



Department of
**Local Government, Sport
and Cultural Industries**

Local Government Reform – Summary of Proposed Reforms



Local Government Reform – Consultation on Proposed Reforms

Local government benefits all Western Australians. It is critical that local government works with:

- a culture of openness to innovation and change
- continuous focus on the effective delivery of services
- respectful and constructive policy debate and democratic decision-making
- an environment of transparency and accountability to ensure effective public engagement on important community decisions.

Since first coming to office in 2017, the McGowan Government has already progressed reforms to improve specific aspects of local government performance. This includes new laws that work to improve transparency, cut red tape, and support jobs growth and economic development - ensuring that local government works for the benefit of local communities.

Based on the significant volume of research and consultation undertaken over the past five years, the Minister for Local Government has now announced the most significant package of major reforms to local government in Western Australia since the Local Government Act 1995 was passed more than 25 years ago. The package is based on six major themes:

1. Earlier intervention, effective regulation and stronger penalties
2. Reducing red tape, increasing consistency and simplicity
3. Greater transparency and accountability
4. Stronger local democracy and community engagement
5. Clear roles and responsibilities
6. Improved financial management and reporting.

A large focus on the new reform is oversight and intervention where there are significant problems arising within a local government. The introduction of new intermediate powers for intervention will increase the number of tools available to more quickly address problems and dysfunction within local governments. The proposed system for early intervention has been developed based on similar legislation in place in other jurisdictions, including Victoria and Queensland.

This will deliver significant benefits for small business, residents and ratepayers, industry, elected members and professionals working in the sector.

Local Government Reforms

These reforms are based on extensive consultation undertaken over the last five years, and have been developed considering:

- The Local Government Review Panel Final Report (mid 2020)
- The City of Perth Inquiry Report (mid 2020)
- Department of Local Government, Sport and Cultural Industries (DLGSC) consultation on Act Reform (2017-2020)
- The Victorian Local Government Act 2020 and other State Acts
- The Parliament's Select Committee Report into Local Government (late 2020)
- Western Australian Local Government Association (WALGA) Submissions
- Direct engagement with local governments
- Correspondence and complaints
- Miscellaneous past reports.

Consultation

Comments on these proposed reforms are invited. Comments can be made against each proposed reform in this document. For details on how to make a submission, please visit www.dlgsc.wa.gov.au/lgactreform.

Theme 1: Early Intervention, Effective Regulation and Stronger Penalties

| CURRENT PROVISIONS | PROPOSED REFORMS | WALGA Comments | CoR Comments |
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| <ul style="list-style-type: none"> The Act provides the means to regulate the conduct of local government staff and council members and sets out powers to scrutinise the affairs of local government. The Act provides certain limited powers to: <ul style="list-style-type: none"> Suspend or dismiss councils Appoint Commissioners Suspend or, order remedial action (such as training) for individual councillors. The Act also provides the Director General with the power to: <ul style="list-style-type: none"> Conduct Authorised Inquiries Refer allegations of serious or recurrent breaches to the State Administrative Tribunal Commence prosecution for an offence under the Act. Authorised Inquiries are a costly and a relatively slow response to significant issues. Authorised Inquiries are currently the only significant tool for addressing significant issues within a local government. The Panel Report, City of Perth Inquiry, and the Select Committee Report made various recommendations related to the establishment of a specific office for local government oversight. | <p>1.1 Early Intervention Powers</p> <ul style="list-style-type: none"> It is proposed to establish a Chief Inspector of Local Government (the Inspector), supported by an Office of the Local Government Inspector (the Inspectorate). The Inspector would receive minor and serious complaints about elected members. The Inspector would oversee complaints relating to local government CEOs. Local Governments would still be responsible for dealing with minor behavioural complaints. The Inspector would have powers of a standing inquiry, able to investigate and intervene in any local government where potential issues are identified. The Inspector would have the authority to assess, triage, refer, investigate, or close complaints, having regard to various public interest criteria – considering laws such as the <i>Corruption, Crime and Misconduct Act 2003</i>, the <i>Occupational Safety and Health Act 1984</i>, the <i>Building Act 2011</i>, and other legislation. The Inspector would have powers to implement minor penalties for less serious breaches of the Act, with an appeal mechanism. The Inspector would also have the power to order a local government to address non-compliance with the Act or Regulations. The Inspector would be supported by a panel of Local Government Monitors (see item 1.2). The existing Local Government Standards Panel would be replaced with a new Conduct Panel (see item 1.3). Penalties for breaches to the Local Government Act and Regulations will be reviewed and are proposed to be generally strengthened (see item 1.4). These reforms would be supported by new powers to more quickly resolve issues within local government (see items 1.5 and 1.6). | <p>Current Local Government Position</p> <p>Items 1.1, 1.2 and 1.3 generally align with WALGA Advocacy Position 2.6.8 - 'Establish Office of Independent Assessor'</p> <p><i>The Local Government sector supports:</i></p> <ol style="list-style-type: none"> Establishing an Office of the Independent Assessor to replace the Standards Panel to provide an independent body to receive, investigate and assess complaints against Elected Members and undertake inquiries. Remove the CEO from being involved in processing complaints. That an early intervention framework of monitoring to support Local Governments be provided with any associated costs to be the responsibility of the State Government. An external oversight model for local level behavioural complaints made under Council Member, Committee Member and Candidate Codes of Conduct, that is closely aligned to the Victorian Councillor Complaints Framework. <p>Comment</p> <p>The Local Government sector is in favour of early intervention and a swift response to potentially disruptive or dysfunctional behaviours. The Proposed Reforms state 'Local Governments would still be responsible for dealing with minor behavioural complaints' and therefore do not go as far as the Sector's recent request for an external oversight model for the independent assessment of local level complaints (State Council Res: 264.5/2021 – September 2021). However this will be mitigated with the Inspector able to respond to a Local Government having unresolved matters by appointing a monitor to assist the Local Government.</p> <p>It is expected the Local Government Inspector would be funded by the State Government, however it is noted that the cost of the Local Government Monitors and the Conduct Panel would be borne by the Local Government concerned.</p> <p>Recommendation</p> <ol style="list-style-type: none"> Support the proposed reforms as they align with the sectors position on external oversight and support. Request the Minister to explore alternate mechanisms for resolving local level complaints. | <p>Comments and clarifications</p> <ul style="list-style-type: none"> Support WALGA's position: <ul style="list-style-type: none"> Support the proposed reforms as they align with sectors position on external oversight and support. Request the Minister to explore alternative mechanisms for resolving local level complaints. External oversight on local level issues in order to provide for natural justice. Remove CEO from being involved in processing complaints even for Division 3 complaints. Will the Inspector be obliged to investigate every complaint made, regardless of its apparent substance or utility? Will complainants be required to verify the facts upon which their complaint is based by, for example, a statutory declaration - to discourage the making of an unmeritorious complaint? Will respondents be required to verify the facts upon which their response is based by a statutory declaration? What are the powers of a "standing inquiry"? Will the privilege against self-incrimination be abrogated or modified? Will the "appeal mechanism" be by way of review to the SAT? Will the Office of the Local Government Inspectorate have adequate resources to investigate complaints in a timely manner? What will qualifications and level of experience will the Inspector/Inspectorate need? What (if any) will be charged to the relevant local government [or councillor or CEO] if a complaint is found to be: <ul style="list-style-type: none"> of substance; misconceived; or frivolous or vexatious? What costs (if any) will be charged to a complainant if a complaint is found to be misconceived or frivolous or vexatious? <p>Recommendation</p> <p>Generally supported subject to clarification of key issues</p> |

| CURRENT PROVISIONS | PROPOSED REFORMS | WALGA Comments | CoR Comments |
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| <ul style="list-style-type: none"> • There are currently no legislative powers for the provision of monitors/ temporary advisors. • The DLGSC provides support and advice to local governments, however there is no existing mechanism for pre-qualified, specialised assistance to manage complex cases. | <p>1.2 Local Government Monitors</p> <ul style="list-style-type: none"> • A panel of Local Government Monitors would be established. • Monitors could be appointed by the Inspector to go into a local government and try to resolve problems. • The purpose of Monitors would be to proactively fix problems, rather than to identify blame or collect evidence. • Monitors would be qualified specialists, such as: <ul style="list-style-type: none"> ○ Experienced and respected former Mayors, Presidents, and CEOs - to act as mentors and facilitators ○ Dispute resolution experts - to address the breakdown of professional working relationships ○ Certified Practising Accountants and other financial specialists - to assist with financial management and reporting issues ○ Governance specialists and lawyers - to assist councils resolve legal issues ○ HR and procurement experts - to help with processes like recruiting a CEO or undertaking a major land transaction. • Only the Inspector would have the power to appoint Monitors. • Local governments would be able to make requests to the Inspector to appoint Monitors for a specific purpose. <p>Monitor Case Study 1 – Financial Management</p> <p>The Inspector receives information that a local government is not collecting rates correctly under the <i>Local Government Act 1995</i>. Upon initial review, the Inspector identifies that there may be a problem. The Inspector appoints a Monitor who specialises in financial management in local government. The Monitor visits the local government and identifies that the system used to manage rates is not correctly issuing rates notices. The Monitor works with the local government to rectify the error, and issue corrections to impacted ratepayers.</p> <p>Monitor Case Study 2 – Dispute Resolution</p> <p>The Inspector receives a complaint from one councillor that another councillor is repeatedly publishing derogatory personal attacks against another councillor on social media, and that the</p> | | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> • As above 1.1 • Scope of liability for Department of Local Government, when the City acts on the advice issued from “monitors” and it results in an adverse effect (i.e. vicarious liability, direct liability)? • Will interactions with Monitors be on a confidential basis (akin to a mediation)? • What report will Monitors provide to the Inspector? Will they report the outcome (e.g., issue resolved or not resolved) or will they report on the details of their inquiry? • If the latter, will the privilege against self-incrimination be abrogated or modified and what use may the Inspector make of that information? • In Monitor Case Study 2, another potential outcome is that the relationship between the Council Members does not improve or worsens. • Will there be consequences if: <ul style="list-style-type: none"> ○ Where a personal conflict is involved, one party adopts an unreasonable stance, while the other is willing to compromise? ○ Where one person is in the wrong, but unreasonably refuses to accept a compromise (e.g., to make an apology) to prevent the matter from escalating? <p><u>Recommendation</u></p> <p>Generally supported subject to clarification of key issues</p> |

