

SUBMISSION TO THE REVIEW OF THE LOCAL GOVERNMENT ACT

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SUBMISSION:

I am a Ratepayer in the City of Swan, Belmont City Council, City of Canning, Shire of Northam, City of Wanneroo and a few others. I receive no commercial benefit from the system of Local Government in any respect. I am simply a ratepayer concerned about the current anti-democratic and bureaucratic nature of Local Government in WA.

I am further concerned that this Review will be hijacked by those forces contaminated by self-interest - WALGA / LGP et al.

I sincerely hope that the Minister will refer this "*once in a generation*" review to a well-resourced Parliamentary committee and further commission an independent review as to whether the monopoly enjoyed by WALGA is in the best interest of the community.

1. THE PRINCIPLES

Local Government is a sub set of the State Government and that needs to be clearly articulated in this review.

There are some guiding principles that may be considered

a) Local Governments are Service Organizations

Currently one could be forgiven for thinking that LGAs are just bureaucratic gatekeepers and that their role is to ensure that all boxes are ticked and that no mistakes are made. Compliance is the mantra throughout the sector and the community sees their LGA as expensive creators of red tape - which are simply obstacles to change. Responsiveness to actual community needs, value for money, transparency is of little apparent consequence and it could be argued that this is a primary reason why the community is so disengaged with their Local Government.

The entire culture of the sector needs to shift from being just a regulator / gatekeeper to become a customer (community) focused efficient service organization.

If we accept that Local Governments primarily exist to provide local services to their communities then their performance should be judged in the same way as any service organization - on customer (community) satisfaction, value for money etcetera

The current compliance mantra appears to have done little, if anything, to reduce corruption in the sector but what it has done is to add enormous cost for very little benefit - as the number of LGA failures attest.

The entire sector needs to become agile and to be able to respond to community needs.

The Department should become a supporter of change and improvement, of collecting actual service performance data rather than simply acting as a compliance organization.

Recommendation:

- Articulate that the Culture of the sector needs to fundamentally change to become a culture of excellence in service provision.

The Department should have a specific section focused on performance measurement, change, continual improvement and creating a sector wide culture of community service satisfaction.

- Introduce an innovation portal
- Introduce a standardized customer feedback loop for the services provided by Local Government. A local community service scoring system that will enable benchmarking of the various functional areas within the LGA.
- Responsibility for training should remain entirely the responsibility of each LGA and should not be a responsibility, in any form, of the State.

b) Competition

LGAs do not have competition, there are no market forces to focus their attention on efficiency and effectiveness, rather the culture is “it costs what it costs” and if they need more administrators to tick more boxes that is an unfortunate cost that the unwilling community has to wear. The ever escalating rates, fees and charges have left many community members behind and the defaults are at record levels.

The introduction of competition in some form is essential to improve community satisfaction.

Comparative (standardized) Performance data that is transparent to the Department, the CEOs, elected members and the broader community should be an essential tool in driving competition. No CEO or elected member would want their LGA to be known as being the most expensive, with the lowest community satisfaction index or lowest value for money.

Recommendation:

Competition based on standardized organizational performance data is an essential principle in improving the sector.

c) Agile

The current Act and Regulations are overly prescriptive. If we wish LGAs to be efficient and compete against one another then each LGA should have the ability to make changes at a local level without being bound by over prescription by Act or Regulation.

Central to that though is the Comparative (standardized) Performance data that shows whether the local strategies are working (or not).

Recommendation:

Less prescription at Local level but a greater level of monitoring of organizational Performance and a greater focus on continual improvement of the sector at all levels.

d) Transparency

Under the current system there is almost a siege mentality if difficult questions are raised by the community. CEOs become very adept at avoiding scrutiny and are known to “*game the system*” to avoid answering community questions that might hold them to account.

An FOI request could almost be seen a failure in transparency and obstruction may create suspicion in the community when it may be totally unwarranted.

Recommendation:

Complete transparency should be a guiding Principle and articulated through the Act and Regulations. If the information would be revealed by an FOI request then the CEOs should release it without trying to create obstacles to transparency.

e) Non-competition with the private sector

While it is acknowledged that some Councils may wish to extend into carrying out private sector activities it should be an explicit principle that this is not a role for Local Government.

