#### **COUNCIL RESOLUTION / STAFF RECOMMENDATION**

MOVED: CR HUMPHREY SECONDED: CR FORRESTER

#### Council:

1. Endorse the comments in attachment 10.3.1(c) as presented for Stage 1 of the review process; and

Reiterate the following items to be considered as part of the review process in either Stage 1 or Stage2:

#### a) FM Reg17A. Assets, valuation of for financial reports etc.

Recommend Asset Revaluations only be required to be undertaken every five years, as is the Queensland requirement.

If five years is not to be considered then an alternative recommendation is that the Salaries Administrative Tribunal bands be used, i.e. if in Band 4 only require revaluation every "x" amount of years

Recommend that it is questionable the benefit of valuing assets which cannot be sold and infrastructure of assets. Does not give a true reflection of the Councils financial situation as the value of these assets only inflates the financial position but in reality those assets cannot be sold.

### b) Section 2.1; Schedule 2.2; & Constitution Reg. - Ward Representation

The current State Government position of +/- 10% of Electors to Elected Members is unfair when the rate/revenue contribution of the various area of LG district is not taken into account as well.

Unable to determine if the ratio is set by legislation, which sets the +/- 10% ratio and believe this is simple a position of the State Government, probably at the recommendation of Executive Government, which has then been a direction to the Local Government Advisory Board.

In the Shire of Somewhere as an example the Electors are approximately 50:50 under the current Ward system, whereas the rate revenue is significantly weighted to the UV areas (i.e. 82% UV – v – 18% GRV).

It is being suggested the Rate Revenue only should be the basis of revenue source of an LGA and the WALGGC population ratio linked to FAGS revenue would also need to ne included into the calculations.

A combination of a number of criteria needs to be included as part of the Ward Representation ratio rather than just using the Electors – v – Elected members in isolation.

Regional & remote LGAs opposed the State at the time they introduced the One Vote – One Value procedure for establishing State Electoral boundaries, yet we did not fight against the same concept for our own Ward Boundary representation, which is based on the same concept.

Recommend that the appropriate body, be it the DLGC or WALGA investigate the possibility of a criteria being developed to accommodate the above

(Note this is not legislated but a directive. In addition the calculating of rate revenue as a basis is not in keeping with the definition of "electors")

## c) Section 2.31 - Resignation of Elected Member

Section 2.31 (3) requires written notice of resignation is to be signed and dated by the person who is resigning and delivered to the CEO.

Recommendation that his section be amended to reflect an emailed resignation with undisputed proof the email is from the Elected Member should satisfy the requirements of being a signed & dated resignation delivered to the CEO.

#### d) Division 2– Subdivision1& Functions & General Regs. – Local Laws made under the Act

The Local Law process is extremely complex and difficult. This whole area needs to be reviewed to simplify the process of adopting new and/or reviewing existing local laws.

Recommend the DLGC undertake a comprehensive review with industry input on the process in reviewing Local Laws. The process needs simplification and an alternative needs to be established and considered by the sector.

#### e) Part 4 - Elections & Other Polls (Section 4.62)& Election Regs

If a LGA is conducting a Postal Election or Referendum then the need to man a Polling Place on the day of the Election/Referendum should be removed.

It is an added expense to have the WAEC & staff sitting at a Polling Place all day for limited or no votes collected.

The Counting of Votes should still be held after 6pm on the election/referendum day.

Recommend the requirement to man a polling place when undertaking an election by postal vote be removed.

f) Section 5.56. Planning for the future -Integrated Planning & Reporting
The current requirements for Integrated Planning & Reporting (IPR) are too onerous,
specifically for smaller LGAs with limited resources.

The most recent review undertaken by the DLGC has only exacerbated the resource requirements on LGAs to review their IPR.

There must be different levels of requirements placed on LGAs of different sizes & resource capacity. The current IPR set up has resulted in smaller LGAs having to increase rate revenue to obtain external services/consultants to step these LGAs through the process.

Long Term Financial Plans and Asset Management Plans linked to basic Strategic Community Plans is all that should be required.

Corporate Business Plans & Workforce Plans are superfluous.

It was noted that it is not the actual legislation but the Department and their one size fits all 'guidelines' that are the problem. Guidelines using 'banding' to reflect capacity of local governments would be better. Noted that Strategic Community Plans legislation in Queensland was abolished as the plans were unrealistic and unachievable financially for many rural local governments

Also a concern that directives coming from DLGC are telling LG what they should do. It's a LG decision not the DLGC.

#### g) Admin Reg. 14A - Attendance by telephone etc. (Act s. 5.25(1)(ba)

This section is too restrictive and needs to be relaxed (e.g. the 150km distance is unrealistic).

- 14A. Attendance by telephone etc. (Act s. 5.25(1)(ba))
- (1) A person who is not physically present at a meeting of a council or committee is to be taken to be present at the meeting if
  - (a) the person is simultaneously in audio contact, by telephone or other means of instantaneous communication, with each other person present at the meeting; and
  - (b) the person is in a suitable place; and
  - (c) the council has approved\* of the arrangement.
  - (2) A council cannot give approval under sub regulation (1)(c) if to do so would mean that at more than half of the meetings of the council, or committee, as the case may be, in that financial year, a person (other than a person with a disability) who was not physically present was taken to be present in accordance with this regulation.
  - (3) A person referred to in this regulation is no longer to be taken to be present at a meeting if the person ceases to be in instantaneous communication with each other person present at the meeting.
  - 4) In this regulation —

**disability** has the meaning given in the Disability Services Act 1993 section 3; **suitable place** —

- (a) in relation to a person with a disability means a place that the council has approved\* as a suitable place for the purpose of this paragraph; and
- (b) in relation to any other person means a place that the council has approved\* as a suitable place for the purpose of this paragraph and that is located —
  - (i) in a townsite or other residential area; and
  - (ii) 150 km or further from the place at which the meeting is to be held under regulation 12, measured along the shortest road route ordinarily used for travelling;

**townsite** has the same meaning given to that term in the Land Administration Act 1997 section 3(1).

With current technology local government should be embracing the opportunity to have Councillors participate, irrespective of distance or type of location (i.e. townsite).