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| | <p>issue has not been able to be resolved at the local government level. The Inspector identifies that there has been a relationship breakdown between the two councillors due to a disagreement on council.</p> <p>The Inspector appoints a Monitor to host mediation sessions between the councillors. The Monitor works with the councillors to address the dispute. Through regular meetings, the councillors agree to a working relationship based on the council's code of conduct. After the mediation, the Monitor occasionally makes contact with both councillors to ensure there is a cordial working relationship between the councillors.</p> | | |
| 1.3 Conduct Panel | | | |
| <ul style="list-style-type: none"> The Local Government Standards Panel was established in 2007 to resolve minor breach complaints relatively quickly and provide the sector with guidance and benchmarks about acceptable standards of behaviour. Currently, the Panel makes findings about alleged breaches based on written submissions. The City of Perth Inquiry report made various recommendations that functions of the Local Government Standards Panel be reformed. | <ul style="list-style-type: none"> The Standards Panel is proposed to be replaced with a new Local Government Conduct Panel. The Conduct Panel would be comprised of suitably qualified and experienced professionals. Sitting councillors will not be eligible to serve on the Conduct Panel. The Inspector would provide evidence to the Conduct Panel for adjudication. The Conduct Panel would have powers to impose stronger penalties – potentially including being able to suspend councillors for up to three months, with an appeal mechanism. For very serious or repeated breaches of the Local Government Act, the Conduct Panel would have the power to recommend prosecution through the courts. Any person who is subject to a complaint before the Conduct Panel would have the right to address the Conduct Panel before the Panel makes a decision. | | <p>Comments and clarifications</p> <ul style="list-style-type: none"> As above 1.1 Will the Panel be obliged to investigate every complaint made, regardless of its apparent substance or utility? How will the Panel determine complaints? Will the Panel proceed in the same manner as the Local Government Standards Panel – i.e., determine a complaint on the papers without a formal hearing? If a complaint is to be determined on the papers, how can factual disputes be resolved? Will complainants be required to verify the facts upon which their complaint is based by, for example, a statutory declaration - to discourage the making of an unmeritorious complaint? Will respondents be required to verify the facts upon which their response is based by a statutory declaration? Will a person who exercises a right to address to the Panel be required to give sworn evidence? Are their consequences for members of the public? What are the time limits, if any? <p>Recommendation Generally supported subject to clarification of key issues</p> |

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| 1.4 Review of Penalties | | | |
| <ul style="list-style-type: none"> There are currently limited penalties in the Act for certain types of non-compliance with the Local Government Act. | <ul style="list-style-type: none"> Penalties for breaching the Local Government Act are proposed to be strengthened. It is proposed that the suspension of councillors (for up to three months) is established as the main penalty where a councillor breaches the Local Government Act or Regulations on more than one occasion. Councillors who are disqualified would not be eligible for sitting fees or allowances. They will also not be able to attend meetings, or use their official office (such as their title or council email address). It is proposed that a councillor who is suspended multiple times may become disqualified from office. Councillors who do not complete mandatory training within a certain timeframe will also not be able to receive sitting fees or allowances. | <p><u>Current Local Government Position</u></p> <p>Items 1.4 and 1.5 expand upon Advocacy Position 2.6.9 - 'Stand Down Proposal'</p> <p><i>WALGA supports, in principle, a proposal for an individual elected member to be 'stood down' from their duties 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 active consultation with WALGA and specific consideration of the following issues of concern to the Sector:</i></p> <ol style="list-style-type: none"> That the Department of Local Government endeavour to ensure 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. <p>Comment The Local Government sector has long-standing advocacy positions supporting stronger penalties as a deterrent to disruptive Council Member behaviours. Clear guidance will be required to ensure there is consistent application of the power given to Presiding Members.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The principle of this proposal is supported however clear guidelines or regulation must be in place for the application of any penalties to be clear, enforceable and applied fairly and consistently. Are fees lost forever – or deferred? Who stands down the Council Member? <p><u>Recommendation</u> Supported subject to clear guidelines or regulation regarding use of penalties and ability to be enforced.</p> |
| 1.5 Rapid Red Card Resolutions | | | |
| <ul style="list-style-type: none"> Currently, local governments have different local laws and standing orders that govern the way meetings run. Presiding members (Mayors and Presidents) are reliant on the powers provided in the local government standing orders local laws. Differences between local governments is a source of confusion about the powers that presiding members have to deal with disruptive behaviours at council meetings. Disruptive behaviour at council meetings is a very common cause of complaints. Having the | <ul style="list-style-type: none"> It is proposed that Standing Orders are made consistent across Western Australia (see item 2.6). Published recordings of all meetings would also become standard (item 3.1). It is proposed that Presiding Members have the power to "red card" any attendee (including councillors) who unreasonably and repeatedly interrupt council meetings. This power would: <ul style="list-style-type: none"> Require the Presiding Member to issue a clear first warning If the disruptions continue, the Presiding Member will have the power to "red card" that person, who must be silent for the rest of the meeting. A councillor issued with a red card will still vote, but must not speak or move motions | | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Standing orders currently provide for Chairperson to control meeting. Concern over introducing increased complexity that may be counterproductive. <p><u>Recommendation</u> Conditional support</p> |

| CURRENT PROVISIONS | PROPOSED REFORMS | WALGA Comments | CoR Comments |
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| <p>Presiding Member be able to deal with these problems should more quickly resolve problems that occur at council meetings.</p> | <ul style="list-style-type: none"> ○ If the person continues to be disruptive, the Presiding Member can instruct that they leave the meeting. ● Any Presiding Member who uses the “red card” or ejection power will be required to notify the Inspector. ● Where an elected member refuses to comply with an instruction to be silent or leave, or where it can be demonstrated that the presiding member has not followed the law in using these powers, penalties can be imposed through a review by the Inspector. | | |
| 1.6 Vexatious Complaint Referrals | | | |
| <ul style="list-style-type: none"> ● No current provisions. ● The Act already provides a requirement for Public Question Time at council meetings. | <ul style="list-style-type: none"> ● Local governments already have a general responsibility to provide ratepayers and members of the public with assistance in responding to queries about the local government’s operations. Local governments should resolve queries and complaints in a respectful, transparent and equitable manner. ● Unfortunately, local government resources can become unreasonably diverted when a person makes repeated vexatious queries, especially after a local government has already provided a substantial response to the person’s query. ● It is proposed that if a person makes repeated complaints to a local government CEO that are vexatious, the CEO will have the power to refer that person’s complaints to the Inspectorate, which after assessment of the facts may then rule the complaint vexatious. | <p>Current Local Government Position Item 1.6 expands upon Advocacy Position 2.6.11 – ‘Vexatious complainants in relation to FOI applications’ <i>WALGA advocates for the Freedom of Information Act 1992 (WA) to be reviewed, including consideration of:</i></p> <ol style="list-style-type: none"> 1. <i>Enabling the Information Commissioner to declare vexatious applicants similar to the provisions of section 114 of the Right to Information Act 2009 (QLD);</i> 2. <i>Enabling an agency to recover reasonable costs incurred through the processing of a Freedom of Information access application where the application is subsequently withdrawn; and</i> 3. <i>Modernisation to address the use of electronic communications and information.</i> <p>Comment The Act has been expanded significantly in recent years to permit an increased level of public involvement, scrutiny and access to information relating to the decisions, operations and affairs of Local Government in WA. Introducing a means to limit capacity for unreasonable complainants to negatively impact Local Governments will provide a necessary balance between the openness and transparency of the sector and the reasonable entitlement of citizens to interact with their Local Government.</p> <p>Recommendation Supported</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> ● Provisions should be able to identify a person as a vexatious complainant not just a single complaint. ● This may have a higher threshold but would be a greater deterrent and actually address the issue. ● This is generally supported, but to remove doubt, recommend including: <ul style="list-style-type: none"> ○ a temporal limit – e.g. confined to events with x months or x years; ○ questions that in substance have already been answered; ○ questions that are irrelevant to the local government’s operations. ● Clarification on whether a decision of the Inspectorate concludes the matter or may the complainant pursue it further via: <ul style="list-style-type: none"> ○ the Ombudsman? ○ an elected member? <p>Recommendation Supported</p> |

| CURRENT PROVISIONS | PROPOSED REFORMS | WALGA Comments | CoR Comments |
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| 1.7 Minor Other Reforms | | | |
| <ul style="list-style-type: none"> Other minor reforms are being considered to enhance the oversight of local government. Ministerial Circulars have traditionally been used to provide guidance to the local government sector. | <ul style="list-style-type: none"> Potential other reforms to strengthen guidance for local governments are being considered. For example, one option being considered is the potential use of sector-wide guidance notices. Guidance notices could be published by the Minister or Inspector, to give specific direction for how local governments should meet the requirements of the Local Government Act and Regulations. For instance, the Minister could publish guidance notices to clarify the process for how potential conflicts of interests should be managed. It is also proposed (see item 1.1) that the Inspector has the power to issue notices to individual local governments to require them to rectify non-compliance with the Act or Regulations. | <p><u>Current Local Government Position</u></p> <p>Item 1.7 aligns with Advocacy Position 2.6 - 'Support DLGSC as service provider / capacity builder'</p> <p><i>WALGA supports the continuance of the Department of Local Government, Sport and Cultural Industries as a direct service provider of compliance and recommend the Department fund its capacity building role through the utilisation of third party service providers. In addition, WALGA calls on the State Government to ensure there is proper resourcing of the Department of Local Government, Sport and Cultural Industries to conduct timely inquiries and interventions when instigated under the provisions of the Local Government Act 1995.</i></p> <p>Comment Operational guidance from the Department of Local Government, Sport and Cultural Industries leads to consistent understanding and application of statutory provisions by Local Government. The proposed reform that the Inspector issue non-compliance notices appears to replicate the Minister's powers under Section 9.14A – 'Notice to prevent continuing contravention'</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Clear and up to date Guidance Notes would assist local governments and their staff to provide consistency and industry standards. As the name suggests, a "Guidance Note" will provide guidance to a local government. Will compliance with a guidance not provide a defence to an allegation that a provision of the Act or the Regulations has been breached? Will an Inspector engage with a local government before issuing a notice to an individual local government? Will that notice be challengeable in the SAT or by judicial review in the Supreme Court? <p><u>Recommendation</u> Supported</p> |