Recommendation:

While LGAs may make investments to facilitate a community project, they should never trade as commercial organizations and the Act needs to articulate that.

2. ACT / REGULATIONS

Both of these documents should be Principle based and not overly prescriptive. Establishing the guiding principles in the Act and then establishing the regulations that allow for flexibility within individual LGAs in order for them to satisfy the needs of their specific communities.

An entire generation of CEOs have been raised and trained on the mantra of “compliance” and as a consequence many miss the point that they are supposed to be efficient service providers to the community.

3. REVIEW PROCESS ISSUES

While I recognize the political good intent in holding the review, I do have the following concerns regarding the overall review of the Act.

a) The issue:

Currently No Pathway to sector rationalization

This *once in a generation review* shuts out any possibility of rationalization of the large number of inefficient smaller Councils.

The failure to provide a pathway to identify Councils that should probably not exist in their current form consigns many LG ratepayers to continue to financially support Councils that resist any attempt to share services to reduce costs to their ratepayers.

My concern is that the reform process is being driven by those that benefit from the status quo and that they will fight to oppose any rationalization of "their sector". Their business model relies on small numbers of inefficient Councils rather than well resourced, more self-dependent, larger Councils that require less support.

Recommendations:

- A review by The Australian Electoral Commission to independently draw up notional boundaries that largely reflect communities of common interest. E.g. Perth Hills or w.h.y.
- That Councils within those boundaries start a process of sharing services to reduce costs to ratepayers (corporate services etc) and where such services could be provided from anywhere within those boundaries, or indeed with others. Sharing of services being the key requirement without reduction of Elected member representation in the immediate future.

b) Reform process unduly influenced by the "Insiders"

I have heard it argued that there is likely to be a greater chance of Reform failure by being less "courageous" than "more courageous" as the community and their Members of Parliament share the view that the current model of Local Government is simply broken.

The fact that the review is being carried out by the Department is a concern and is not likely to deliver the changes that are actually required, the Review should at least be a Parliamentary Committee adequately resourced to thoroughly investigate and recommend. Ideally it should be a Royal Commission to expose the overwhelming self-interest that currently permeates Local Government. Such a review should surely provide a mandate, an imperative and a considered direction for more meaningful changes...

Currently the voice of the "*insiders to the industry*" (WALGA / Local Government Professionals etc) are likely to overwhelm the voices of those that are actually obliged to pay, the Ratepayers who have no structured voice in the matter. There is a significant power imbalance between those who benefit from ratepayer funds and those who are obliged to pay for them and that needs to fundamentally change (see WALGA section).

The changes being mooted in the review of the Act itself seem intended to reinforce the power of the Executive and to the detriment of our elected members and ratepayers.

The Department itself is seen as being on the “insider group”, the fact that the DG is on the Board of Local Government Professionals and that the new CEO was the second in command of the Department is a bad look and reinforces the public concern about the seemingly incestuous Local Government purple circle.

The upwards spiral of Council Rates, fees and charges is far in excess of CPI and imposes intolerable pressure on those community members on modest fixed incomes yet they have no structured or thoughtful voice at the top table.

Recommendations:

- Commission an **independent** review of the public benefits of retaining the monopoly status of WALGA (OAG?)
- If WALGA is to continue to be the voice of Local Government then there needs to be a separation of the voices of Local Government Professionals and WALGA. A man cannot serve two masters and WALGA should only be representing Elected members and extricate itself from its association with the Executives.
- Introduce competition to WALGA by supporting the newly formed W.A. Residents & Ratepayers Assn Inc. for them to become the counter balance to the self-interest that currently dominates WALGA and the sector

4. THE DEPARTMENT ISSUES:

In my opinion the relationship between the Department and WALGA is too close and there is a blurring of accountabilities between, on the one hand, the Department and on the other WALGA where they are a Principal Partner.

a) Lack of Elected Members expertise in the oversight of large organisations

I understand that the Act was established to provide a corporate style approach with an elected Board and an executive management. The fatal flaw in this thinking is the assumption that well-meaning community members from all walks of life and with different life experiences would suddenly have the skills to oversight organizations with revenues of tens or hundreds of thousands of dollars. I assert that with their lack of experience they turn to the CEOs for advice (or some of the longer-serving Elected Members) and that the crutch offered by the CEO frequently leads to a “capture” of Elected Members. This dependence has progressively brought us to a situation where the tail (Executive) wags the dog (elected members). As the past President in our LGA commented *“when I am not sure it is always safest to go with the advice of the CEO”* this is certainly not in the best interests of ratepayer and the community.