Recommend that the 150km limit be removed from regulation 14A.

#### h) Admin Reg. 18F - Remuneration and benefits of CEO to be advertised

The purpose of this regulation is questioned due to the remuneration of CEO's are set by the Salaries & Allowances Tribunal.

Recommend this section be deleted as serves no purpose in the governance of a LG.

#### i) Audit Reg. 15 - Compliance audit return

Recommend this requirement be removed due to the plethora of other audits required.

Also question why it is a legislative requirement for this to go to an Audit Committee

Further the actual legislative need for an Audit Committee is questioned when the whole Council can undertake the same role.

#### i) Audit Reg. 17 - CEO to review certain systems and procedures

The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —

- (a) risk management; and
- (b) internal control; and
- (c) legislative compliance.

This is onerous and should be removed or amended. Not sure why this would need to go to the Audit Committee then to Council. If retained then should go directly to Council with the Council then determining if any items raised needs further investigation and then putting this to the Audit Committee.

In many instances the process is very onerous on the CEO and therefore external assistance is used which comes at a cost to the Council.

Recommend there should be different requirements for different 'bands' of local governments and DLGC's expectations need to be amended to allow reviews to be done in house.

#### k) Annual Reports

Recommend that there should be different levels of requirements for different 'bands' of local governments

Also question the actual need for them considering little are read by electors.

#### I) Annual Financial Reporting

Currently there is a one size fits all model for the annual financial process and Corporate Business Planning Process. Could a scenario where there is a tiered process that requires a higher level of reporting for larger LG's, similar to the tiered approach that exists with company reporting.

Recommend the development of a "tiered" process on the level of reporting for each LG and on the level of compliance

#### m) Annual Returns

Where a Councillor or designated employer has had no change to their previous Annual Return, they are required to place "No change" "nil" "none" within each box of the return. This does not occur in many cases and Auditors are determining that an Annual Return is not complete due to some boxes in the return have not been marked "none", "nil" or "no change."

Recommend the Annual Returns be changed to introduce the ability to declare 'no change from previous year' instead of having to mark every area. This will also assist in the storing of annual returns where only one page needs to be kept on record and not four as is the current case. This does not sound like an issue, however when you have a member that has been on Council for many years, the accumulation of four pages of an annual report does build

## n) Section 3.5.8 Disposal of Property

Issue is that if a LG gets a Real Estate Agent to sell land on its behalf and that land is sold, then the LG still has to go through the advertising process.

Recommend legislation be changed to allow disposal through real estate agent (without having to go through 3.58 advertising provisions, i.e. be an exemption) as advertising has been undertaken and the public are well informed of the proposal to sell.

#### o) Exemption of rates

Recommend be changed to allow Council to decide whether or not to allow exemption to each 'charitable organisation' and any other organisation (e.g. CBH)

#### p) General Comments

The Department needs to assist local government more rather than being a policeman all the time. One example is where the Department will send you a letter if you forget to supply them with a copy of the annual financials. Instead of waiting for the deadline they could be more helpful and send a reminder prior to the deadline. Smaller LG's generally rely on one person to undertake this type of function, if they get sick or are on leave there is generally no one to do the role. Also the audit partner could send the annuals document when they advise the Department that the audit has been signed off.

Voting 6/0 CARRIED

Minute Reference: 08/17-8





# REVIEW OF LOCAL GOVERNMENT ACT 1995

**DISCUSSION PAPER** 







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## **Executive Summary**

The Minister for Local Government, Hon David Templeman wrote to the Association on 14 June 2017 to announce the commencement of the review of the *Local Government Act* 1995. The correspondence is outlined below:

Due to the scope of the likely amendments and my desire to see early progress, I have decided that the work will be undertaken in two phases:

The first will focus on modernising Local Government, with the policy work and consultation to be completed in 2017 with a Bill in 2018. Key topics in this phase will be increasing elector participation, electronic disclosure (making information more readily available), simplifying the disclosure of gifts and some reducing red tape provisions.

The theme for the second phase is delivering for the community, with the policy work and consultation to be completed in 2018 with a Bill in 2019. Key themes for this phase will be improving behaviour and relationships, increasing community participation, enabling local government enterprises, improving financial management and reducing red tape.

The following are the issues that the Minister's office has put forward:

#### Phase 1: 'Modernising local government' - 2017

- Increasing participation in local government elections
- Strengthening public confidence in local government elections
- · Making information available online
- Restoring public confidence (includes the gift provisions)
- · Reducing red tape
- Regional Subsidiaries

#### Phase 2: 'Services for the community' - 2018

- Increasing community participation
- Improving financial management
- Improving behaviour and relationships
- Reducing red tape

The Minister also expressed the Review's Principles and Vision thus:

### Vision

The vision for local government in Western Australia is: Agile, Smart, Inclusive.

#### **Principles**

The review will deliver on this through application of the following principles:

- Transparent providing easy access to meaningful, timely and accurate information about local governments (S, I);
- Participatory strengthening local democracy through increased community engagement (I);
- Accountable holding local governments accountable by strengthening integrity and good governance (S, I);



- Efficient providing a framework for local governments to be more efficient by removing impediments to good practice (A, S); and
- Modern embracing contemporary models for governance and public sector management (A, S, I).

The Minister has invited WALGA and Local Government Professionals WA to participate in a reference group on the review. The Minister's office has advised that there may be some flexibility as to what issues are to be considered in Phase 1 or Phase 2.

In July 2017, State Council considered and adopted the following Consultation Process:

- An Infopage will be distributed to Local Governments including a Discussion Paper on issues that have been identified over the last 8 years including advocacy positions resolved by the sector. This will include a request for Local Governments to submit additional items for consideration in the Act review process. Councils can submit individually or collectively through their Zone.
- WALGA to hold Zone/regional group forums on the Act/Regulatory amendment suggestions. Can be held in-conjunction with a Zone meeting or separately.
- Finalise feedback and provide recommendations on legislative and regulatory change through a State Council agenda item that would go through the Zones.

It is expected that this process will be carried out between July and November 2017 with the State Council item being considered at the 6 December meeting.