Theme 2: Reducing Red Tape, Increasing Consistency and Simplicity

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 2.1 Resource Sharing | | | |
| <ul style="list-style-type: none"> The Act does not currently include specific provisions to allow for certain types of resource sharing – especially for sharing CEOs. Regional local governments would benefit from having clearer mechanisms for voluntary resource-sharing. | <ul style="list-style-type: none"> Amendments are proposed to encourage and enable local governments, especially smaller regional local governments, to share resources, including Chief Executive Officers and senior employees. Local governments in bands 2, 3 or 4 would be able to appoint a shared CEO at up to two salary bands above the highest band. For example, a band 3 and a band 4 council sharing a CEO could remunerate to the level of band 1. | <p><u>Current Local Government Position</u></p> <p>Item 2.1 aligns with Advocacy Position 2.6 – Local Government Legislation – ‘Avoid red tape and ‘de-clutter’ the extensive regulatory regime that underpins the Local Government Act’ and Advocacy Position 2.3.1 - ‘Regional Collaboration’.</p> <p><i>Local Governments should be empowered to form single and joint subsidiaries, and beneficial enterprises. In addition, compliance requirements of Regional Councils should be reviewed and reduced.</i></p> <p>Comment</p> <p>The proposed reforms will rely upon statutory provisions that enable and enhance regional collaboration. Recent over-regulation of Regional Subsidiaries in 2016 resulted in no subsidiaries being formed since that time.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Each Local Government is a separate employing authority, clarity is required as to who would be the principal employer in regards to shared senior employees or a CEO? How would aspects in regards to health and safety, performance, professional development etc be governed? <p><u>Recommendation</u></p> <p>Supported</p> |
| 2.2 Standardisation of Crossovers | | | |
| <ul style="list-style-type: none"> Approvals and standards for crossovers (the section of driveways that run between the kerb and private property) are inconsistent between local government areas, often with very minor differences. This can create confusion and complexity for homeowners and small businesses in the construction sector. | <ul style="list-style-type: none"> It is proposed to amend the <i>Local Government (Uniform Local Provisions) Regulations 1996</i> to standardise the process for approving crossovers for residential properties and residential developments on local roads. A Crossover Working Group has provided preliminary advice to the Minister and DLGSC to inform this. The DLGSC will work with the sector to develop standardised design and construction standards. | <p><u>Current Local Government Position</u></p> <p>Comment</p> <p>WALGA developed the Template Crossover Guideline and Specification resource in 2017 and have been part of the Minister’s working group on red tape reduction that has been looking at standardisation of crossovers.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The City has utilised the WALGA template as the basis for its specifications. The standardisation of specifications and approval processes for crossovers is supported. <p>Additional comment, is that objections to the standard specifications should be removed, because if they are standard specifications there is no need for the objections – Local Government Act 1995, s9.6(1) – Dealing with an Objection and s9.7(1) - Review.</p> <p><u>Recommendation</u></p> <p>Supported</p> |
| 2.3 Introduce Innovation Provisions | | | |
| <ul style="list-style-type: none"> The <i>Local Government Act 1995</i> currently has very limited provisions to allow for innovations and responses to emergencies to (such as the Shire of Bruce Rock Supermarket). | <ul style="list-style-type: none"> New provisions are proposed to allow exemptions from certain requirements of the <i>Local Government Act 1995</i>, for: <ul style="list-style-type: none"> Short-term trials and pilot projects Urgent responses to emergencies. | <p><u>Current Local Government Position</u></p> <p>There is currently no advocacy position in relation to Item 2.3.</p> <p>Comment</p> <p>It is arguable communities expect all levels of Government will apply innovative solutions to complex and emerging issues difficult to resolve by traditional means. Exemptions constructed with appropriate checks and balances, particularly where expenditure of public funds are concerned, has potential to facilitate efficient and effective outcomes.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Definitions required <p><u>Recommendation</u></p> <p>Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 2.4 Streamline Local Laws | | | |
| <ul style="list-style-type: none"> Local laws are required to be reviewed every eight years. The review of local laws (especially when they are standard) has been identified as a burden for the sector. Inconsistency between local laws is frustrating for residents and business stakeholders. | <ul style="list-style-type: none"> It is proposed that local laws would only need to be reviewed by the local government every 15 years. Local laws not reviewed in the timeframe would lapse, meaning that old laws will be automatically removed and no longer applicable. Local governments adopting Model Local Laws will have reduced advertising requirements. | <p><u>Current Local Government Position</u></p> <p>Items 2.4, 2.5 and 2.6 expand upon Advocacy Position 2.6.35 - 'Local law-making process should be simplified'.</p> <p><i>The Local Law making process should be simplified as follows:</i></p> <ul style="list-style-type: none"> <i>The requirement to give state-wide notice should be reviewed, with consideration given to Local Governments only being required to provide local public notice;</i> <i>Eliminate the requirement to consult on local laws when a model is used;</i> <i>Consider deleting the requirement to review local laws periodically. Local Governments, by administering local laws, will determine when it is necessary to amend or revoke a local law; and</i> <i>Introduce certification of local laws by a legal practitioner in place of scrutiny by Parliament's Delegated Legislation Committee.</i> <p>Comment</p> <p>Proposed reforms meet the Sector's preference for simplified local law-making processes. Model local laws are supported, whilst recognising the models themselves will require review by State Government departments with the relevant head of power. For example, the Model Local Law (Standing Orders) 1998 formed the basis of many Local Government meeting procedures local laws but no review was completed. This model was superseded by individual local laws with added contemporary provisions. This pattern will repeat itself if model local laws are not reviewed to remain contemporary to the Sector's requirements.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> There could be some risk in local laws lapsing. However, it may also be used as a mechanism to remove local laws without going through the local law process to revoke a local law. <p><u>Recommendation</u></p> <p>WALGA position supported</p> |
| 2.5 Simplifying Approvals for Small Business and Community Events | | | |
| <ul style="list-style-type: none"> Inconsistency between local laws and approvals processes for events, street activation, and initiatives by local businesses is frustrating for business and local communities. | <ul style="list-style-type: none"> Proposed reforms would introduce greater consistency for approvals for: <ul style="list-style-type: none"> alfresco and outdoor dining minor small business signage rules running community events. | | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Community events - an expectation this will be resolved when Stage 5 of the Public Health Act 2016 is enacted (anticipated late 2022), creating stand-alone Event Regulations <p><u>Recommendation</u></p> <p>Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 2.6 Standardised Meeting Procedures, Including Public Question Time | | | |
| <ul style="list-style-type: none"> Local governments currently prepare individual standing order local laws. The <i>Local Government Act 1995</i> and regulations require local governments to allocate time at meetings for questions from the public. Inconsistency among the meeting procedures between local governments is a common source of complaints. | <ul style="list-style-type: none"> To provide greater clarity for ratepayers and applicants for decisions made by council, it is proposed that the meeting procedures and standing orders for all local government meetings, including for public question time, are standardised across the State. Regulations would introduce standard requirements for public question time, and the procedures for meetings generally. Members of the public across all local governments would have the same opportunities to address council and ask questions. | | <p>Comments and clarifications</p> <ul style="list-style-type: none"> Standing orders should specify that: <ul style="list-style-type: none"> Public question time is for asking questions, not making statements. Those asking questions should “play the issue” not “the person”. The red-card system will also apply to those who repeatedly breach these requirements. If standardised throughout the state will this be through regulation or model local law? <p>Recommendation Generally supported subject to clarification of key issues</p> |
| 2.7 Regional Subsidiaries | | | |
| <ul style="list-style-type: none"> Initiatives by multiple local governments may be managed through formal Regional Councils, or through less formal “organisations of councils”, such as NEWROC and WESROC. These initiatives typically have to be managed by a lead local government. In 2016-17, provisions were introduced to allow for the formation of Regional Subsidiaries. Regional Subsidiaries can be formed in line with the <i>Local Government (Regional Subsidiaries) Regulations 2017</i>. So far, no Regional Subsidiary has been formed. | <ul style="list-style-type: none"> Work is continuing to consider how Regional Subsidiaries can be best established to: <ul style="list-style-type: none"> Enable Regional Subsidiaries to provide a clear and defined public benefit for people within member local governments Provide for flexibility and innovation while ensuring appropriate transparency and accountability of ratepayer funds Where appropriate, facilitate financing of initiatives by Regional Subsidiaries within a reasonable and defined limit of risk Ensure all employees of a Regional Subsidiary have the same employment conditions as those directly employed by member local governments. | <p>Current Local Government Position</p> <p>Item 2.7 <u>aligns</u> with Advocacy Position 2.3.1 - ‘Regional Collaboration’</p> <p><i>Local Governments should be empowered to form single and joint subsidiaries, and beneficial enterprises. In addition, compliance requirements of Regional Councils should be reviewed and reduced.</i></p> <p>Comment</p> <p>Under the Regional Subsidiary model, two or more Local Governments are able to establish a regional subsidiary to undertake a shared service function on behalf of its constituent Local Governments. The model provides increased flexibility when compared to the Regional Local Government model because regional subsidiaries are primarily governed and regulated by a charter rather than legislation. While the regional subsidiary model’s governance structure is primarily representative, the model also allows independent and commercially focussed directors to be appointed to the board of management.</p> <p>A key advantage of the regional subsidiary model is the use of a charter, as opposed to legislation, as the primary governance and regulatory instrument. Accordingly, the legislative provisions governing the establishment of regional subsidiaries should be light, leaving most of the regulation to the regional subsidiary charter, which can be adapted to suit the specific circumstances of each regional subsidiary.</p> <p>Recommendation</p> <p>Supported</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> The concept of regional subsidiaries is supported on the basis of providing flexibility and a model that allows independent and commercially focused Directors to be appointed to the Board of Management. The relationship between regional subsidiaries and the substantive local government/s needs to be clarified via legislative provisioning or articulation in their charter. <p>Recommendation Supported</p> |

