energy costs and energy reliability and security concerns. In addition, the Government's commitment to take a special dividend of \$2.3 billion from Workcover is a missed opportunity to reduce premiums and make further investment in workplace safety.

Unnecessary, poorly designed and poorly implemented regulation can also be a major barrier to business and jobs growth. Reforms are needed to help business navigate the regulatory requirements of multiple regulators, reduce delays in regulatory decision making and improve the way in which regulators engage with business.

Recommendations

- > Increase the payroll tax threshold to \$850,000 to grow jobs and lower the cost of doing business in Victoria.
- > Expand support for business energy efficiency and capital upgrades and hardship assistance for trade exposed businesses.
- > Lift the moratorium on onshore conventional gas exploration.
- > Legislate to remove the ability for the Government to take special dividends from state insurers.
- > Support business through the implementation of new environmental protection laws to ensure they do not add an unnecessary burden on industry.

Source: Victorian Chamber of Commerce and Industry 2019-20 State Budget Submission

INDIGENOUS ARTS

The Chamber continues to advocate for an Indigenous Cultural Policy at both State and Federal level that recognises the critical importance of maintaining cultural and arts practices within communities. Reports such as the 2016 Learning from the Message Stick Report have shown the links between culture and overall well-being and the vital role it can play in education and health outcomes. Despite this, funding for Indigenous culture made up just 1% of total direct expenditure for Indigenous Australians in 2015-16 (Productivity Commission Indigenous Expenditure Report 2017).

A more cohesive approach is needed to achieve meaningful and lasting outcomes for Aboriginal communities. Combined with a cross-sector approach, this will support outcomes in health and well-being, economic benefits and community capacity building.

We also recognise that a strong and vibrant Indigenous culture has the potential to be a defining and unique characteristic of tourism to Western Australia and further connections into our region. This would have economic benefits for a range of communities and businesses across Western Australia.

The Chamber recommends investment in key cultural maintenance programs, events, Indigenous arts practice and experiences for people wanting to engage with Indigenous cultures across the State.

This has the potential to provide economic sustainability for artists and communities and to provide a distinctive cultural identity for the State as an attraction for tourists.

RECOMMENDATIONS

Increase investment in key cultural maintenance programs, events, Indigenous arts practice and arts centres.	\$16 million investment over 4 years
Work with the Federal Government to produce a National Indigenous Cultural Policy by 2020.	Policy Commitment
Invest in developing cultural tourism products and experiences that are a unique offer to visitors wanting to engage with Aboriginal culture.	\$4 million over 4 years

Source: Chamber of Arts and Culture WA 2019-20 State Budget Submission

Supporting document



One page per initiative that outlines:

- Our specific request of the State Government
- How our request aligns with the State Government's priorities
- Our rationale including the expected benefits/ costs if the initiative is undertaken/isn't undertaken
- How it would be funded
- Who within Government would have the responsibility to implement the initiative



12. Fixing Country Roads

Summary

Continue to fund the successful *Fixing Country Roads* program.

Request

LGNSW calls on the NSW Government to continue the successful *Fixing Country Roads* program and provide targeted funding assistance to strategically significant local road infrastructure on key freight corridors in regional NSW.

Rationale

To improve the efficiency and resilience of the road network, councils seek to address key freight connectivity constraints on their local road and bridge network.

Economic growth and resilience depend on the basic local infrastructure councils provide, such as roads and bridges. A better road network enhances freight and transport productivity and contributes to the generation of jobs in relevant industries. However, councils with their limited taxation power (rates on land) often do not have the capacity to raise sufficient funds on their own to maintain and renew existing infrastructure and depend on intergovernmental transfers. This is particularly the case in regional and rural areas where the rating base is small.

The *Fixing Country Roads* program provides targeted funding to address the vital first and last mile components of the State's strategic road freight transport network. This funding not only addresses councils' own infrastructure backlog but, by improving the efficiency of freight networks, it also has positive benefits to regional, State and national economies.

The 2017-18 NSW Budget confirmed a total commitment of \$543 million to the *Fixing Country Roads* program, including \$155 million for projects from rounds one and two that have already been expended and/or allocated. LGNSW welcomed the allocation of \$100 million in the 2017-18 NSW Budget to fund round three of the program, noting the Government's announcement on 12 December 2017 that \$92 million of the \$100 million had been allocated to over 70 projects throughout the State. LGNSW also welcomed the Government's announcement in December 2017 that applications for the program can now be received from councils at any time.

How

Funding should be made available from Rebuilding NSW. (According to the NSW Government, the total funding commitment of \$543 million consists of \$500 million directly from Rebuilding NSW and a \$43 million transfer from Restart NSW to Rebuilding NSW).

Who - Responsible agency/cluster

Transport for NSW - Roads and Maritime Service

Next steps...



- **September** – Seek feedback from WALGA’s membership base on the State Budget Submission Plan through the Strategic Forum and WALGA newsletters. Adjust the Plan as needed.
- **Mid-September** – Once the State Budget Submission Plan is finalised, meet and seek feedback from Treasury.
- **Mid-September** – Establish relationships with State Government Departments/Agencies and other membership and advocacy bodies or institutions where there is alignment and an opportunity to present a united voice.
- **September to October** – Develop and finalise the State Budget Submission.
- **December** – Present finalised State Budget Submission to State Council for endorsement.
- **January** – Submit the final State Budget Submission to Treasury.