The notion of the CEO providing balanced advice to new Elected Members is tainted by the clear self-interest of the CEO and Executive. Elected Members need an **independent** expert advisor.

Training courses run by WALGA while somewhat useful do not address the intrinsic lack of practical expertise and are frequently suggested as being nothing more than indoctrination rather than providing genuine director like skills.

Recommendation:

- The Department plays a greater role in the provision of independent expert advice to each LGA. The provision of some **independent** Elected Members / Directors to whom Elected Members can turn to for advice and people with significant business experience to help them with directing their CEO. Such individuals might have different lines of reporting;;
- to Elected members ,
- to the Department and
- the Audit function within the OAG.
- Elected members who have completed the Institute of Company Directors course or similar training should be sought as preferred members over the untrained who must rely on the executive for advice.

What might be considered is a Panel contract for the provision of those expert services. Those independent experts might also look at the possibilities for sharing services across other LGAs, their primary role would be to optimize and support rather than intimate involvement in local issues. The recommendation is to change the current relationship by reducing EM reliance on the CEO

b) No organizational culture of *value* for money or customer (community) satisfaction

The current culture of CEOs is based on compliance rather than a culture of service and of value for money for ratepayers. When asked to reduce their operating costs the standard CEO response is “what services do I not provide”. They appear to feel no pressure to operate efficient and effective operations and there appears to be a culture of “it costs what it costs”. Of course they have to be legally compliant but the focus on compliance over efficiency has created a bureaucratic culture of “gatekeepers” rather than “service providers”. This culture emanates from the Department and it is the Department which needs to drive the change of culture within Councils. The prevalent culture needs to become one of efficiency and value for money – currently red tape and bureaucracy prevail.

Recommendation:

- The Department should drive a culture of efficiency, customer service and data driven continual improvement.
- That the Act itself should not be overly prescriptive but articulates the general objectives. It is the more detailed regulations that provide the detail. The regulations should be continually improved based on Lessons Learned (Agile) and suggestions received – Agile...
- The Department should provide and implement a *standardized community perceptions survey* available for every single ratepayer to complete on line and at arms-length to the Council. An

annual survey that will provide results that can be posted on the “MyCouncil” website. Data that might provide comparisons across each LGA, the trends and highlight the best performer and also the lowest scoring performers. Take the responsibility for community satisfaction surveys away from the Executive and the Elected Members.

- There should be separate functions within the Department, one for compliance and another for value and improvement which is the area where future opportunities and community satisfaction lie.

c) Standardized and transparent data and reporting across all LGAs

There is currently an inability to compare “apples with apples”

Accounting codes vary across LGAs, so as an example; Governance costs in Swan may be 11% but in sat Canning (note this is not a statement of fact it is purely an example) maybe 5%, when asked the question the executive response is “we account for our Governance costs differently”. That clearly makes it very difficult to analyze a Councils performance in a particular area.

Recommendation:

- The Department to provide standardized accounting codes to be used by all LGAs to enable a comparative analysis (via the MyCouncil website) across all Councils. - Top to bottom listing of the most expensive to the least expensive LGAs for rates and rubbish. A means of introducing competition between individual Councils.
- That Council provide one simple, single sheet , standardized reporting method to show ratepayers where the Council revenue is allocated – say for every \$100 which service receives what money e.g. Roads receive \$30, Recreation \$10 or w.h.y. and presented in such a manner as to make it easily understandable to Ratepayers. This is not that dissimilar to the way the ATO reports on where your tax dollars have been spent. Specifically these figures should show what percentage of expenditure is allocated to Administration costs and what percentage to actual operating costs. Those raw comparisons can help to make the case for a rationalization in the number of Councils.

d) Key measure reporting

Issue: Councils are viewed as being administratively top heavy and that they create too much unnecessary red tape under the mantle of “compliance”.

The key figures that EMs need when starting the budget process should be “*what are the operating costs and what are the administrative costs*” The community suspect that a significant proportion of their funds is being spent on a red tape creating administration and not actual service delivery (operations).