Theme 3: Greater Transparency & Accountability

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 3.1 Recordings and Live-Streaming of All Council Meetings | | | |
| <ul style="list-style-type: none"> Currently, local governments are only required to make written minutes of meetings. While there is no legal requirement for livestreaming or video or audio recording of council meetings, many local governments now stream and record their meetings. Complaints relating to behaviours and decisions at meetings constitute a large proportion of complaints about local governments. Local governments are divided into bands with the largest falling in bands 1 and 2, and smaller local governments falling bands 3 and 4. The allocation of local governments into bands is determined by The Salaries and Allowances Tribunal based on factors¹ such as: <ul style="list-style-type: none"> Growth and development Strategic planning issues Demands and diversity of services provided to the community Total expenditure Population Staffing levels. | <ul style="list-style-type: none"> It is proposed that all local governments will be required to record meetings. Band 1 and 2 local governments would be required to livestream meetings, and make video recordings available as public archives. Band 1 and 2 are larger local governments are generally located in larger urban areas, with generally very good telecommunications infrastructure, and many already have audio-visual equipment. Band 1 and 2 local governments would be required to livestream meetings, and make video recordings available as public archives. Several local governments already use platforms such as YouTube, Microsoft Teams, and Vimeo to stream and publish meeting recordings. Limited exceptions would be made for meetings held outside the ordinary council chambers, where audio recordings may be used. Recognising their generally smaller scale, typically smaller operating budget, and potential to be in more remote locations, band 3 and 4 local governments would be required to record and publish audio recordings, at a minimum. These local governments would still be encouraged to livestream or video record meetings. All council meeting recordings would need to be published at the same time as the meeting minutes. Recordings of all confidential items would also need to be submitted to the DLGSC for archiving. | <p><u>Current Local Government Position</u></p> <p>Item 3.1 expands upon Advocacy Position 2.6 – ‘Promote a size and scale compliance regime’ and Advocacy Position 2.6.31 - ‘Attendance at Council Meetings by Technology’</p> <p><i>A review of the ability of Elected Members to log into Council meetings should be undertaken.</i></p> <p>Comment</p> <p>Local Governments introducing electronic meeting procedures and the means for remote public attendance in response to the COVID-19 pandemic led to a swift uptake of streaming Council meetings. The proposed reform that Band 1 and 2 Local Governments will only be problematic where technical capability such as reliable bandwidth impact the district.</p> <p>Recommendation Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> What are records management requirements? Practicalities of recording given confidentiality and recording the process. Ensure that s9.57A of the Act extends to local governments who publish their livestreams that are hosted on other websites such as Youtube. If a matter is discussed behind closed doors these matters may include legal professional privilege, which limits how it is dealt with. Concerns about how security of confidential recordings will be maintained. <p><u>Recommendation</u></p> <p>Generally supported</p> <p>Not support recording and retention of confidential items</p> |
| 3.2 Recording All Votes in Council Minutes | | | |
| <ul style="list-style-type: none"> A local government is only required to record which councillor voted for or against a motion in the minutes of that meeting if a request is made by an elected member at the time of the resolution during the meeting. The existing provision does not mandate transparency. | <ul style="list-style-type: none"> To support the transparency of decision-making by councillors, it is proposed that the individual votes cast by all councillors for all council resolutions would be required to be published in the council minutes, and identify those for, against, on leave, absent or who left the chamber. Regulations would prescribe how votes are to be consistently minuted. | <p><u>Current Local Government Position</u></p> <p>There is currently no advocacy position in relation to Item 3.2.</p> <p>Comment</p> <p>There is an evolving common practice that Council Minutes record the vote of each Council Member present at a meeting.</p> <p>Recommendation Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The City already records those who are against a motion and for a motion when there is voting against a motion and believes this is sufficient to determine how each Council Member has voted. |

¹ See page 3 of the [2018 Salaries and Allowance Tribunal Determination](#)

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 3.3 Clearer Guidance for Meeting Items that may be Confidential | | | |
| <ul style="list-style-type: none"> The Act currently provides broad definitions of what type of matters may be discussed as a confidential item. There is limited potential for review of issues managed as confidential items under the current legislation. | <ul style="list-style-type: none"> Recognising the importance of open and transparent decision-making, it is considered that confidential meetings and confidential meeting items should only be used in limited, specific circumstances. It is proposed to make the Act more specific in prescribing items that may be confidential, and items that should remain open to the public. Items not prescribed as being confidential could still be held as confidential items only with the prior written consent of the Inspector. All confidential items would be required to be audio recorded, with those recordings submitted to the DLGSC. | <p><u>Current Local Government Position</u></p> <p>There is currently no advocacy position in relation to Item 3.3.</p> <p>Comment Clarifying the provisions of the Act has broad support within the sector. New reforms requiring Local Governments to video or audio record Council meetings (Item 3.1) will add to the formal record of proceedings that includes written Minutes. While being supported, the requirement to provide audio recordings of confidential matters to the DLGSC is queried on the basis that written and audio records can be readily accessed from a Local Government if required.</p> <p>Recommendation Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Not considered necessary for Confidential matters to be recorded or sent to DLGSC. Not practical to deal with recordings in a timely manner, may require additional resources. Recording of confidential matters may stifle debate on sensitive issues. Such matters go behind closed doors for a reason. What are the access rules relating to confidential recording? This is generally support, however circumstances may arise where an urgent confidential matter may arise, but there is insufficient time to obtain the Inspector's advance approval. In such a circumstance, should the CEO/Mayor have an ability to decide that a matter be treated confidentially on condition it be reported to the Inspector? <p><u>Recommendation</u> Generally supported subject to clarification of key issues and concerns</p> |
| 3.4 Additional Online Registers | | | |
| <ul style="list-style-type: none"> Local governments are required to provide information to the community through annual reports, council minutes and the publication of information online. Consistent online publication of information can substitute for certain material in annual reports. Consistency in online reporting across the sector will provide ratepayers with better information. These registers supplement the simplification of financial statements in Theme 6. | <ul style="list-style-type: none"> It is proposed to require local governments to report specific information in online registers on the local government's website. Regulations would prescribe the information to be included. <p>The following new registers, each updated quarterly, are proposed:</p> <ul style="list-style-type: none"> Lease Register to capture information about the leases the local government is party to (either as lessor or lessee) Community Grants Register to outline all grants and funding provided by the local government Interests Disclosure Register which collates all disclosures made by elected members about their interests related to matters considered by council Applicant Contribution Register accounting for funds collected from applicant contributions, such as cash-in-lieu for public open space and car parking Contracts Register that discloses all contracts above \$100,000. | <p><u>Current Local Government Position</u></p> <p>There is currently no advocacy position in relation to Item 3.4.</p> <p>Comment This proposal follows recent Act amendments that ensure a range of information is published on Local Government websites. WALGA has sought clarity that the contracts register excludes contracts of employment.</p> <p>Recommendation Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Contract registers should reflect thresholds on the size of the local government. Noting the tender threshold is \$250,000. A clear definition would be required for what constitutes a contract for inclusion in the register. Require clarification on disclosure of DCP contributions, both cash and in-kind. Most grants go through committee and are reported publically. <p><u>Recommendation</u> Generally supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 3.5 Chief Executive Officer Key Performance Indicators (KPIs) be Published | | | |
| <ul style="list-style-type: none"> It is a requirement of the <i>Local Government Act 1995</i> that CEO performance reviews are conducted annually. The Model Standards for CEO recruitment and selection, performance review and termination require that a local government must review the performance of the CEO against contractual performance criteria. Additional performance criteria can be used for performance review by agreement between both parties. | <ul style="list-style-type: none"> To provide for minimum transparency, it is proposed to mandate that the KPIs agreed as performance metrics for CEOs: <ul style="list-style-type: none"> Be published in council meeting minutes as soon as they are agreed prior to (before the start of the annual period) The KPIs and the results be published in the minutes of the performance review meeting (at the end of the period) The CEO has a right to provide written comments to be published alongside the KPIs and results to provide context as may be appropriate (for instance, the impact of events in that year that may have influenced the results against KPIs). | <p>Current Local Government Position There is currently no advocacy position in relation to Item 3.5.</p> <p>Comment In principle, this proposal has some merit and would be particularly effective if all CEO KPIs consistently reflect Strategic Community Plans and Corporate Business Plans of Local Governments, together with KPIs reflective of the CEO's statutory functions under Section 5.41 of the Act. This approach would inform the community of the CEO's performance related to the strategic direction and operational function of the Local Government.</p> <p>In practice, the drafting of statutory provisions will require sensitive consideration of certain KPIs i.e. those relating to issues affecting the workplace or identified risk-based concerns, to reflect the way Audit Committees currently deal with some internal control, risk and legislative compliance issues confidentially. This approach will protect the interests of Local Governments and other parties associated with such KPIs. It would be prudent for exemptions to be provided, based on matters of confidentiality.</p> <p>The proposed reforms and recent Act amendments signal a clear intent to permit closer community involvement and scrutiny of Local Government. However, negative consequences are likely if Local Government Council's responsibility as the employing authority of the CEO became blurred due to perceived community entitlement to comment, question and influence KPIs and the performance review process.</p> <p>Additionally, the publication of CEO KPI's will elevate this employment position to a high degree of public scrutiny seldom evident in the public or private sector, if at all. It is worth investigating whether the proposed reforms considered whether this factor could impact on the recruitment of CEO's, particularly from outside the Local Government sector.</p> <p>The results of performance reviews should be confidential information between the employer and employee and should not be published and should remain within the confidential human resource records of the organisation.</p> <p>Recommendation</p> <p>1. Conditionally Support the reporting of CEO KPIs that are consistent with the strategic direction and operational function of the Local Government, subject to exemptions for publishing KPI's of a confidential nature;</p> <p>Do not support the results of performance reviews being published.</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> This relates directly to the employment relationship which is between the CEO and Council. The organisational KPI's are determined by the Community Strategic Plan and Corporate Business Plan which are published, reported on and reviewed. HR issues identified by WALGA are noted. Some KPI's by their nature may need to be confidential. Potential to see unintended interference as consequences from parties not privy to full information or contractual requirements. |