### **Local Government Priorities**

The following key issues have previously been brought to the attention of WALGA and identified as priorities, and will form part of the consultation process with the sector on Act amendments:

- a) Gifts
  - Exempt gifts received in a genuinely personal capacity
  - > Gift declarations threshold to commence at \$500.00 with no upper limit
  - Gift provisions to apply to Elected Members and CEO only
- b) Regional Subsidiaries
  - Amend Regulations to permit borrowings
  - Amend Regulations to permit dealing in land transactions
  - Amend Regulations to permit trading undertakings
- c) Rating Exemptions:
  - Charitable Purposes provisions
  - Rate Equivalency Payments of Government Trading entities
- d) Financial Management Issues:
  - Borrowings
  - Investments\*
  - Fees and Charges
  - Financial ratios



(\* Regulation 19C(2)(b) of the Financial Management Regulations was amended on 12 May 2017 to permit fixed term deposits to be invested for up to 3 years,)

- e) Administration:
  - > Electors' General Meetings to be optional
  - Designated Senior Officer section to be reviewed
  - > Public Notices (modernisation of the Act to acknowledge electronic means)
- f) Functions of Local Governments:
  - Tender Thresholds
  - > Establish Council Controlled Organisations (Local Government Enterprises)
  - Regional Council provisions (review of compliance requirements)
- g) Poll Provisions relating to amalgamations and boundary adjustments.
  - The poll provisions contained in Schedule 2.1 of the Local Government Act should be extended to provide any community whose Local Government is undergoing a boundary change or amalgamation with the opportunity to demand a binding poll of electors.

### **Sector Principles**

Key foundations of the Act, which the sector would like considered, relate to the retention of the 'general competence' principle and consideration of a size and scale compliance regime. The Act review will incorporate regulatory amendments.

#### **Previous Amendments to the Local Government Act**

The current *Local Government Act 1995* commenced on 1 July 1996, and has provided communities with an effective system of Local Government where locally governing Councils have general competence powers to determine the general functions and scope of services provided for the good government of people in their districts. Since 1996, the following major amendments have been promulgated:

-	Local Government Amendment Act 1998	Assented to 26 March 1998
-	Local Government Amendment Act (No 2) 1998	Assented to 12 January 1999
-	Local Government Amendment Act 2004	Assented to 12 November 2004
_	Local Government Amendment Act 2006	Assented to 8 December 2006
-	Local Government Amendment Act 2007	Assented to 25 June 2007
_	Local Government (Official Conduct)	Assented to 28 March 2008
	Amendment Act 2007	

- Local Government Amendment (Elections) Assent
   Act 2009
- Local Government Amendment Act 2009
- Local Government Amendment Act 2012
- City of Perth Act 2016
- Local Government Legislation Amendment Act 2016

Assented to 17 August 2009

Assented to 16 September 2009 Assented to 4 April 2012 Assented to 3 March 2016 Assented to 21 September 2016





## **About this Discussion Paper**

This Discussion Paper draws on a number of resources upon which WALGA's proposals for Act amendment are based. These resources represent long-standing positions on Act amendments that were developed by the Sector and Sector representatives.

It is acknowledged that only formally adopted State Council advocacy positions can be truly regarded, for the purpose of this Discussion Paper, as representing the collective views of Local Government. Ultimately, this Discussion Paper aspires to honour all views on Local Government Act reform identified through research of the following resources:

- WALGA Advocacy Positions: A document representing a collation of WALGA's advocacy positions determined by formal State Council resolutions, inclusive of motions passed at the Association's Annual General Meeting.
- WALGA Zone Proposals: This Discussion Paper attempts to capture WALGA Zone resolutions requesting WALGA seek amendment to the Local Government Act.
- Local Government Reform Steering Committee Report May 2010: Proposals
  developed by the Legislative Reform Working Group. Some proposals have already
  been implemented through Local Government Act amendments since 2010, with the
  remaining recommendations presented in this Paper for consideration.

This Paper gathers the information from these sources and presents in order of the relevant Part of the Act and associated Regulation. The relationship between Parts of the Act and Regulations is shown in this Table:

LG Act		Regulation	
Part 2	$\rightarrow$	Constitution Regulations 1998	
Part 3	$\rightarrow$	Functions and General Regulations 1996 / Regional Subsidiaries Regulations 2017	
Part 4	$\rightarrow$	Elections Regulations 1996	
Part 5	$\rightarrow$	Administration Regulations 1996 / Rules of Conduct Regulations 2007	
Part 6	$\rightarrow$	Financial Management Regulations 1996	
Part 7	$\rightarrow$	Audit Regulations 1996	
Part 8	$\rightarrow$	No Regulations	
Part 9	$\rightarrow$	Uniform Local Provisions Regulations 1996	
Schedu	les	Uniform Local Provisions Regulations 1996	



## LOCAL GOVERNMENT ACT AMENDMENT PROPOSALS

## Part 1 – Introductory Matters

#### Local and Statewide Public Notice: Sections 1.7 and 1.8

The Association welcomes the opportunity to modernise the requirements of giving public notice of particular matters, as prescribed in the Local Government Act. The Minister for Local Government has indicated an intention to deal with this in Phase 1 of the Review process, by making information available online. It is already common practice within the Local Government sector to place statutory public notices on official websites, despite there being no legislated requirement to do so.

COMMENTS - Agreed

### Part 2 – Constitution of Local Government

## Method of Election of Mayor/President: Section 2.11

Position Statement

Local Governments should determine whether their Mayor or President will be elected by the Council or elected by the community.

State Council Resolution

March 2012 - 24.2/2012

## **Elected Member Training: New Proposal**

Position Statement

WALGA opposes legislative change that would:

- 1. Require candidates to undertake training prior to nominating for election;
- 2. Incentivise Elected Member training through the fees and allowances framework; or
- Mandate Elected Member training.

Further, if mandatory training becomes inevitable, WALGA will seek to ensure that it:

- a) Only applies to first time Elected Members;
- Utilises the Elected Member Skill Set as the appropriate content for mandatory training;
- c) Applies appropriate Recognition of Prior Learning (RPL);
- Requires training to be completed within the first 12 months of office; and
- e) Applies a penalty for non-completion of a reduction in fees and allowances payable.