These key numbers are virtually impossible to find and there is a view that the executive deliberately try to hide those figures. The figures should be a key indicator for the Office of the

Auditor General (OAG) as they contemplate which Councils should be audited by them i.e. those that appear to have the highest ratio of admin to operational expenditure. It is also a ratio that could be posted on the MyCouncil website as a comparison between Councils and a strong incentive for CEOs to improve those ratios by reducing overhead costs. Again the issue of standardized accounting codes and activity based costings across Councils would be critical.

It is acknowledged that smaller Councils will have a greater level of overhead vs operational costs yet that is exactly the reason that it should be quantifiable.

Recommendation:

The Department ensures that all Councils use and report on the same activity based costings in order to *compare apples with apples* and that the figures are shown on the MyCouncil website in order to stimulate efficiency and provide a desk-top audit tool for the OAG.

e) Enhance the transparency of comparative data

Issue: Additional data to be added into the MyCouncil Website

The MyCouncil website is a good source of some data and to compare data between Councils, it is however incomplete and would benefit from the addition of further data. Examples might be;

- The rates and rubbish costs to ratepayers in each LGA
- the growth of rates, fees and charges compared with ratepayer CPI over the past 10 years
- Based on the 10 year long term financial plan what are the projected rates in 10 years' time, is the LGA sustainable or does it need to consider amalgamation?
- Standardised ratepayer value proposition across all LGAs
- What percentage of costs are shared with other Councils, a driver to encourage LGAs to share resources with other Councils e.g. Corporate Services and other

All of the key data should be shown on the MyCouncil and to help draw attention to those Councils that are struggling to provide ratepayer value.

5. LOCAL GOVERNMENT PROFESSIONALS

It is understood that LGP are the de facto Union for Local Government Executives and that Government has little influence on them. It is disconcerting to see that they are an associate member of WALGA, an integral part of disputes processes and the President is a member of WALGA State Council.

There is a view that the LGP is deficient in developing LG Executives to become effective executives in a community service organization. While there are certainly some good Executives in the sector it is not a very deep pool from which to choose. I am of the view that the culture of the majority of

current CEOs is one of administrative “*gate keepers*” and not performance driven, customer focused individuals. They are not agile, they are not innovative, they are resistant to change, they resist transparency and they seem insensitive to the harm that they inflict with the out of control drive to increase rates fees and charges. The LGP are a key to delivering Executives capable of leading Local Government into the future but in my view they are undoubtedly failing. However this is not to attribute all the blame to LGP because if the key message from Government is compliance then the sector responds accordingly.

When a CEO position is vacant there appears to be a tendency to select from the small band of LG Executives that might be available rather than searching the broader, private sector. I acknowledge that this is frequently simply a lack of fortitude and experience from the Elected Members but the result is a sector with more than its fair share of duds and failures due to a lack of appropriate skills in the Executive.

It seems that the key attribute for employment of a CEO is an understanding of the Act rather than proven expertise in a high performing service organization.

The net result of compliance driven *gatekeeper type* executives is community frustration. The red tape and poor value that ratepayers receive are a common source of community complaint. This current culture has a cascading effect down through the ranks of the organization and it sends totally the wrong message to junior staff who may aspire to be leaders at some stage. Recurring generations of Sir Humphrey Appleby are created.

A recurring theme of Executives in Local Government is one of secrecy and a siege mentality. Where there should be transparency of information to the community most Executives are practiced at the art of avoidance and obstruction. Even though documents may eventually be recoverable under FOI the frequent response is one of bluster and cute answers to avoid releasing documents. The net result of this learned bad behavior is that the community lack trust in their LGA. LGP could be instrumental in changing that behavior, but that assumes that the agreed intent is to build trust. FOI should become a tool of last resort and not the only way to actually obtain information.

Unless LGP are capable of delivering the Executives that can lead the required transformation in Local Government then Elected Members should be encouraged to select CEOs from outside the industry. Let’s face it many of the LGA CEOs lead organisations with revenues that are larger than many very successful private enterprises yet a great many of these same CEOs would not be employed by the private sector.

6. WALGA ISSUES

WALGA in its current form is not in the best interests of the community

WALGA exist as the mandated exclusive voice of the Local Government sector but there are a growing number of elected members and community organizations who are concerned about their role.