Theme 4: Stronger Local Democracy and Community Engagement

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 4.1 Community and Stakeholder Engagement Charters | | | |
| <ul style="list-style-type: none"> There is currently no requirement for local governments to have a specific engagement charter or policy. Many local governments have introduced charters or policies for how they will engage with their community. Other States have introduced a specific requirement for engagement charters. | <ul style="list-style-type: none"> It is proposed to introduce a requirement for local governments to prepare a community and stakeholder engagement charter which sets out how local government will communicate processes and decisions with their community. A model Charter would be published to assist local governments who wish to adopt a standard form. | <p>Current Local Government Position</p> <p>Items 4.1 and 4.2 generally align with Advocacy Position 2.6.34 - 'Support responsive, aspirational and innovative community engagement principles'</p> <p><i>The Local Government sector supports:</i></p> <ol style="list-style-type: none"> Responsive, aspirational and innovative community engagement principles Encapsulation of aims and principles in a community engagement policy, and The option of hosting an Annual Community Meeting to present on past performance and outline future prospects and plans. <p>Comment</p> <p>As indicated in Item 4.1 commentary, many Local Governments have already developed stakeholder engagement charters, or similar engagement strategies, that reflect their unique communities of interest. The development of guidance by the DLGSC, based on standards such as the International Standard for Public Participation practice, is supported in favour of taking a prescriptive approach or conducting a survey for the sake of a survey.</p> <p>Item 4.2 has potential to provide benchmarking of community satisfaction levels across Band 1 and 2 Local Governments.</p> <p>Recommendation</p> <p>Supported</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> We already have a community engagement framework which will need to be reviewed against the Model Charter that is being proposed. Currently developing a new Community Engagement Policy. Support improved and consistent approaches to community engagement. The City's Reconciliation Action Plan 2021-2023 states that the City will "develop and implement an engagement plan to work with Aboriginal and Torres Strait Islander stakeholders and organisations. <p>Recommendation</p> <p>Generally supported</p> |
| 4.2 Ratepayer Satisfaction Surveys (Band 1 and 2 local governments only) | | | |
| <ul style="list-style-type: none"> Many local governments already commission independent surveying consultants to hold a satisfaction survey of residents/ratepayers. These surveys provide valuable data on the performance of local governments. | <ul style="list-style-type: none"> It is proposed to introduce a requirement that every four years, all local governments in bands 1 and 2 hold an independently-managed ratepayer satisfaction survey. Results would be required to be reported publicly at a council meeting and published on the local government's website. All local governments would be required to publish a response to the results. | | <p>Comments and clarifications</p> <ul style="list-style-type: none"> The City currently undertakes a customer satisfaction survey annually, as do many other local governments. Need to recognise that surveys are perception surveys and doesn't measure such things eg. Compliance or that sound decision making on financial matters may not be popular. Currently the report result is provided to Council through an engagement session as well as reported through the City's Bulletin. <p>Recommendation</p> <p>Support as currently occurs</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| <ul style="list-style-type: none"> The current voting method for local government elections is first past the post. The existing first-past-the-post does not allow for electors to express more than one preference. The candidate with the most votes wins, even if that candidate does not have a majority. Preferential voting better captures the precise intentions of voters and as a result may be regarded as a fairer and more representative system. Voters have more specific choice. | <p>4.3 Introduction of Preferential Voting</p> <ul style="list-style-type: none"> Preferential voting is proposed be adopted as the method to replace the current first past the post system in local government elections. In preferential voting, voters number candidates in order of their preferences. Preferential voting is used in State and Federal elections in Western Australia (and in other states). This provides voters with more choice and control over who they elect. All other states use a form of preferential voting for local government. | <p>Current Local Government Position Item 4.3 does not align with Advocacy Position 2.5.1 – ‘First Past the Post voting system’ <i>The Local Government sector supports:</i></p> <ol style="list-style-type: none"> Four year terms with a two year spill Greater participation in Local Government elections The option to hold elections through: <ul style="list-style-type: none"> Online voting Postal voting, and In-person voting Voting at Local Government elections to be voluntary The first past the post method of counting votes <p>Comment It should be noted that the sector’s advocacy against compulsory voting and “All in All out” 4 year terms has been successful and these items are not included in the reform proposals.</p> <p>The introduction of preferential voting will be a return to the system of voting prior to the <i>Local Government Act 1995</i>. The Local Government Advisory Board reported on voting systems in 2006 (<i>Local Government Structural Reform in Western Australia: Ensuring the Future Sustainability of Communities</i>) and provided the following comments in support of both first past the post voting and preferential voting: ‘Comments in support of retaining first past the post include: • Quick to count. Preferential voting is time consuming to count. • Easily understood. • Removes politics out of campaigning. <ul style="list-style-type: none"> Preferential will encourage alliances formed for the distribution of preferences and party politics into local government. • Preferential voting allows election rigging through alliances or ‘dummy’ candidates. • In a preferential system, the person that receives the highest number of first preference votes does not necessarily get elected.’ ‘Comments in support of replacing first past the post include: • Preferential voting is more democratic and removes an area of confusion. • Preferential voting ensures that the most popular candidates are elected who best reflect the will of the voters. • Preferential system should be introduced. In FPP elections, candidates work together to get votes for each other. Preferential would make it more difficult for this practice to take place. • FPP does not adequately reflect the wishes of electors when there are three candidates or more. • FPP is unsuitable when there is more than one vacancy. • Allows for a greater representation from a range of interest groups and prevents domination of elections by mainstream party politics.’</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> Issues that go with preferential voting: <ul style="list-style-type: none"> Longer time taken to determine results especially for multiple vacancies or with high numbers of candidates. Count night could turn into count days. Could increase politicisation of local government elections. Note WALGA comments – preferential will encourage alliances formed for the distribution of preferences and party politics into local government. Preferential voting is used in both Federal and State Elections. Moving to preferential voting would provide overall consistency, First past the post is considered simple to understand. |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| | | <p>The Sector supports first past the post voting for its simplicity and fundamental apolitical nature, therefore the proposed reforms are not supported. Feedback is sought to ensure the advocacy position for first past the post elections remains the preferred option.</p> <p>Recommendation Not currently supported - Local Government feedback requested</p> | |
| 4.4 Public Vote to Elect the Mayor and President | | | |
| <ul style="list-style-type: none"> The Act currently allows local governments to have the Presiding Member (the Mayor or President) elected either: <ul style="list-style-type: none"> by the electors of the district through a public vote; or by the council as a resolution at a council meeting. | <ul style="list-style-type: none"> Mayors and Presidents of all local governments perform an important public leadership role within their local communities. Band 1 and 2 local governments generally have larger councils than those in bands 3 and 4. Accordingly, it is proposed that the Mayor or President for all band 1 and 2 councils is to be elected through a vote of the electors of the district. Councils in bands 3 and 4 would retain the current system. A number of Band 1 and Band 2 councils have already moved towards Public Vote to Elect the Mayor and President in recent years, including City of Stirling and City of Rockingham. | <p>Current Local Government Position</p> <p>Item 4.4 does not align with Advocacy Position 2.5.2 - 'Election of Mayors and Presidents be at the discretion of Local Government.'</p> <p><i>Local Governments should determine whether their Mayor or President will be elected by the Council or elected by the community.</i></p> <p>Comment There are 43 Band 1 and 2 Local Governments with 22 popularly electing the Mayor or President: Band 1 - 15 Band 2 - 7</p> <p>The remaining 21 Local Governments have a Council-elected Mayor or President. The cited examples of the City of Rockingham and City of Stirling electors determining by referendum to change the process for electing the Mayor are examples of the current system working as intended. There is no evidence of elector support for uniform direct election of Mayors.</p> <p>Recommendation Not currently supported - Local Government feedback requested</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> The City now has an elector Elected Mayor through Council decision. This illustrates the current legislation provides flexibility and this works. Almost 50:50 split between Band 1 and 2 local governments. There are arguments for and against both. The right for communities to choose should remain. <p>Recommendation Retain the current system as there is ability for local governments to change to directly elected Mayor.</p> |
| 4.5 Tiered Limits on the Number of Councillors | | | |
| <ul style="list-style-type: none"> The number of councillors (between 5-15 councillors) is decided by each local government, reviewed by the Local Government Advisory Board, and if approved by the Minister. The Panel Report recommended electoral reforms to improve representativeness. | <ul style="list-style-type: none"> It is proposed to limit the number of councillors based on the population of the entire local government. Some smaller local governments have already been moving to having smaller councils to reduce costs for ratepayers. The Local Government Panel Report proposed: <ul style="list-style-type: none"> For a population of up to 5,000 – five councillors (including the President) population of between 5,000 and 75,000 – five to nine councillors (including the Mayor/President) | <p>Current Local Government Position</p> <p>Item 4.5 does not align with Advocacy Position 2.5.1 – 'Councils consist of between six and 15 (including the Mayor/President)'</p> <p><i>Local Governments being enabled to determine the number of Elected Members required on the Council between six and 15 (including the Mayor/President)</i></p> <p>Comment The proposed reform to restrict Local Governments with populations under 5,000 to 5 Council Members does not reflect the varied communities of interest within this grouping. Some Local Governments are essentially regional centres such as</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> Currently ward boundaries and Council Member numbers are based on elector numbers and not population. Given the great diversity of local governments with differing sizes and needs, the WALGA position provides greater flexibility and choice for local governments. <p>Recommendation WALGA position supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| | <ul style="list-style-type: none"> o population of above 75,000 – nine to fifteen councillors (including Mayor). | <p>the Shires of Katanning (9), Dandaragan (9), Merredin (9), Moora (9) and Northampton (9) (current Councillor numbers bracketed). Local Governments such as the Shire of Ngaanyatjarraku (9) manage substantial land areas, manage isolated communities such as the Shire of Meekatharra (7) and culturally diverse communities such as the Shire of Christmas Island (9). Some Local Governments with populations up to 5,000 warrant a greater number of Councillors to effectively share the representative role that Council Members play within their communities.</p> <p>The additional proposed reforms in population categories over 5,000 generally reflect the current Councillor numbers.</p> <p>Recommendation</p> <p>Recommend 5 to 7 Council Members for populations up to 5,000 and support the remaining proposed reforms.</p> | |
| 4.6 No Wards for Small Councils (Band 3 and 4 Councils only) | | | |
| <ul style="list-style-type: none"> • A local government can make an application to be divided into wards, with councillors elected to those wards. • Only about 10% of band 3 and 4 local governments currently have wards. | <ul style="list-style-type: none"> • It is proposed that the use of wards for councils in bands 3 and 4 is abolished. • Wards increase the complexity of elections, as this requires multiple versions of ballot papers to be prepared for a local government’s election. • In smaller local governments, the population of wards can be very small. • These wards often have councillors elected unopposed, or elect a councillor with a very small number of votes. Some local governments have ward councillors elected with less than 50 votes. • There has been a trend in smaller local governments looking to reduce the use of wards, with only 10 councils in bands 3 and 4 still having wards. | <p>Current Local Government Position</p> <p>There are no advocacy positions in relation to Items 4.6, 4.7, 4.8 or 4.9.</p> <p>Comment</p> <p>The proposed reform to discontinue wards in Band 3 and 4 Local Governments brings alignment with the majority and provides that affected Local Governments will no longer have to conduct 8 year ward reviews or make representation to the Local Government Advisory Board to revert to a no wards system.</p> <p>Remaining proposed reforms will improve and clarify election processes.</p> <p>Recommendation</p> <p>Supported</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> • Feedback should be provided by those local governments affected. • There is an argument for consistency across the board. • In regional areas there can be distinct communities of interest eg. rural versus urban |
| 4.7 Electoral Reform – Clear Lease Requirements for Candidate and Voter Eligibility | | | |
| <ul style="list-style-type: none"> • A person with a lease in a local government district is eligible to nominate as a candidate in that district. • A person with a lease in a local government district is eligible to apply to vote in that district. • The City of Perth Inquiry Report identified a number of instances where dubious lease arrangements put to question the validity of candidates in local government elections, | <ul style="list-style-type: none"> • Reforms are proposed to prevent the use of “sham leases” in council elections. Sham leases are where a person creates a lease only to be able to vote or run as a candidate for council. • The City of Perth Inquiry Report identified sham leases as an issue. • Electoral rules are proposed to be strengthened: <ul style="list-style-type: none"> o A minimum lease period of 12 months will be required for anyone to register a person to vote or run for council. o Home based businesses will not be eligible to register a person to vote or run | | <p>Comments and clarifications</p> <ul style="list-style-type: none"> • Proposal must also include clear guidelines for acceptance and rejection of voter eligibility with regards to leases. <p>Recommendation</p> <p>Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| and subsequently their legitimacy as councillors. | <p>for council, because any residents are already the eligible voter(s) for that address.</p> <ul style="list-style-type: none"> ○ Clarifying the minimum criteria for leases eligible to register a person to vote or run for council. • The reforms would include minimum lease periods to qualify as a registered business (minimum of 12 months), and the exclusion of home based businesses (where the resident is already eligible) and very small sub-leases. • The basis of eligibility for each candidate (e.g. type of property and suburb of property) is proposed to be published, including in the candidate pack for electors. | | |
| 4.8 Reform of Candidate Profiles | | | |
| <ul style="list-style-type: none"> • Candidate profiles can only be 800 characters, including spaces. This is equivalent to approximately 150 words. | <ul style="list-style-type: none"> • Further work will be undertaken to evaluate how longer candidate profiles could be accommodated. • Longer candidate profiles would provide more information to electors, potentially through publishing profiles online. • It is important to have sufficient information available to assist electors make informed decisions when casting their vote. | | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> • Does providing more ‘promotional’ words make a real difference in the voter’s understanding? • In elections with multiple candidates, will longer profiles be a detriment to voter’s actually reading them? • Longer profiles could mean higher costs for election packages in postal elections. • The bigger the profile, the bigger the election packages or smaller text. <p><u>Recommendation</u> Not supported</p> |
| 4.9 Minor Other Electoral Reforms | | | |
| <ul style="list-style-type: none"> • Other minor reforms are proposed to improve local government elections. | <ul style="list-style-type: none"> • Minor other electoral reforms are proposed to include: <ul style="list-style-type: none"> ○ The introduction of standard processes for vote re-counts if there is a very small margin between candidates (e.g. where there is a margin of less than 10 votes a recount will always be required) ○ The introduction of more specific rules concerning local government council candidates’ use of electoral rolls. | | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> • Clear guidelines for recounts will assist WAEC and local governments. • Clear use of electoral rolls will assist WAEC and local governments. Will there be penalties for breach of these uses? <p><u>Recommendation</u> Supported</p> |