State Council Resolution

December 2015 – 119.7/2015 October 2008 – 399.4/2008



COMMENTS- Disagree. Mandatory Training is essential.

# Stand Down when Contesting State or Federal Election: New Proposal

Amend the Act to require an Elected Member to stand down when contesting a State or Federal election, applying from the issue of Writs. The options to consider include:

- (a) that an Elected Member stand down from any decision making role and not attend Council and Committee meetings; or
- (b) that an Elected Member stand down from all aspects of their role as a Councillor and not be able to perform the role as specified in Section 2.10 of the Local Government Act.

#### Background

The East Metropolitan Zone has identified that, under the *Local Government Act 1995*, there is no requirement for an Elected Member to either stand down or take leave of absence if they are a candidate for a State or Federal election. If elected to Parliament the Elected Member is immediately ineligible to continue as an Elected Member. Currently it is up to an individual Elected Member to determine if they wish to take a leave of absence. In some cases Elected Members have voluntarily resigned.

COMMENTS- Agreed. However, legislation also need to be structures in a way to automatically provide a reduction in the Quorum and Absolute Majority requirement of the local government at the time of the Stan Down period.

#### Part 3 – Functions of Local Government

#### **Notification of Affected Owners: Section 3.51**

Position Statement

Section 3.51 of the *Local Government Act 1995* concerning "Affected owners to be notified of certain proposals" should be amended to achieve the following effects:

- 1. to limit definition of "person having an interest" to those persons immediately adjoining the proposed road works (i.e. similar principle to town planning consultation); and
- to specify that only significant, defined categories of proposed road works require local public notice under Section 3.51 (3) (a).

State Council Resolution

February 2009 – 480.1/2009

COMMENTS- Agreed

**Control of Certain Unvested Facilities: Section 3.53** 



The Local Government Act 1995 includes a provisions, under Section 3.53, that is carried forward from Section 300 of the former Local Government Act 1960. Former Section 300 stated:

300. A council has the care, control, and management of public places, streets, ways, bridges, culverts, fords, ferries, jetties, and drains, which are within the district, or, which although not within the district, are by this Act placed under the care, control, and management, of the council, or are to be regarded as being within the district, except where and to the extent that under an Act, another authority has that care, control, and management.

Section 3.53 refers to infrastructure as an 'otherwise unvested facility', and is defined to mean: "a thoroughfare, bridge, jetty, drain, or watercourse belonging to the Crown, the responsibility for controlling or managing which is not vested in any person other than under this section."

Section 3.53 places responsibility for an otherwise unvested facility on the Local Government in whose district the facility is located. Lack of ongoing maintenance and accreting age has resulted in much infrastructure falling into a dilapidated state. This, together with the uncertain provenance of many of these facilities, particularly bridges, is reported as placing an unwarranted and unfunded burden on a number of Local Governments.

It is recommended Section 3.53 of the Act be deleted and that responsibility for facilities located on Crown Land return to the State as the appropriate land manager.

COMMENTS- Agreed

## Regional Local Governments: Part 3, Division 4

Position Statement

The compliance obligations of Regional Local Governments

should be reviewed.

Background

Currently, Regional Local Governments are treated by the Local Government Act 1995 for the purposes of compliance,

as if they were a Local Government.

The Association believes that this places an overly large compliance burden on Regional Local Governments. The large compliance burden reduces potential cost savings that aggregated service delivery may achieve through increased efficiency and acts as a disincentive for Local Governments to establish Regional Local Governments.

State Council Resolution

January 2012 - 9.1/2012

COMMENTS- Agreed

# Council Controlled Organisations: Part 3, Division 4



Position Statement The Local Government Act 1995 should be amended to

enable Local Governments to establish Council Controlled Organisations (CCO) - also referred to as 'Local Government Enterprises' i.e WALGA's Systemic Sustainability Study 2008.

Background The CCO model is available to Local Governments in New

Zealand where they are used for a variety of purposes. The model allows one or more Local Governments to establish a wholly Local Government owned commercial organisation. The Association has developed the amendments required for the CCO model to be implemented in Western Australia.

State Council Resolution October 2010 – 107.5/2010

October 2010 - 114.5/2010

**COMMENTS- Agreed** 

## Local Government (Functions and General) Regulations 1996

## **Tender Threshold: Regulation 11(1)**

Position Statement WALGA supports an increase in the tender threshold to

align with the State Government tender threshold (\$250

000).

Background The tender threshold should be increased to allow Local

Governments responsiveness when procuring relatively low

value good and services.

State Council Resolution July 2015 – 74.4/2015

September 2014 - 88.4/2014

## **Dispositions of Property: Regulation 30(3)**

That Regulation 30(3) be amended to delete any financial threshold limitation (currently \$75,000) on a disposition where it is used exclusively to purchase other property in the course of acquiring goods and services, commonly applied to a trade-in activity.

COMMENTS- Agreed. However with following also to be considered:

Operating issues with current regulations, road building materials such as bitumen, asphalt and aggregate should be exempt as are fuel and oils.

Recommend that road building materials should be exempt from Tender provisions

Concern that auditors and the DLGC are interpreting the current \$150,000 threshold can go over more than two, three or even more financial years which is an issue with the provision of some services, i.e. tyres from the one firm. Industry belief it only relates to a financial year

Recommend tender threshold should be per financial year or per project if a project spans more than one financial year.



# Local Government (Regional Subsidiaries) Regulations 2017

## Regional Subsidiaries

**Position Statement** 

That WALGA advocate for legislative and regulatory amendments to enable Regional Subsidiaries to:

- 1. Borrow in their own right;
- 2. Enter into land transactions; and,
- 3. Undertake commercial activities.

Background

The Local Government Act 1995 was amended in late 2016 to enable Local Governments to establish regional subsidiaries, and this represents a significant advocacy achievement for the Local Government sector;

The Local Government (Regional Subsidiaries) Regulations 2017, which were enacted in early 2017, contain significant restrictions that limit the flexibility and will reduce the benefits of the regional subsidiary model;

In particular, the regulations prevent regional subsidiaries from borrowing from any organisation other than a constituent Local Government, entering into a land transaction, and commencing a trading undertaking; and,

This item recommends legislative and/or regulatory amendments to remove these restrictions that unnecessarily

prevent regional subsidiaries from becoming an effective and efficient collaborative service delivery mechanism.