In my opinion it is hard not to overstate the role of WALGA as an obstacle to improving Local Government

The fact that the structure of WALGA comprises both elected members as well as executives in the sector is fundamentally conflicted and I suggest that WALGA cannot adequately represent the interests of both those who pay for the services and also those who receive ratepayer funds.

Successive Governments have permitted WALGA to grow to the extent that it has become dangerous to democracy in Local Government and they have now reached the stage where they unduly influence the elected Government. Before ANY meaningful reform of Local Government can be undertaken the role and business model of WALGA needs to be fundamentally (independently) reviewed and reconstructed.

The business model of WALGA relies on a multitude of Councils to support its revenue stream. It is not in their best interests to rationalize the number of Councils or to make them more self-dependent. -any disadvantage to ratepayers in their method of operation is unlikely to be their priority and that needs to change.

They clip the ticket of bulk user contracts to their significant financial advantage - yet the Department of Finance provides common user contracts across all of the State Government that could provide equal or better contractual obligations and without further clipping the ratepayer ticket. WALGA have been granted a special status that allows Councils to avoid competitive tendering and that too needs to change.

They provide training courses to Local Government which, it has been suggested, are aimed more at the indoctrination of Elected Members than providing Elected Members with the skills to hold their Executives to account. Their peddling of the "one team" approach simply reinforces the power of the Executive above the Elected Members.

The WALGA notion of Board (Council) solidarity is totally inappropriate to Local Government which is / should be a political environment. Elected Members should be encouraged to speak out on behalf of their electors, irrespective of whether their positions are supported / not supported by Council there should be no impediment to vibrant and outspoken ideas. Even if their individual views are not in the majority they should still be free to continue to state their views, recognizing of course that they cannot speak on behalf of Council.

The insidious notion promoted by WALGA that there should be some sort of solidarity after a vote and that it is somehow “Anti-democratic” or causes “detriment” to air personal views is pure nonsense and should be taken for exactly that. Moreover this perverted viewpoint can lead to a situation where, what might be seen as vexatious complaints, are referred to the Standards Panel, where WALGA and Local Government Professionals also happen to be structurally embedded. There is no natural justice in the process.

The WALGA business model has been highly successful and has made WALGA financially secure and well-resourced, but their funding all traces back in one form or another to the ratepayers. WALGA's influence is felt throughout the sector and they are structurally embedded in every reference group of Local Government.

There is not a victimless crime, the increase in rates, fees and charges across the sector has caused financial hardship to many but by far the worst consequence is the fact that the democratic voice of the electors has been corrupted by the self-interest of the purple circle of bureaucrats. Nowhere is the voice of the ratepayer heard and there is no organized opposition to the rent seeking activities of WALGA.

I have a view that the power of WALGA is such that it now intimidates our elected Government and that the WALGA voice will dictate that this review will be nothing more than window dressing. Unless this power is addressed then the net result will be that the Executive and other rent seekers will have ever more power.

The knock on affect of these increases in costs to the community is that they, the community, hold the state and federal government responsible for the erosion of their standard of living yet it is, in many cases, the LGA that has increased costs and charges without delivering any benefit to the citizens.

Recommendations:

- There should be a high level and **independent review** of WALGA to see if it meets public interest in its current form and that review should be a prerequisite to this reform process.
- The Office of the Auditor General should have the mandate to audit WALGA on an ongoing basis on the basis that as all their revenue is derived from tax / ratepayers.
- The WALGA submission to the Act should be entirely discounted because of their clear conflict of interest. It could also be argued The WALGA positions have also clearly prejudiced many of the submissions of individual Councils.
- Panels of experts or alternate training institutions should be available to provide the services currently provided by WALGA e.g. The Institute of Company Directors, Curtin Business School etc so that the training can never again become a method of covert indoctrination of our Elected Members.
- The current provisions that allow LGAs to avoid tender (if they use WALGA) should be removed entirely. Local Governments should only avoid tender if they use the Common User Contracts established by the Department of Finance.