Theme 5: Clear Roles and Responsibilities

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| | 5.1 Introduce Principles in the Act | | |
| <ul style="list-style-type: none"> The Act does not currently outline specific principles. The Act contains a short “Content and Intent” section only. The Panel Report recommended greater articulation of principles | <ul style="list-style-type: none"> It is proposed to include new principles in the Act, including: <ul style="list-style-type: none"> The recognition of Aboriginal Western Australians Tiering of local governments (with bands being as assigned by the Salaries and Allowances Tribunal) Community Engagement Financial Management. | <p>Current Local Government Position Item 5.1 generally aligns with Advocacy Position 2.6 - Legislative Intent <i>Provide flexible, principles-based legislative framework.</i></p> <p>Recommendation</p> <p>Supported</p> | <p>Recommendation Generally supported</p> |
| | 5.2 Greater Role Clarity | | |
| <ul style="list-style-type: none"> The Act provides for the role of council, councillor, mayor or president and CEO. The role of the council is to: <ul style="list-style-type: none"> govern the local government’s affairs be responsible for the performance of the local government’s functions. | <ul style="list-style-type: none"> The Local Government Act Review Panel recommended that roles and responsibilities of elected members and senior staff be better defined in law. It is proposed that these roles and responsibilities are further defined in the legislation. These proposed roles will be open to further consultation and input. These roles would be further strengthened through Council Communications Agreements (see item 5.3). | <p>Current Local Government Position Item 5.2 aligns with Advocacy Position 2.6.36 - ‘Roles and Responsibilities’ <i>That clarification of roles and responsibilities for Mayors/ Presidents, Councillors and CEOs be reviewed to ensure that there is no ambiguity.</i></p> <p>Recommendation</p> <p>Supported</p> | <p>Comments and clarifications</p> <ul style="list-style-type: none"> Clear roles and responsibilities will assist. <p>Recommendation Supported</p> |
| | <p>5.2.1 - Mayor or President Role</p> <ul style="list-style-type: none"> It is proposed to amend the Act to specify the roles and responsibilities of the Mayor or President. While input and consultation will inform precise wording, it is proposed that the Act is amended to generally outline that the Mayor or President is responsible for: <ul style="list-style-type: none"> Representing and speaking on behalf of the whole council and the local government, at all times being consistent with the resolutions of council Facilitating the democratic decision-making of council by presiding at council meetings in accordance with the Act Developing and maintaining professional working relationships between councillors and the CEO Performing civic and ceremonial duties on behalf of the local government Working effectively with the CEO and councillors in overseeing the delivery of the services, operations, initiatives and functions of the local government. | | <p>Comments and clarifications</p> <ul style="list-style-type: none"> Clear roles and responsibilities will assist. <p>Recommendation Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| | <p>5.2.2 - Council Role</p> <ul style="list-style-type: none"> • It is proposed to amend the Act to specify the roles and responsibilities of the Council, which is the entity consisting of all of the councillors and led by the Mayor or President. • While input and consultation will inform precise wording, it is proposed that the Act is amended to generally outline that the Council is responsible for: <ul style="list-style-type: none"> ○ Making significant decisions and determining policies through democratic deliberation at council meetings ○ Ensuring the local government is adequately resourced to deliver the local governments operations, services and functions - including all functions that support informed decision-making by council ○ Providing a safe working environment for the CEO; ○ Providing strategic direction to the CEO; ○ Monitoring and reviewing the performance of the local government. | | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> • Clear roles and responsibilities will assist. <p><u>Recommendation</u> Supported</p> |
| | <p>5.2.3 - Elected Member (Councillor) Role</p> <ul style="list-style-type: none"> • It is proposed to amend the Act to specify the roles and responsibilities of all elected councillors. • While input and consultation will inform precise wording, it is proposed that the Act is amended to generally outline that every elected councillor is responsible for: <ul style="list-style-type: none"> ○ Considering and representing, fairly and without bias, the current and future interests of all people who live, work and visit the district (including for councillors elected for a particular ward) ○ Positively and fairly contribute and apply their knowledge, skill, and judgement to the democratic decision-making process of council ○ Applying relevant law and policy in contributing to the decision-making of the council ○ Engaging in the effective forward planning and review of the local governments' resources, and the performance of its operations, services, and functions ○ Communicating the decisions and resolutions of council to stakeholders and the public | | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> • Clear roles and responsibilities will assist. • The ability for Council Members to not use their title would be problematic. Council Members are regularly part of the community and are approached by members of the public in their daily lives. • Council Members are also advised in induction training that they are always performing their role as Council Member and do not take their Council Member hat off while elected. <p><u>Recommendation</u> Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| | <ul style="list-style-type: none"> ○ Developing and maintaining professional working relationships with all other councillors and the CEO ○ Maintaining and developing their knowledge and skills relevant to local government ○ Facilitating public engagement with local government. ● It is proposed that elected members should not be able to use their title (e.g. “Councillor”, “Mayor”, or “President”) and associated resources of their office (such as email address) unless they are performing their role in their official capacity. | | |
| | <p>5.2.4 - CEO Role</p> <ul style="list-style-type: none"> ● The <i>Local Government Act 1995</i> requires local governments to employ a CEO to run the local government administration and implement the decisions of council. ● To provide greater clarity, it is proposed to amend the Act to specify the roles and responsibilities of all local government CEOs. ● While input and consultation will inform precise wording, it is proposed that the Act is amended to generally outline that the CEO of a local government is responsible for: <ul style="list-style-type: none"> ○ Coordinating the professional advice and assistance necessary for all elected members to enable the council to perform its decision-making functions ○ Facilitating the implementation of council decisions ○ Ensuring functions and decisions lawfully delegated by council are managed prudently on behalf of the council ○ Managing the effective delivery of the services, operations, initiatives and functions of the local government determined by the council ○ Providing timely and accurate information and advice to all councillors in line with the Council Communications Agreement (see item 5.3) ○ Overseeing the compliance of the operations of the local government with State and Federal legislation on behalf of the council ○ Implementing and maintaining systems to enable effective planning, management, and reporting on behalf of the council. | | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> ● Clear roles and responsibilities will assist. <p><u>Recommendation</u> Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 5.3 Council Communication Agreements | | | |
| <ul style="list-style-type: none"> The Act provides that council and committee members can have access to any information held by the local government that is relevant to the performance of the member in their functions. The availability of information is sometimes a source of conflict within local governments. | <ul style="list-style-type: none"> In State Government, there are written Communication Agreements between Ministers and agencies that set standards for how information and advice will be provided. It is proposed that local governments will need to have Council Communications Agreements between the council and the CEO. These Council Communication Agreements would clearly specify the information that is to be provided to councillors, how it will be provided, and the timeframes for when it will be provided. A template would be published by DLGSC. This default template will come into force if a council and CEO do not make a specific other agreement within a certain timeframe following any election. | <p><u>Current Local Government Position</u></p> <p>There is no advocacy position in relation to Item 5.3.</p> <p>Comment</p> <p>The availability of information not already in the public domain to Councillors under Section 5.92 of the Act can become contentious in the absence of a clear statement in support of the function the Council Member is performing. This can place CEO's in the invidious position of ruling on the availability of a record of the Local Government, when it is also their function under Section 5.41(h) of the Act to <i>'ensure that records and documents of the local government are properly kept for the purposes of this Act and any other written law'</i>.</p> <p>Consistent availability of information motivates this proposed reform and it does not appear that individual Council Communication Agreements will be a means to that end. There is a better case for a uniform approach in the form of a regulated Agreement, in much the same way that the Communication Agreements between Ministers and agencies are based on provisions of the <i>Public Sector Management Act 1994</i>.</p> <p>Recommendation</p> <p>Support a consistent, regulated Communications Agreement.</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> With a diversity of local governments it is not practical to have a one size fits all approach. Any standardisation should be based on general principles. <p><u>Recommendation</u></p> <p>Supported conditionally</p> |
| 5.4 Local Governments May Pay Superannuation Contributions for Elected Members | | | |
| <ul style="list-style-type: none"> Elected members are eligible to receive sitting fees or an annual allowance. Superannuation is not paid to elected members. However, councillors can currently divert part of their allowances to a superannuation fund. Councils should be reflective and representative of the people living within the district. Local governments should be empowered to remove any barriers to the participation of gender and age diverse people on councils. | <ul style="list-style-type: none"> It is proposed that local governments should be able to decide, through a vote of council, to pay superannuation contributions for elected members. These contributions would be additional to existing allowances. Superannuation is widely recognised as an important entitlement to provide long term financial security. Other states have already moved to allow councils to make superannuation contributions for councillors. Allowing council to provide superannuation is important part of encouraging equality for people represented on council – particularly for women and younger people. Providing superannuation to councillors recognises that the commitment to elected office can reduce a person's opportunity to undertake employment and earn superannuation contributions. | <p><u>Current Local Government Position</u></p> <p>There is no advocacy position in relation to Item 5.4.</p> <p>Comment</p> <p>WALGA was in the process of consulting with the sector when this reform was announced. The feedback to date from Local Governments varied. The proposed discretionary approach will permit Local Governments to exercise general competence powers to make their own determination on paying superannuation to Council Members.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The provision of superannuation may blur the lines between Council Members and staff members. Council Members are not employees. Council Members already have the ability to pay into their own Superannuation funds using the fees and allowances they receive. The Salaries and Allowances Tribunal should take into account the lack of superannuation provisions in the setting of Council Member allowances. Making payment of superannuation optional would not provide equity across the sector with some local governments choosing to pay and others not. Optional payments may politicise the decision of a local government. If there is a change it should be a sector wide approach. Council Members are expected to pay their own taxes and not part of the taxation process. DAP's provide for superannuation and taxation of their sitting fees. |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 5.5 Local Governments May Establish Education Allowances | | | |
| <ul style="list-style-type: none"> Local government elected members must complete mandatory training. There is no specific allowance for undertaking further education. | <ul style="list-style-type: none"> Local governments will have the option of contributing to the education expenses for councillors, up to a defined maximum value, for tuition costs for further education that is directly related to their role on council. Councils will be able to decide on a policy for education expenses, up to a maximum yearly value for each councillor. Councils may also decide not to make this entitlement available to elected members. Any allowance would only be able to be used for tuition fees for courses, such as training programs, diplomas, and university studies, which relate to local government. Where it is made available, this allowance will help councillors further develop skills to assist with making informed decisions on important questions before council, and also provide professional development opportunities for councillors. | <p><u>Current Local Government Position</u></p> <p>Item 5.5 generally aligns with Advocacy Position 2.8 - Elected Member Training</p> <p><i>Support Local Governments being required to establish an Elected Member Training Policy to encourage training and include budgetary provision of funding for Elected Members;</i></p> <p>Comment The proposal augments recent Act amendments that require Local Governments to adopt a professional development policy for Council Members. Many Local Governments now budget for training requirements that align with the policy statement.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Any additional allowances for Council Members to be determined by the Salaries and Allowances Tribunal. Training budget is already provided by many local governments. |
| 5.6 Standardised Election Caretaker period | | | |
| <ul style="list-style-type: none"> There is currently no requirement for a formal caretaker period, with individual councils operating under their own policies and procedures. This is commonly a point of public confusion. | <ul style="list-style-type: none"> A statewide caretaker period for local governments is proposed. All local governments across the State would have the same clearly defined election period, during which: <ul style="list-style-type: none"> Councils do not make major decisions with criteria to be developed defining 'major' Incumbent councillors who nominate for re-election are not to represent the local government, act on behalf of the council, or use local government resources to support campaigning activities. There are consistent election conduct rules for all candidates. | <p><u>Current Local Government Position</u></p> <p>There is no advocacy position in relation to Item 5.6</p> <p>Comment WALGA developed a template Caretaker Policy in 2017 on request for a consistent approach. There are no known instances where Caretaker Policy have led to unforeseen or unmanageable consequences impacting on decision-making functions.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Removes the need for the Council to create a Council Policy on Caretaker period. Will provide consistency. Will this be based on WALGA's template? <p><u>Recommendation</u></p> <p>Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 5.7 Remove WALGA from the Act | | | |
| <ul style="list-style-type: none"> The Western Australian Local Government Association (WALGA) is constituted under the <i>Local Government Act 1995</i>. The Local Government Panel Report and the Select Committee Report included this recommendation. | <ul style="list-style-type: none"> The Local Government Panel Report recommended that WALGA not be constituted under the <i>Local Government Act 1995</i>. Separating WALGA out of the Act will provide clarity that WALGA is not a State Government entity. | <p><u>Current Local Government Position</u> There is no advocacy position in relation to Item 5.7.</p> <p>Comment WALGA is conducting its own due diligence on this proposal, previously identified in the Local Government Review Panel Report. The outcome of this reform would require a transition of WALGA from a body constituted under the Act to an incorporated association. It is important to the Local Government sector that the provisions relating to the mutual self-insurance scheme and tender exempt prequalified supply panels remain in the Act and are not affected by this proposal. Further work is being carried out by WALGA to fully understand the effect this proposal will have on WALGA and the sector.</p> <p>Recommendation WALGA to undertake its due diligence on this proposal and advise the sector accordingly.</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Note WALGA's comments. Concern with any negative implications on local governments insurance and joint purchasing arrangements. |
| 5.8 CEO Recruitment | | | |
| <ul style="list-style-type: none"> Recent amendments introduced provisions to standardise CEO recruitment. The recruitment of a CEO is a very important decision by a local government. | <ul style="list-style-type: none"> It is proposed that DLGSC establishes a panel of approved panel members to perform the role of the independent person on CEO recruitment panels. Councils will be able to select an independent person from the approved list. Councils will still be able to appoint people outside of the panel with the approval of the Inspector. | <p><u>Current Local Government Position</u> There is no advocacy position in relation to Item 5.8.</p> <p>Comment The proposed reform augments the CEO Standards in relation to recruitment introduced in February 2021.</p> <p>Recommendation Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Generally supported. Panel should be regularly reviewed. |