State Council Resolution

March 2017 - 5.1/2017

COMMENTS- Agreed

## Part 4 - Elections and Other Polls

## Conduct of Postal Elections: Sections 4.20 and 4.61

Position Statement

The Local Government Act 1995 should be amended to allow

the Australian Electoral Commission (AEC) and Local

Governments to conduct postal elections.

Background

Currently, the WAEC has a legislatively enshrined monopoly on the conduct of postal elections that has not been tested by

the market.

State Council Resolution

March 2012 - 24.2/2012

COMMENTS- Agreed. However; the legislation should allow a LG to outsource this and/or provide the service as a Subsidiary.



## **Voluntary Voting: Section 4.65**

**Position Statement** 

Voting in Local Government elections should remain

voluntary.

State Council Resolution

427.5/2008 - October 2008

COMMENTS- Agreed

## **On-Line Voting**

WALGA has received requests from three (3) Zones to explore the possibility of introducing on-line voting in Local Government elections.

A State Council Item for Noting was prepared in May 2017 advising that WALGA staff will liaise with the WAEC regarding the use of the iVote system and also seek feedback from the Local Government sector on online voting and other opportunities to increase voter turnout. The Minister for Local Government has indicated that online voting is likely to be considered in the context of increasing elector participation.

COMMENTS- Agreed

## Part 5 - Administration

## **Electors' General Meeting: Section 5.27**

**Position Statement** 

Section 5.27 of the Local Government Act 1995 should be

amended so that Electors' General Meetings are not

compulsory.

Background

There is adequate provision in the Local Government Act for the public to participate in Local Government matters and access information by attending meetings, participating in public question time, lodging petitions, and requesting special

electors' meetings.

NOTE: The current Local Government Amendment (Auditing) Bill 2017 proposes that a Local Government's Annual Report is to be placed on its official website within 10 days of being

received.

State Council Resolution

February 2011 – 09.1/2011

COMMENTS- Agreed



## Special Electors' Meeting: Section 5.28

That Section 5.28(1)(a) be amended:

- (a) so that the prescribed number of electors required to request a meeting increase from 100 (or 5% of electors) to 500 (or 5% of electors), whichever is fewer; and
- (b) to preclude the calling of Electors' Special Meeting on the same issue within a 12 month period, unless Council determines otherwise.

COMMENTS- Agreed

## Senior Employees: Section 5.37(2)

That Section 5.37(2) be deleted to remove any inference or ambiguity as to the role of Council in the performance of the Chief Executive Officer's function under Section 5.41(g) regarding the appointment of other employees (with consequential amendment to Section 5.41(g) accordingly).

COMMENTS- Agreed

## **Annual Review of Certain Employees Performance: Section 5.38**

Section 5.41(g) of the Act prescribes the function of responsibility for all employees, including management supervision, to the Chief Executive Officer. Section 5.38 therefore creates unnecessary ambiguity; unnecessary in terms of the certainty that Section 5.41(g) already provides. It is recommended that Section 5.38 either be deleted, or amended so that there is only a specific statutory requirement for Council to conduct the Chief Executive Officer's annual performance review.

COMMENTS- Does this include the removal of the requirement for all staff to be reviewed annually? Staff reviews, other than the CEO, should be at the discretion of the CEO, not legislated.

## Gifts and Contributions to Travel: Sections 5.82 and 5.83

The current Gift Provisions in the Local Government Act are very confusing and overly prescriptive. The Department of Local Government and Communities have established a Gift Working Group to look at completely reviewing the gift provisions for changes following the March 2017 State Election. WALGA is a participant in this working group. WALGA representatives have been advocating for the following:

- There be one section for declaring gifts. Delete declarations for Travel.
- No requirement to declare gifts received in a genuinely personal capacity.
- Gift provisions only for Elected Members and CEO's. Other staff fall under Codes of Conduct from the CEO to the staff.
- Gifts only to be declared if above \$500.00.
- There will not be any category of notifiable gifts or prohibited gifts.
- Gifts only to be declared in respect to an Elected Member or CEO carrying out their role.



- Exemptions for ALGA, WALGA and LG Professionals (already achieved).
- Exemption for electoral gifts received that relate to the State and Commonwealth Electoral Acts. So Elected Members who are standing for State or Federal Parliament will only need to comply with the State or Federal electoral act and not declare it as a Local Government gift.

COMMENTS- Agreed

## **Vexatious and Frivolous Complainants: New Provision**

It is recommended that a statutory provision be considered, permitting a Local Government to declare a person a vexatious or frivolous complainant. Section 5.110(3a) of the Act was recently introduced in relation to the Local Government Standards Panel ruling on vexatious and frivolous Rules of Conduct Regulations breach allegations:

"... a standards panel can at any stage of its proceedings refuse to deal with a complaint if the standards panel is satisfied that the complaint is frivolous, trivial, vexatious, misconceived or without substance."

Given the extensive cost and diversion of administrative resources currently associated with vexatious and frivolous complainants across the Local Government sector, it is recommended that a more general mechanism, based on the principles associated with the introduction of Section 5.110(3A), be investigated.

Amendments to the legislation would need to cover the following points to implement the proposed arrangements:

- Create a head of power to determine whether a community member is vexatious (potentially establish a new body through legislation and give it this power of determination);
- Define vexatious behaviour broadly to include the extent and nature of communication between the alleged vexatious person and the Local Government (using words such as 'unreasonable', 'persistent', 'extensive', 'malicious' and 'abusive');
- Outline the restrictions to statutory rights which can be imposed on a person if he or she is declared by the independent body to be vexatious;
- Establish a process, if necessary, to enable a Local Government to present its case for the alleged vexatious person to defend himself/herself;
- Determine what appeal rights are necessary.