7. ELECTED MEMBER ISSUES

a) Accountability to Ratepayers

Once Elected Members are elected then they place their obligation to ratepayers secondary to the best interests of the functional entity of their LGA. Indeed it could be argued that they become an obstacle to rationalization of Councils and to the detriment of their ratepayers but to the benefit of their LGA. Even though it may be a sound business proposition to merge with another LGA (and supported by the Ratepayers) the Elected Members will almost invariably oppose it. By EMs refusing to drive a sharing of services they lock their communities into a never ending cycle of inefficiency and excessive costs.

Recommendation:

That the Act articulates that Councillors primary accountability is to their constituent community and that secondary accountability is to the organizational entity of the Council. If their ratepayers wish to merge with another Council then that is what they should support,

b) Election method for Elected Members

Holding elections every 2 years for half of the members is both counter intuitive and frustrates community driven change.

New Elected members who may be voted in with a passion for change have to fight an uneven fight with both the remaining “*old guard*” Elected Members and the CEO. The result is that the community perception is that whoever they vote for; things rarely change. The new Elected Members prove to be ineffective and simply become the image of those that they replaced. This frustration is evidenced in the low voter turn-out and it simply reinforces the power of the CEO.

While I understand the argument of retaining knowledge it is my view that a fundamental change is required. A notion was put to me that If this were to be applied at State or Federal level it would mean that half of the Cabinet would be from the previous Government and that is a by any standards a nonsensical approach. The current approach (again) confuses the private sector approach with the political process. It is unlikely that all Elected Members would be voted out and in practical terms some knowledge would always be retained.

Recommendation:

All EM positions are declared vacant every 4 years to encourage vibrancy and change in old fashioned and unresponsive organizations.

c) Preferential Voting

In my opinion voting should be *optional preferential* whereby the voter only has to vote for the person(s) that they wish to see elected.

d) Compulsory Voting

Voter turnout is low in Local Government, possibly shaped by the community view that whoever they vote for nothing ever changes. Currently EMs are elected and claim that they represent the community but in fact the data usually shows that only a very small percentage of voters actually supported them. They have no real mandate (other than technically) to assert that they are the voice of the community.

Without compulsory voting the current system is easily captured by vocal and single issue minorities, possibly not the best people to represent the entire community.

Recommendation:

- Voting should be compulsory, *optional-preferential* and the election process managed by the AEC.

e) The LG Standards Panel

There is a perception that the LG Standards Panel process is dominated by industry insiders and is being used as a tool to silence some of our elected members. In essence there is a perception by many EMs that it has simply become a kangaroo court where EMs can be found guilty without ever having the opportunity to put their case and that the term of “detriment” is vague and excessively open to interpretation.

The number of complaints has risen significantly either because of the increased bad behavior of EMs or because it has been recognized as a powerful tool to gag EMs who might be expressing contrarian views to the dominant cabal or CEO. My view is that it seems to be the latter.

Every elected member should have confidence that they will not be subjected to secretive complaints and then being judged by the “insiders club” with possibly vexatious complaints that may be designed to intimidate our elected members.

Recommendation:

- The LG Standards Panel needs to be taken out of the hands of insider, industry stakeholders and put in the hands of arms-length professional legal practitioners (Law Review?). The public perception currently is that the Standards Panel controlled by industry insiders is attacking our basic democratic representation aided and abetted by the Department, WALGA and Local Government professionals
- Penalties for frivolous complaints should attract a personal fine on the complainant.

8. THE CHIEF EXECUTIVE OFFICER

a) Accountabilities CEO vs Elected Members

Elected Members have an absolute accountability to ensure the overall organization is working in the benefit of the community. The notion that the CEO is the sole person responsible for running the organization should be corrected and clarified. While the CEO may be responsible for day by day operations it should not absolve them and senior executives from reasonable oversight and scrutiny as might be required in any commercial organization. The servant / master relationship needs to be made crystal clear as the waters are currently muddled in that regard.

Recommendation;

The relationship between Elected Members and CEO needs clearer definition and it should be better articulated

b) CEO Contracts

When the Act was established it was designed to prevent interference of the EMs in operational matters but the unintended consequence of that is that the balance of power has now moved towards the CEO and that in practical terms the long serving executive tail now wags the EM dog. CEOs outlast Elected Members and control the environment. CEOs direct millions of dollars of ratepayer funds and of all the possible changes in the Act the issue of the CEO appointment, evaluation and possible removal is one of the most important.