Theme 6: Improved Financial Management and Reporting

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
|---|---|---|---|
| 6.1 Model Financial Statements and Tiered Financial Reporting | | | |
| <ul style="list-style-type: none"> The financial statements published in the Annual Report is the main financial reporting currently published by local governments. Reporting obligations are the same for large (Stirling, Perth, Fremantle) and small (Sandstone, Wiluna, Dalwallinu) local governments, even though they vary significantly in complexity. The Office of the Auditor General has said that some existing reporting requirements are unnecessary or onerous - for instance, information that is not relevant to certain local governments, or that is a duplicate of other published information. | <ul style="list-style-type: none"> The Minister strongly believes in transparency and accountability in local government. The public rightly expects the highest standards of integrity, good governance, and prudent financial management in local government. It is critically important that clear information about the financial position of local governments is openly available to ratepayers. Financial information also supports community decision-making about local government services and projects. Local governments differ significantly in the complexity of their operations. Smaller local governments generally have much less operating complexity than larger local governments. The Office of the Auditor General has identified opportunities to improve financial reporting, to make statements clearer, and reduce unnecessary complexity. Recognising the difference in the complexity of smaller and larger local governments, it is proposed that financial reporting requirements should be tiered – meaning that larger local governments will have greater financial reporting requirements than smaller local governments. It is proposed to establish standard templates for Annual Financial Statements for band 1 and 2 councils, and simpler, clearer financial statements for band 3 and 4. Online Registers, updated quarterly (see item 3.4), would provide faster and greater transparency than current annual reports. Standard templates will be published for use by local governments. Simpler Strategic and Financial Planning (item 6.2) would also improve the budgeting process. | <p><u>Current Local Government Position</u></p> <p>Items 6.1 and 6.2 generally align with Advocacy Position 2.6 – Support a size and scale compliance regime and Advocacy Position 2.6.24 – Financial Management and Procurement.</p> <p><i>The Local Government sector:</i></p> <ol style="list-style-type: none"> <i>Requests the Minister for Local Government to direct the Department of Local Government to prepare a Model set of Financial Statements and Annual Budget Statements for the Local Government sector, in consultation with the Office of the Auditor General.</i> <i>Requests the Department of Local Government to re-assess the amount of detail required to be included in annual financial reports, in particular for small and medium sized entities as suggested by the Office of Auditor General.</i> <p>Comment</p> <p>The Sector has a long-standing position for a broad review of the financial management and reporting provisions of the Act, which remain largely unchanged since commencing in 1996.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The differing complexity of organisation between large and small local governments is significant. However, financial statements for larger local governments should not be more rigorous simply because of the complexity of the organisation. Financial statements and budgets should be standardised in accordance with standards to enable reader understanding of local government finances, and comparisons across the board. If this requires different templates for different tiers of local government, so be it however simply having different tiers of reporting because of capacity to be able to complete the information is not supported. <p><u>Recommendation</u></p> <p>Generally supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| <ul style="list-style-type: none"> Requirements for plans are outlined in the Local Government Financial Management and Administration Regulations. There is also the Integrated Planning and Reporting (IPR) framework. While many councils successfully apply IPR to their budgeting and reporting, IPR may seem complicated or difficult, especially for smaller local governments. | <p>6.2 Simplify Strategic and Financial Planning</p> <ul style="list-style-type: none"> Having clear information about the finances of local government is an important part of enabling informed public and ratepayer engagement and input to decision-making. The framework for financial planning should be based around information being clear, transparent, and easy to understand for all ratepayers and members of the public. In order to provide more consistency and clarity across the State, it is proposed that greater use of templates is introduced to make planning and reporting clearer and simpler, providing greater transparency for ratepayers. Local governments would be required to adopt a standard set of plans, and there will be templates published by the DLGSC for use or adaption by local governments. It is proposed that the plans that are required are: <ul style="list-style-type: none"> Simplified Council Plans that replace existing Strategic Community Plans and set high-level objectives, with a new plan required at least every eight years. These will be short-form plans, with a template available from the DLGSC Simplified Asset Management Plans to consistently forecast costs of maintaining the local government’s assets. A new plan will be required at least every ten years, though local governments should update the plan regularly if the local government gains or disposes of major assets (e.g. land, buildings, or roads). A template will be provided, and methods of valuations will be simplified to reduce red tape Simplified Long Term Financial Plans will outline any long term financial management and sustainability issues, and any investments and debts. A template will be provided, and these plans will be required to be reviewed in detail at least every four years A new Rates and Revenue Policy (see item 6.3) that identifies the approximate value of rates that will need to be collected in future years (referencing the Asset Management Plan and Long Term Financial Plan) – providing a forecast to | | <p>Comments and clarifications</p> <ul style="list-style-type: none"> Current regulation provides flexibility in terms of size and capacity. The City of Rockingham supports the current integrated planning framework and sees no significant reason for change. It allows for local governments of any size to prepare plans that meet their needs and are within their capacity to be able to complete them. Asset management plans can be as simple or as complex as a local government chooses, as can long-term financial plans and integrated rates and revenue systems. It is not clear as to the approach relating to Asset Management Plans. It is recommended that there is a basic template that can be used for councils that are not reasonably progressed in this space, whilst councils who have moved to higher level of competency can utilise their own processes as long as the basic template information can be provided in summary form. Support templates as a minimum standard. Suggestion that Tier 1 and 2 local governments review every 4 years. Definition needed for: <ul style="list-style-type: none"> Service Proposals Project Proposals Service Plans Project Plans |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| | <p>ratepayers (updated at least every four years)</p> <ul style="list-style-type: none"> The use of simple, one-page Service Proposals and Project Proposals that outline what proposed services or initiatives will cost, to be made available through council meetings. These will become Service Plans and Project Plans added to the yearly budget if approved by council. This provides clear transparency for what the functions and initiatives of the local government cost to deliver. Templates will be available for use by local governments. | | |
| 6.3 Rates and Revenue Policy | | | |
| <ul style="list-style-type: none"> Local governments are not required to have a rates and revenue policy. Some councils defer rate rises, resulting in the eventual need to drastically raise rates to cover unavoidable costs – especially for the repair of infrastructure. | <ul style="list-style-type: none"> The Rates and Revenue Policy is proposed to increase transparency for ratepayers by linking rates to basic operating costs and the minimum costs for maintaining essential infrastructure. A Rates and Revenue Policy would be required to provide ratepayers with a forecast of future costs of providing local government services. The Policy would need to reflect the Asset Management Plan and the Long Term Financial Plan (see item 6.2), providing a forecast of what rates would need to be, to cover unavoidable costs. A template would be published for use or adaption by all local governments. The Local Government Panel Report included this recommendation. | <p><u>Current Local Government Position</u></p> <p>Item 6.3 generally aligns with Advocacy Position 2.1.6 - Rate Setting and WALGA's Rate Setting Policy Statement.</p> <p><i>Councils' deliberative rate setting processes reference their Integrated Planning Framework – a thorough strategic, financial and asset management planning process – and draw upon the community's willingness and capacity to pay.</i></p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The integrated planning framework as it currently stands provides for rate and revenue income to be calculated over future years in order to sustain the operations of the City. This is included within the Corporate Business Plan and all subsidiary documentation. A process that aligns a community's capacity to pay with that of essential infrastructure creation and ongoing maintenance is supported. It is unclear what a Rates and Revenue Policy would look like. Current practice has this information built into an integrated framework which the City supports. Standalone documents which are not integrated lose relevance. The City supports a standardised calculation to demonstrate rate increase comparisons between local governments. <p><u>Recommendation</u></p> <p>Supported</p> |