COMMENTS- Agreed

## **Local Government (Administration) Regulations 1996**

# Revoking or Changing Decisions: Regulation 10

Regulation 10 provides a mechanism for the revocation or change to a previous decision of Council. It does not however, contain any provision clarifying that the provisions do not apply to Council decisions that have already been implemented. This regulatory deficiency is currently managed administratively, but warrants an appropriate amendment to assist clarify the rights of a Councillor to seek a revocation or change.



COMMENTS- This doesn't appear to go far enough to remove the laborious process currently legislated for the revocation or changing of a decision.

The first stage of the revocation (i.e. one third to discuss item) should be removed and the whole process should be by an Absolute Majority.

## Minutes, contents of: Regulation 11

Regulation 11 contains a potential anomaly in that the content requirements relating to Minutes of a Council or Committee meeting do not make reference to the reports and information that formed the basis of the Agenda to that meeting. Despite it being a common practice that Agenda reports and information are included in most Minutes, this is not universally the case, and it is recommended that an amendment be considered as an aid to community understanding of the decision-making process of the Council.

COMMENTS- Only concern is if the Minute will also need supporting documents provided to Council under separate cover. This could make the Minute extremely large. Where do you stop?

## Repayment of Advance Annual Payments: New Regulation

The Local Government Legislation Amendment Act 2016 introduced Section 5.102AB, which provides that Regulations may be made relating to the recovery of advance payments of annual allowances or annual fees made to a person who subsequently ceases to hold office during the period to which the payment relates:

5.102AB. Repayment of advance annual payments if recipient ceases to hold office

- (2) Regulations may be made
  - (a) requiring the repayment to a local government, to the extent determined in accordance with the regulations, of an advance payment of an annual allowance or annual fee in the circumstances to which this section applies; and
  - (b) providing for a local government to recover any amount repayable if it is not repaid.

Regulations enabling the recovery of advance annual payments have yet to be made and it is recommended this matter be prioritised.

COMMENTS- Legislate to only pay in arrears, not in advance. This would remove the issue.

# Local Government (Rules of Conduct) Regulations 2007



#### **Position Statement**

#### WALGA supports:

- Official Conduct legislation to govern the behaviour of Elected Members;
- 2. An efficient and effective independent Standards Panel process;
- 3. An ability for the Standards Panel to dismiss vexatious and frivolous complaints; and,
- 4. Confidentiality for all parties being a key component of the entire process.

NOTE: Point 3 achieved under the Local Government Legislation Amendment Act 2016

State Council Resolution

March 2016 – 10.1/2016 July 2012 – 55.3/2012 December 2008 – 454.6/2008

COMMENTS- Stronger penalties required.

## Part 6 - Financial Management

## Imposition of Fees and Charges: Section 6.16

**Position Statement** 

That a review be undertaken to remove fees and charges from legislation and Councils be empowered to set fees and charges for Local Government services

Background

Local Governments are able to impose fees and charges on users of specific, often incidental, services. Examples include dog registration fees, fees for building approvals and swimming pool entrance fees.

In some cases, Local Governments will recoup the entire cost of providing a service. In other cases, user charges may be set below cost recovery to encourage a particular activity with identified community benefit, such as sporting ground user fees or swimming pool entry fees.

Currently, fees and charges are determined according to three methods:

- By legislation
- With an upper limit set by legislation
- By the Local Government.

Fees determined by State Government legislation are of particular concern to Local Governments and represent significant revenue leakage because of:

- Lack of indexation
- Lack of regular review (fees may remain at the same nominal levels for decades)
- Lack of transparent methodology in setting the fees

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(fees do not appear to be set with regard to appropriate costs recovery levels).

Examples of fees and charges of this nature include dog registrations fees, town planning fees and building permits. Since Local Governments do not have direct control over the determination of fees set by legislation, this revenue leakage is recovered from rate revenue. This means all ratepayers end up subsidising the activities of some ratepayers.

When fees and charges are restricted by legislation, rather than being set at cost recovery levels, this sends inappropriate signals to users of Local Government services, particularly when the consumption of those services is discretionary. When legislative limits allow consumers to pay below 'true cost' levels for a discretionary service, this will lead to overprovision and a misallocation of resources.

Under the principle of 'general competence' there is no reason why Local Governments should not be empowered to make decisions regarding the setting of fees and charges for specific services.

Additionally, it is recommended that Section 6.16 be amended so that it only relates to statutory application fees and charges and not consumer items, facility entrance fees, ad hoc minor fees and charges etc. The exhaustive listing of relatively minor fee and charge items, together with the technical requirement to give public notice of any change after the adoption of the annual budget, is both inefficient and costly.

COMMENTS- Agreed

#### Power to Borrow: Section 6.20

Section 6.20(2) requires, where a power to borrow is proposed to be exercised and details of the proposal are not included in the annual budget, that the Local Government must give one month's public notice of the proposal (unless an exemption applies). There is no associated requirement to request or consider written submission prior to exercising the power to borrow, as is usually associated with giving public notice. Section 6.20(2) simply stops the exercise of power to borrow for one month, and it is recommended it be deleted.

COMMENTS- Agreed. Could be expanded to other assets as well.

# **Restrictions on Borrowings: Section 6.21**

Position Statement

Section 6.21 of the *Local Government Act 1995* should be amended to allow Local Governments to use freehold land, in addition to its general fund, as security when borrowing.



#### Background

Borrowing restrictions in the *Local Government Act 1995* act as a disincentive for investment in community infrastructure. Section 6.21(2) states that a Local Government can only use its 'general funds' as security for borrowings to upgrade community infrastructure, and is restricted from using its assets to secure its borrowings. This provision severely restricts the borrowing capacity of Local Governments and reduces the scale of borrowing that can be undertaken to the detriment of the community.

This is particularly relevant since the Global Financial Crisis. Treasury now requires member Local Governments to show as contingent liabilities in their balance sheet their proportion of contingent liabilities of the Regional Local Government of which they are a member. Given that the cost of provision of an Alternative Waste Disposal System is anything up to \$100 million, the share of contingent liabilities for any Local Government is significant. Even under a 'Build-Own-Operate' financing method, the unpaid (future) payments to a contractor must be recognised in the balance sheet of the Regional Local Government as a contingent liability.