Contracts are long and in many cases under performing CEOs simply survive because of the lack of knowledge / ability of EMs in HR management and in the absence of hard measurable KPIs. So called independent consultants are frequently seen as part of the “insiders” club and need to be high level consulting organizations that are not merely compliant one man / person consulting bands with an unspoken obligation to support the CEO.

The net result of this is that organizations become staid and monotone, *don't rock the boat* is the dominant culture and there is no understanding of customer service or value for money. From a LG employee perspective there is limited scope for advancement, or to be innovative in service delivery. Employees soon learn that the unwritten ground rule is just do as you are told, don't make any mistakes and keep your head below the parapet.

Good people leave the sector, there is an increased risk of corruption and the community hates the bureaucracy and the red tape it represents. The community has become disengaged and Local Government is just seen by many as another form of non-productive taxation.

Central to this culture is the inability for EMs to recognize under performance or to act decisively in ensuring that their CEO is fresh and on top of their game. Contracts are rolled over without testing the market and even if new Elected Members wish to replace the CEO they find that there is a poisoned pill of a Contract left by the previous Council – a financial disincentive to do what needs to be done.

Recommendations:

- At the end of the contract period (3/5 years) the position of the CEO *shall* be advertised and Elected Members will NOT have the ability to renew without competition for the position.
Remove Section 5.39(4)
- There will be a standardized base CEO contract including base KPIs hard measurable figures and based on value and community perceptions of their LGA. Standardized customer/ratepayer satisfaction index (CSI) across all Councils.
- Termination should be immediate for any CEO found to have deliberately mislead their EMs.
- Termination compensation at any time should not exceed 3 months' salary.
- All Elected Members should vote on the termination / non-renewal of the CEO contract.

Appointment of consultants to assist Elected Members with CEO performance review should come from outside the "industry" and be appointed by the Councillors themselves. Should the notion of independent Elected members appointed by the Department then they will be voting members of the CEO review.

9. COMMUNITY ENGAGEMENT

Growing community mistrust

There is no doubt that the level of distrust of Local Government and the elected members is rising.

There is clearly a disconnect with the broader community on issues that require greater / better and more innovative means of actual community engagement.

Examples might be;

- Town planning issues that have clearly not adequately involved the general community and with ensuing protests regarding "inappropriate planning". The perceived chase for revenue by staff and elected members – at the expense of the local community. The polarizing conversations about "NIMBYs" and "greedy developers". The fracture lines are all too evident.
- Community outrage over significant increase in rates, fees and charges to fund the "wants" of a small vocal group in the community at the expense of many who cannot afford to finance the grandiose aspirations of others.

All of these major items create tension between the stakeholders and a sense of helplessness by electors that their Elected Members and Council staff are simply not listening.

Add to that the community frustrations of dealing with evasive and bureaucratic Council officials and it is little wonder that ratepayers become restless.

Recommendations:

A new approach

- Rather than the standard “*tick in the box*” community consultation there may be merit in identifying a more sophisticated approach to community engagement. I make no recommendation as to the approach but it is clear that a new approach to community involvement is required as a matter of priority.
- There should be no attempt to remove Annual Electors Meetings or increase the numbers required for a Special meeting of Electors, nor any other attempt to dilute the democratic voice of ratepayers for the convenience of Council and the Executive.

10. BENEFICIAL ENTERPRISES

The capacity of Councils to be involved in commercial ventures

While I am sure that Councils will always find a group of ratepayers who want to establish a particular venture to operate at arms-length to Council I think that Local Governments **SHOULD NOT** be entering in that space. Irrespective of any business case that supports the notion, the fundamental premise of LGAs playing in the commercial space should be rejected outright.

An arms-length commercial organization receiving funding from the ratepayers yet with opaque financials is an open door to corruption, no matter how well it is dressed up by EMs or LGAs.

While I understand the “local government insiders” would love the notion, from a ratepayer perspective it should be of great concern and fiercely resisted.

Organizations that are more attuned to determining what they want to spend and then just charging the community whatever it costs should never be put into the position of trying to become involved in the private sector.

This is simply an atrocious notion that should not be considered under any circumstance, it represents significant “over reach” by CEOs and WALGA.

Recommendation:

This should not be considered in any way as it is a recipe for corruption and future embarrassment to Government