| 6.4 Monthly Reporting of Credit Card Statements | | | |
| <ul style="list-style-type: none"> No legislative requirement. Disclosure requirements brought in by individual councils have shown significant reduction of expenditure of funds. | <ul style="list-style-type: none"> The statements of a local government's credit cards used by local government employees will be required to be tabled at council at meetings on a monthly basis. This provides oversight of incidental local government spending. | <p><u>Current Local Government Position</u></p> <p>There is no advocacy position in relation to Item 6.4.</p> <p>Comment</p> <p>This proposed reform reflects widespread common practice for credit card transactions to be included in monthly financial reports and lists of accounts paid.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The City undertakes this practice. <p><u>Recommendation</u></p> <p>Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
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| 6.5 Amended Financial Ratios | | | |
| <ul style="list-style-type: none"> Local governments are required to report seven ratios in their annual financial statements. These are reported on the MyCouncil website. These ratios are intended to provide an indication of the financial health of every local government. | <ul style="list-style-type: none"> Financial ratios will be reviewed in detail, building on work already underway by the DLGSC. The methods of calculating ratios and indicators will be reviewed to ensure that the results are accurate and useful. | <p><u>Current Local Government Position</u></p> <p>Item 6.5 aligns with Advocacy Position 2.6.25 - Review and reduce financial ratios. <i>Advocate to the Minister for Local Government to amend the Local Government (Financial Management) Regulations 1996 to prescribe the following ratios:</i></p> <ol style="list-style-type: none"> Operating Surplus Ratio, Net Financial Liabilities Ratio, Debt Service Coverage Ratio, and Current Ratio. <p>Recommendation Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> Ratios need to be relevant to local government and provide useful advice on historical matters that may indicate future concerns. These ratios should be prepared with the support of senior industry practitioners who understand local government and what these ratios assist in determining. Total review of the ratios is needed as there are significant issues that need to be addressed. <p><u>Recommendation</u> Supported</p> |
| 6.6 Audit Committees | | | |
| <ul style="list-style-type: none"> Local governments must establish an Audit Committee that has three or more persons, with the majority to be council members. The Audit Committee is to guide and assist the local government in carrying out the local government's functions in relation to audits conducted under the Act. The Panel Report identified that Audit Committees should be expanded, including to provide improved risk management. | <ul style="list-style-type: none"> To ensure independent oversight, it is proposed the Chair of any Audit Committee be required to be an independent person who is not on council or an employee of the local government. Audit Committees would also need to consider proactive risk management. To reduce costs, it is proposed that local governments should be able to establish shared Regional Audit Committees. The Committees would be able to include council members but would be required to include a majority of independent members and an independent chairperson. | <p><u>Current Local Government Position</u></p> <p>Item 6.6 does not align with Advocacy Position 2.2.4 – Accountability and Audit <i>That audit committees of Local Government, led and overseen by the Council, have a clearly defined role with an Elected Member majority and chair.</i></p> <p>Comment The Sector's view is well established, that the Council must maintain, and be seen by the community to have, majority involvement and investment in the purpose of an Audit Committee. There is sector support for some independent members on the Audit Committee, however not a majority. The dual effect of the proposed reform is to guarantee a place for a majority of independent persons on Audit Committees, with the additional requirement that an independent person Chair this Committee. Presently, not all Local Government Audit Committees are able to include an independent person. This may be for a variety of reasons not least of which is a lack of suitable, available candidates with the required qualification, skill and experience. It would be counter-productive if the proposed reforms led to the appointment of unsuitable independent persons to a skills-based role. The concept of Regional Audit Committees has apparent merit in this case but there is no detail regarding practicalities; for example, is the Regional Audit Committee intended to include the same independent persons who will meet separately with each Local Government within the region? There is too little certainty that the imperative question of appropriate representation will be managed as a consequence of the proposed reforms for it to be supported. The proposal for the Audit Committees to also consider proactive risk management is supported.</p> <p>Recommendation</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The City of Rockingham supports the current provisions under the Local Government Act in how local government Audit Committees are formed and their role. A local government may choose to appoint independent members to an Audit Committee and that independent member may be appointed as Chair. OAG now oversees all local government financial audits and conducts performance audits. The OAG involvement has seen increased audit costs for the sector and an additional layer of oversight. Depending on the size of an organisation some local governments have a dedicated Internal Audit Function. Independent audit committee members will come at a cost. The formation and member composition should be based on the local government's risk profile not imposed by law. To provide clarity on compensation for independent members of Audit Committees for their time and travel expenses when attending committees. <p><u>Recommendation</u> Not Supported</p> |

| CURRENT REQUIREMENTS | PROPOSED REFORMS | WALGA | COMMENTS |
|--|---|--|--|
| | | <p>1. Do not support majority independent members of the Audit Committee</p> <p>Support Audit Committees of Local Government with an Elected Member majority including independent members, and to consider proactive risk management issues.</p> | |
| 6.7 Building Upgrade Finance | | | |
| <ul style="list-style-type: none"> The local government sector has sought reforms that would enable local governments to provide loans to property owners to finance for building improvements. This is not currently provided for under the Act. The Local Government Panel Report included this recommendation. | <ul style="list-style-type: none"> Reforms would allow local governments to provide loans to third parties for specific building improvements - such as cladding, heritage and green energy fixtures. This would allow local governments to lend funds to improve buildings within their district. Limits and checks and balances would be established to ensure that financial risks are proactively managed. | <p><u>Current Local Government Position</u></p> <p>Item 6.7 aligns with Advocacy Position 2.6.26 - Building Upgrade Finance.</p> <p><i>The Local Government Act 1995 should be amended to enable a Building Upgrade Finance mechanism in Western Australia.</i></p> <p>Comment</p> <p>Building Upgrade Finance would enable Local Governments to guarantee finance for building upgrades for non-residential property owners. In addition to building upgrades to achieve environmental outcomes, Local Governments have identified an opportunity to use this approach to finance general upgrades to increase the commercial appeal of buildings for potential tenants. In this way, BUF is viewed as means to encourage economic investment to meet the challenges of a soft commercial lease market and achieve economic growth.</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> The role of local government funds is not to provide capital to the private sector for building improvements. This is the role of the Finance sector and to confuse local government roles provides more risk to local government finance with the burden being borne by ratepayers. Should the State government support government lending money to private organisations, this should occur through State resources and not local governments. In the past local governments have provided grant programs with specific conditions and with specific community benefits. <p><u>Recommendation</u></p> <p>Not Supported</p> |
| 6.8 Cost of Waste Service to be Specified on Rates Notices | | | |
| <ul style="list-style-type: none"> No requirement for separation of waste charges on rates notice. Disclosure will increase ratepayer awareness of waste costs. The Review Panel Report included this recommendation. | <ul style="list-style-type: none"> It is proposed that waste charges are required to be separately shown on rate notices (for all properties which receive a waste service). This would provide transparency and awareness of costs for ratepayers. | <p><u>Current Local Government Position</u></p> <p>There is no advocacy position in relation to Item 6.8.</p> <p>Comment</p> <p>This proposed reform will require a relatively simple calculation,</p> <p>Recommendation</p> <p>Supported</p> | <p><u>Comments and clarifications</u></p> <ul style="list-style-type: none"> There should be clear separation between the cost of waste and rates charged. On this basis, pensioner rate capping rebates should be removed. <p><u>Recommendation</u></p> <p>Supported</p> |