This alone is likely to prevent some Local Governments from borrowing funds to finance its own work as the value of contingent liabilities are taken into account by Treasury for borrowing purposes.

State Council Resolution

January 2012 - 8.1/2012

COMMENTS- Agreed

# Rating Exemptions - Charitable Purposes: Section 6.26(2)(g)

**Position Statement** 

WALGA's policy position regarding charitable purposes is as follows:

 Amend the Local Government Act to clarify that Independent Living Units should only be exempt from rates where they qualify under the Commonwealth Aged Care Act 1997;

#### 2. Either

- a) amend the charitable organisations section of the Local Government Act 1995 to eliminate exemptions for commercial (non-charitable) business activities of charitable organisations; or
- b) establish a compensatory fund for Local Governments, similar to the pensioner discount provisions, if the State Government believes charitable organisations remain exempt from payment of Local Government rates.



#### Background

Exemptions under this section of the Act have extended beyond the original intention and now provide rating exemptions for non-charitable purposes, which increase the rate burden to other ratepayers. There may be an argument for exemptions to be granted by State or Federal legislation. Examples include exemptions granted by the Commonwealth *Aged Care Act 1997* and group housing for the physically and intellectually disabled which is supported under a government scheme such as a Commonwealth-State Housing Agreement or Commonwealth-State Disability Agreement.

State Council Resolution

December 2015 – 118.7/2015 January 2012 – 5.1/2012

COMMENTS- Agreed. Also need to look into "Places of Worship"

### **Basis of Rates: Section 6.28**

 That Section 6.28 be reviewed to examine the limitations of the current methods of valuation of land, Gross Rental Value or Unimproved Value, and explore other alternatives.

The method of valuation of land to be used as the basis of rating in Western Australia is either: Gross Rental Value for predominantly non-rural purpose; or unimproved value of land for rural purposes. These are the only two methods available under the Section 6.28 of the Local Government Act in Western Australia.

Eastern State Local Governments can elect to rate on one of the following options:

- Site Value levy on the unimproved value of land only and disregards the value of buildings, personal property and other improvements;
- Capital Value value of the land including improvements;
- Annual Value rental value of a property (same as GRV).

Alternative land valuation methods came under the scope of the WALGA Systemic Sustainability Study, particularly Capital Improved Valuations which is in operation in Victoria and South Australia.

2. Advocate for amendment to Section 6.28 to enable Differential Rating based on the time land remains undeveloped.

Concern at the amount of vacant land remaining in an undeveloped state for an extensive period of time and holding up development opportunities.

North Metropolitan Zone advocates an amendment to the current legislative provisions in relation to differential rating to enable a differential rate to be applied on the basis of the length of time a property has remained in an undeveloped state.

COMMENTS- Agreed



This section outlines the characteristics that Local Governments may take into account when imposing differential general rates. It is recommended the issue of time-based differential rating should be examined, to address some Local Governments view that vacant land should be developed in a timely manner.

COMMENTS- The whole Differential Rating Process need to be addressed and revised. The issue with current legislation is timing of the land valuations coming after the time Differential rates are to be advertised for public submissions.

### Service of Rates Notice: Section 6.41

That Section 6.41 be amended to:

- (a) permit the rates notice to be issued to electronically; and
- (b) introduce flexibility to offer regular rate payments (i.e. fortnightly, monthly etc) without requirement to issue individual instalment notice.

COMMENTS- Agreed

## Rates or Service Charges Recoverable in Court: Section 6.56

That Section 6.56 be amended to clarify that all debt recovery action costs incurred by a Local Government in pursuing recovery of unpaid rates and services charges be recoverable and not be limited by reference to the 'cost of proceedings'.

COMMENTS- Agreed

# Rating Exemptions – Rate Equivalency Payments

**Position Statement** 

Legislation should be amended so rate equivalency payments made by LandCorp and other Government Trading Entities are made to the relevant Local Governments instead of the State Government.

Background

A particular example is the exemption granted to LandCorp by the *Land Authority Act 1992*. In 1998, the Act was amended to include provisions for LandCorp to pay the Treasurer an amount equal to that which would have otherwise been payable in Local Government rates, based on the principle of 'competitive neutrality'.

This matter is of concern to Local Governments with significant LandCorp holdings in their district. The shortfall in rates is effectively paid by other ratepayers, which means ratepayers have to pay increased rates because LandCorp has a presence in the district.

State Council Resolution

January 2012 - 6.1/2012



COMMENTS- This should be extended to all State Government owned/controlled land, not just Landcorp. Concept outlined by WALGA is the same for all government owned land (including Commionwealth).

## Rating Restrictions – State Agreement Acts

Position Statement

Resource projects covered by State Agreement Acts should be liable for Local Government rates.

Background

In 2011, the State Government introduced a new policy on 'the application of Gross Rental Valuation to mining, petroleum and resource interests' (the GRV mining policy). The Policy was extended in 2015 and remains in place. The primary objectives of the policy were to clarify the circumstances where Local Governments could apply GRV rating to mining land and enable the use of GRV rating on new (i.e., initiated after June 2012) mining, petroleum and resource interests. This included the application of GRV rating to new State Agreement Acts.

However, existing State Agreement Acts continue to restrict Local Government rating. Rating exemptions on State Agreement Acts mean that Local Governments are denied an efficient source of revenue. There are also equity issues associated with the existing exemptions since they only apply to a select group of mining companies whose projects are subject to older State Agreement Acts. Removing the rates exemption clauses from the pre-July 2012 State Agreement Acts would provide a fairer outcome for all other ratepayers, including the proponents of new resources projects.

State Council Resolution

September 2014 – 89.4/2014 March 2014 – 10.1/2014 October 2011 – 116.5/2011

**COMMENTS- Agreed** 

# Local Government (Financial Management) Regulations 1996

# Exemption from AASB 124: Regulation 4

Regulation 4 of the Financial Management Regulations provides a mechanism for an exemption from the Australian Accounting Standards (AAS). Regulation 16 is an example of the use of this mechanism, relieving Local Governments from the requirement to value land under roads.

A Zone has requested that an exemption be allowed from the implementation of AASB 124 'Related Party Transactions' due to the current provisions in the Act on declarations of interest at meetings and in Primary and Annual returns. This is regarded as providing appropriate material declaration and disclosure of interests associated with function of Local Government.



COMMENTS- FM Reg 4 needs to be expanded to reflect the AAS determinations will ONLY be introduced if it is determined by the Minister as the Standards being beneficial to the local government industry.

This should not be limited to AASB124 (Related Party Transactions) only just because this is a current topic. There are other AAS determinations in the past and some about to be handed down by the ASSB which will simply add to the RED TAPE imposed on LG without any real benefit to the industry.

## Part 7 - Audit

The Local Government Amendment (Auditing) Bill 2017, before Parliament at the time of writing, will substantially replace much of Part 7 to provide for the auditing of Local Governments by the Auditor General. New legislation will allow the Auditor General to contract out some or all of the financial audits but all audits will be done under the supervision of the Auditor General and Office of the Auditor General. State Government will pay the cost for the conduct of performance audits.

COMMENTS- Agreed

## Part 8 – Scrutiny of the Affairs of Local Government

**Stand Down Provision: New Proposal** 



#### Position Statement

WALGA supports, in principle, a proposal for an individual elected member to be 'stood down' from their role when they are under investigation; have been charged; or when their continued presence prevents Council from properly discharging its functions or affects the Council's reputation, subject to further policy development work being undertaken.

Further policy development of the Stand Down Provisions must involve specific consideration of the following issues of concern to the Sector:

- That ... the established principles of natural justice and procedural fairness are embodied in all aspects of the proposed Stand Down Provisions; and
- That activities associated with the term 'disruptive behaviour', presented as reason to stand down a defined Elected Member on the basis their continued presence may make a Council unworkable, are thoroughly examined and clearly identified to ensure there is awareness, consistency and opportunity for avoidance.

## Background

In 2008 a Discussion Paper was circulated seeking feedback regarding legislative amendments to suspend an individual Elected Member, as follows:

- An elected member to have the ability to stand down where they are being investigated or have been charged;
- An elected member to be forcibly stood down where they are being investigated or have been charged and whose continued presence prevents Council from properly discharging its functions and affects its reputation and integrity or where it is in the public interest;
- The Standards Panel to make the stand down decision;
- Such matters to be referred to the Standards Panel only by a Council (absolute majority), a statutory agency or the Department;
- Three to six months stand down periods with six month extensions;
- The elected member to remain entitled to meeting fees and allowances; and
- Inclusion of an offence for providing false information leading to a stand down.

State Council Resolution

August 2008 - 400.4/2008

COMMENTS- Agreed

## Part 9 - Miscellaneous Provisions

# Onus of Proof in Vehicle Offences may be Shifted: Section 9.13(6)

Amend Section 9.13 by introducing the definition of 'responsible person' and enable Local



Governments to administer and apply effective provisions associated with vehicle related offences

#### Background:

This proposal from the North Metropolitan Zone emerged due to an increase in cases when progressing the prosecution of vehicle related offences in court (at the request of the vehicle owner) resulted in dismissal of charges by the Magistrate when the owner of the vehicle states that he does not recall who was driving his vehicle at the time of the offence.

The Litter Act 1979 was amended in 2012 to introduce the definition of 'responsible person' (as defined in Road Traffic Act 1974) so that a 'responsible person' is taken to have committed an offence where it cannot be established who the driver of the vehicle was at the time of the alleged offence. This also removes the ability for the responsible person to be absolved of any responsibility for the offence if they fail to identify the driver. It is suggested that a similar amendment be made to Section 9.13 of the Act in order to ensure that there is consistent enforcement in regards to vehicle related offences.

**COMMENTS- Agreed** 

# Schedule 2.1 – Creating, Changing Boundaries and Abolishing Districts

## **Poll Provisions: New Proposal**

Position Statement

Schedule 2.1 of the *Local Government Act 1995* should be amended so that the electors of a Local Government affected by any boundary change or amalgamation proposal are entitled to petition the Minister for a binding poll.

State Council Resolution

December 2014 - 108.5/2014

COMMENTS- Agreed

## Number of Electors: Clause 2.1(1)(d)

That Schedule 2.1 Clause 2(1)(d) be amended so that the prescribed number of electors required to put forward a proposal for change increase from 250 (or 5% of electors) to 500 (or 5% of electors) whichever is fewer.

COMMENTS- Agreed

# Schedule 2.2 – Provisions about Names, Wards and Representation

# Who may make Submission: Clause 3(1)

That Schedule 2.2 Clause 3(1) be amended so that the prescribed number of electors required



to put forward a submission increase from 250 (or 5% of electors) to 500 (or 5% of electors) whichever is fewer.

COMMENTS-

# Schedule 4.1 – How to Count Votes and Ascertain Result of Election

## **Method of Voting**

Position Statement

Elections should be conducted utilising the first-past-the-post

(FPTP) method of voting.

Background

The FPTP method is simple, allows an expression of the electorate's wishes and does not encourage tickets and

alliances to be formed to allocate preferences.

State Council Resolution

427.5/2008 - October 2008

This State Council resolution influenced amendment to Schedule 4.1 in 2009 that returned Local Government elections to a first past the post system from the preferential proportional Representation. The resolution is reiterated here as an indication of the sector's ongoing preference for this vote counting system.

**COMMENTS- Agreed** 

## **Submission of Feedback**

## How to get involved

WALGA will conduct a comprehensive consultation process to provide Member Local Governments with as much opportunity as possible to contribute. This process will also assist WALGA determine its advocacy position on whether proposed changes should be dealt with in Phase 1 or Phase 2 (see Executive Summary).

During August and September 2017, WALGA will hold Zone and Regional Group forums on the Local Government Act Review. Local Governments can choose to contribute in conjunction with a Zone/Regional Group meeting, separately by lodging a Council endorsed submission, or both.

The final collated feedback will be prepared as a State Council Agenda Item for Zone consideration during the November/December 2017 round of Zone meetings. State Council will ultimately determine its position at its meeting of 6 December 2017.

Council endorsed submission on the issues raised in this Discussion Paper, as well as any other relevant matters, can be forwarded by Friday 20<sup>th</sup> October 2017to:



