

# 1. Executive Summary

The public release of this Paper is a concluding stage of the extended research, investigation and consultation process known as the Systemic Sustainability Study for Local Government in Western Australia.

The beginnings of those processes can be dated from 2004 when, as part of the lead-up to the 2005 State election both major political parties made statements heralding the future reform of the Local Government Sector. This resulted in a 2004 AGM motion requesting the WA Local Government Association (WALGA) to conduct a Structural Reform forum. The consequent forum, held in November 2005 featured Jeff Kennett sharing his experience in Victoria and Brian Dollery of New England University who presented a number of versions of 'cooperative regionalism', which were positively received by the audience.

The Northern Country Zone of WALGA held its AGM/ Conference in March 2005 on the theme 'Amalgamate, Cooperate or Disintegrate'. The 2005 WALGA AGM passed a resolution for WALGA to lead the development of a framework that would assist individual Councils to review, debate and consider the future sustainability of Local Government and to ensure the framework encompassed the assessment of economic, social capabilities and capacities of individual communities and regions. In late 2005 WALGA appointed a three-member panel chaired by Professor Greg Craven, then of Curtin University of Technology to research and investigate the sustainability of Local Government in Western Australia.

This Systemic Sustainability Study Panel (The SSS Panel) was supported by the commissioning of a report by Access Economics, *Local Government Finances in Western Australia* (June 2006). Based on the analysis by Access Economics and from their extensive consultation with Local Government representatives from throughout WA, the Panel framed 41 Recommendations for further action. The Association formed a Taskforce of its State Council to oversee the process. This Taskforce resolved to carry forward the SSS Panel recommendations. The Panel Report *In Your Hands* (The SSS Panel Report) was released in December 2006 and referred for further input from an industry forum 'The Journey' in April 2007. The WALGA Taskforce then convened 5 Working Parties made up of Councillors and senior Local Government managers from across the State. These Working Parties addressed the following themes from the SSS Panel Report:

- leadership for change
- finance
- revenue
- services
- capability.

The working parties concluded their investigations and reported to the WALGA Taskforce in December 2007 and January 2008. This paper is constructed around the outputs of these working parties, with Sections dealing with each of the identified themes.

This is a unique exercise in the experience of Local Government in Australia. It is the first time that such an extensive evidence based evaluation of the Local Government sector has been initiated and concluded by the sector.

It arises in a particular context. In all other States of Australia (and in New Zealand) there has been externally imposed reform of Local Government. In Australia, this reform has been driven by State Governments. The common characteristic in all cases has been structural reform and forced amalgamation of Local Governments to generate greater efficiency through the creation of economies of scale.

The window of opportunity for Local Government in Western Australia has been narrowing throughout the duration of the Systemic Sustainability Study. The WA State Government has honoured its commitment to refrain from imposing reform during the current term of government. But with an election due no later than the first quarter of 2009, the threat of external intervention is renewed. WALGA has also been aware that failing to initiate a determined and disciplined response by Local Government risks testing the patience of the State Government. In April 2007, despite a State Government agreement to fund a voluntary reform process within Local Government, the Queensland Government moved with enforced change.

The five working parties achieved high levels of agreement around the direction for reform in Local Government. In July 2007 a workshop consisting of the WALGA Executive Team and working party members was convened to establish the level of alignment between the frameworks emerging in their respective areas. The result of the discussion was a Vision Statement to guide the continuing efforts of the working parties:

***“Local Government will implement and maintain a governance model that integrates effective service delivery (on a regional basis) with appropriate political representation (on a local basis).”***

The Vision was based on the outcome of consultations to that point which had been reported in the SSS Panel Report, confirmed at the April 2007 Forum, and repeatedly expressed in the course of the working parties' efforts.

***The firmly held view, based on this combined effort, was that the core strength of Local Government lies in its representational base for the aspirations and expectations of local communities.***

***While for numerous and pressing reasons reform was absolutely necessary, measures which sacrificed this strength should not be advocated.***

This conviction, based as it is on a combination of evidence and opinion, has led to the proposal for a major shift in the functional arrangements for delivery of services by Local Government. In this plan that major shift in the platform for delivery of services and functions is designated 'The Regional Model'. A separate Section of this paper elaborates on the framework for this model and includes three pre-feasibility analyses evaluating the model for its usefulness in service areas common to Local Governments. Each of the Sections arising from the working parties explores the implications of failing to undertake decisive reform built around a combination of local, regional and state-wide service platforms.

A key driver for a move to The Regional Model is the recognition of the increasing difficulties faced by Local Governments in securing the numerous skills sets, many of them required as a prerequisite for delivery of services and functions stipulated by law as the responsibility of Local Government as a sector. This dynamic and the internal and external pressures of an increasingly competitive labour market in WA were matters focused upon by the SSS Panel in its report.

The Capability Section addresses these drivers for change. The Section introduces a Discussion Paper, which appears as an appendix to the paper, on the possible creation of a Local Government Standards Office to pursue best practice in ethical and operational performance.

Associated with the capability issues confronting the sector are the mounting pressures surrounding service expectations in the communities to which Local Governments owe primary loyalty. Arising from a variety of sources, Local Governments are under increasing pressure to improve the quality of existing services and to assume responsibility for an increasing range of services into the future. These pressures are evidenced by the extraordinary efforts of individual Local Governments to respond to their communities' needs for services as diverse as primary health care to telecommunications, none of which lie within the traditional range of services delegated to Local Government. The shift to The Regional Model and its potential benefits from this perspective are canvassed in the Services Section of this paper.

Of central importance to the capacity of Local Government to meet its obligations for delivery of a wide range of services of high quality, is the all important matter of resourcing. At the core of this discussion is the revenue raising capacity of the sector. The Revenue Section discusses these matters at length and proposes a range of innovations as part of The Regional Model. These include:

- Enhanced capacity for Local Governments to create trading entities to generate income from services delivery.
- Adoption of best practice models for rate setting; the fixing of fees and charges; and the administration of grants.
- New best practice for the setting of development charges.
- Increased use of prudentially managed debt as a means to address appropriate issues such as replacement and renewal of community infrastructure.
- The creation of a Local Government Independent Assistance Commission to support and advise Local Governments in their efforts to achieve best practice standards in all areas.

These recommendations are closely linked with a range of measures discussed in the Finance Section. The proposed Assistance Commission is seen as supporting significant improvement in the ability of Local Government to achieve:

- Sector wide adoption of long term (10 year) financial plans.
- Increased transparency by annual reporting to communities on achievements against these plans.
- Markedly improved standards of infrastructure and asset management with mapping, management and funding to be achieved through adoption of The Regional Model.

This Section also contains the proposal for a Local Government Finance Authority to operate state-wide as a financial vehicle to leverage the significant buying power of Local Government and to apply resourcing to key strategic areas, most notably addressing the infrastructure backlog which presents as a major vulnerability and challenge to the credibility of Local Government.

The achievement of change to The Regional Model will entail significant ongoing leadership. The range of associated issues and suggested mechanisms are

explored in the Leadership for Change Section of the paper. This Section also contains an outline of the final opportunity for input on the final form of this paper which is summarised here:

- Whilst further discussion and input is encouraged on this Draft Paper, further extensive debate on the contents of the Final Paper is not proposed.
- Opportunity for the details of specific proposals and the manner of their implementation to be discussed and agreed.
- The proposals in this paper should be taken as clear statements of intent.
- As with the SSS Panel Report this paper represents public disclosure on the state of Local Government in WA. It cannot now be undone.
- The paper will be open for comment for a period of 6 weeks concluding April 15, 2008.
- Suggestions for the amendment and enhancement of proposals for achievement of their intended purposes are most welcome, as are additional proposals directed to the identified issues.
- Local Governments will be offered opportunity for input through WALGA processes. Members of the public may comment in writing to Tim Lane at [tlane@walga.asn.au](mailto:tlane@walga.asn.au) or via telephone to 9213 2029.
- Comments will be considered and the final draft paper submitted to the WALGA State Council meeting of June 4, 2008 seeking endorsement of the final document.

Achievement of The Regional Model will not occur without genuine commitment by Local Governments to properly support and strategically engage with the Regional Model. For this reason it is positioned as the key outcome of the 10 Year Plan. Many of the recommendations in this paper entail amendment to the Local Government Act 1995 and Regulations. Others propose the creation of new institutional arrangements to support the change process and to consolidate its outcomes. To assist Local Governments in confronting the challenges posed in the 10 Year Plan a Sustainability Checklist has been developed and appears in the Models and Tools Section of the paper. Appendices include a number of substantial reports upon which major recommendations are based.

A Summary of Recommendations is also provided as a reference. These recommendations are organised according to theme area; identifying a provisional order for their delivery across the 10 Year Plan; and highlighting those requiring legislative change.

The challenges to Local Government embodied in the 10 Year Plan and its Regional Model are not avoided in this paper. They are substantial but overcoming them is considered central to the retention of quality of life for the community served by Local Government. While acknowledging the excellent efforts of many Local Governments in grappling with the identified issues, the approach to date is in the nature of ad hoc responses to endemic issues of great significance to the current and future generations.

A hidden feature of external intervention by State Governments to force structural change, usually through amalgamations of Local Governments, is their distraction value. The focus is upon Local Government but rarely upon the deficiencies in planning and funding of services by the State and Commonwealth Governments

and the private sector. Repeatedly in this paper the fiscal imbalance impacting upon Local Government and associated increasing cost transfers and service demands raised as key issues requiring debate and resolution. The Regional Model poses a significant opportunity by advocating Local Government's role as a catalyst for change in these underlying dynamics.

By avoiding the challenges posed in this paper Local Government will fail to consolidate its position as a responsible and competent partner in the collaborative effort required to reverse current trends and secure greater sustainability into the future.

## 12. Schedule of Recommendations

### Recommendation 1

Amend the *Local Government Act* to require Local Governments to:

- Prepare and publish a Strategic Plan for a minimum of ten years, with a review required after each general election of Council;
- Create Asset Management Plans linked to the Strategic Plan;
- Prepare, as part of the published Strategic Plan, Financial Plans that allow for the implementation of the Strategic and Asset Management Plans;
- Create key performance indicators that are published as part of the planning process; and
- Report performance against these KPIs to their community on an annual basis.

### Recommendation 2

Councillor and officer training to be developed to incorporate strategic planning issues and their relationship to asset management and long term financial plans.

### Recommendation 3

That the current operating revenue classes for nature/type:

- a. Grants and subsidies
- b. Contributions, reimbursements & donations

Be changed as follows:

- a. Operating grants, subsidies and contributions
- b. Non-Operating grants, subsidies and contributions

Revenue received for reimbursements and donations that cannot be classified as operating/non operating contributions or Fees and Charges are to be classified as 'Other Revenue'.

### Recommendation 4

The disclosure notes required under the *Local Government (Financial Management) Regulations 1996* are to be expanded to show the application of these revenues for operating, capital, reserve transfers and/ or debt servicing.

To support these changes to Sections 23, 24, 39 and 40 of the *Local Government (Financial Management) Regulations 1996* be amended to require these disclosures.

### Recommendation 5

That the model financial reports disclose the restricted assets, by way of a note, so that funds not applied can be aligned with the appropriate financial year.

Further, that the effects of restricted assets such as unspent operating grants are considered in assessing the operating result of Local Governments in preparing comparative financial indicators.

### Recommendation 6

That the model financial reports disclose extra-ordinary financial transactions, by way of a note, so that funds not applied can be aligned with the appropriate financial year.

Further, that the effects of extra-ordinary financial transactions are considered in assessing the operating result of Local Governments in preparing comparative financial indicators.

### **Recommendation 7**

That the first release of an Industry Accounting Manual include a detailed guidance note on useful life, residual values and the resultant depreciation rates for all classes of fixed assets.

### **Recommendation 8**

That disclosure notes required under the *Local Government (Financial Management) Regulations 1996* should be expanded to show the application of reserves for operating, capital and/ or debt servicing.

The data collection sets include the classification of reserves held for the purpose of current liabilities, non-current liabilities, asset renewal, new assets, restricted funds (Special Area Rates/service charges, unspent grants) or future operating outlays.

Amendments be made to Sections 27(h) and 38 of the *Local Government (Financial Management) Regulations 1996* to require these disclosures.

### **Recommendation 9\*<sup>1</sup>**

In order to support the function of an independent Local Government Independent Assistance Commission a partnership arrangement to be entered into between the Department and WALGA to facilitate the production of comparative information for financial transactions for the sector. This information is to be compiled utilising a web based collection system that allows direct input and amendment of the information.

An investment is required to enable data collection to commence in 2008.

### **Recommendation 10**

That the *Local Government Act 1995* be amended to require the production of annual community financial reports on terms equivalent to those currently applying in Queensland.

### **Recommendation 11\***

That from the collection of Local Government financial information a set of industry comparative financial indicators associated with financial sustainability be provided to the industry by July 2009.

To support this development WALGA develop training programs for Councillors on the importance and interpretation of financial sustainability indicators.

### **Recommendation 12**

That suitable debt management indicators for Local Government be developed in consultation with the WA Treasury Corporation to form part of the proposed comparative data set for Local Government. Each debt indicator should include a range by which Local Governments can manage debt in a prudent fashion.

### **Recommendation 13\***

That comparative information be reported for debt and debt management. This information is to be compiled using a web based collection system that allows direct input and amendment of the information.

The information is to provide state, region and size analysis online for the following debt matters:

- general statistics to include amount of new debt raised, refinancing amounts, debt service amounts and outstanding debt

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<sup>1</sup> All Recommendations marked (\*) are considered intrinsic to the proposal for the creation of the Local Government Independent Assistance Commission discussed in the Revenue Section of this paper and should be considered in the context of that development.

- performance indicators be published for:
  - debt service costs as a percentage of general funds
  - debt service costs as a percentage of LG revenue
  - debt outstanding as a percentage of general funds
  - debt outstanding as a percentage of LG revenue
  - weighted average interest rate of debt
  - gross debt to economically realisable assets
  - untied cash reserves as a percentage of outstanding debt
  - net financial liabilities.

Performance indicators for debt management be incorporated in the disclosure requirements for the long term financial plan, the annual report and the annual budget.

**Recommendation 14\***

That the roll out of an asset management program to all Local Governments is recommended. The process should be facilitated on a regional basis for smaller Local Governments.

- The implementation of the program needs to be supported with resources that permit the timely implementation of the program.
- Consistent with the proposed practices included in the accounting manual, industry guidance be provided on service standards and intervention levels.

Information for the annual road survey by WALGA should be collated through a web based collection portal and undertaken in conjunction with information collected through the proposed industry bureau.

**Recommendation 15\***

That a partnership to be established with the Department of Local Government and Regional Development, Main Roads WA, and WALGA for a bureau to be established or the collection and management of road infrastructure data for all Local Governments.

The establishment costs of the bureau to be initially funded from the State road fund allocations. Following the first five years the costs of the bureau is to be met from Local Government contributions.

**Recommendation 16**

That a schedule of recommended depreciation rates for each class of fixed assets be incorporated into the first release of the accounting manual.

Disclosure requirement for asset acquisitions be expanded to show the value of acquisitions for new assets and outlays on the renewal of existing assets. The definitions used in the WAAMI model will be used as the basis for defining 'new' or 'renewal'.

**Recommendation 17**

That a system of revaluation of assets such as buildings and infrastructure on a five yearly basis be incorporated into the annual financial accounts prepared by a Local Government.

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<sup>2</sup> Both these listed activities should also be referred to the jurisdiction of the Local Government Independent Assistance Commission should that body be created.

**Recommendation 18**

That WALGA continue investigation of the possible creation of a Local Government Finance Authority.

**Recommendation 19**

That WALGA support the rate setting process as outlined Section 6.22 as an example of best practice in rate setting.

**Recommendation 20**

- a. That WALGA in conjunction with the ABS constructs and maintains a revised WA Local Government Cost Index using average actual expenditure and appropriate cost and price indices.
- b. That the WA Local Government Cost Index be delivered via a website that allows members to input individual expenditure to customise their weightings and develop an index tailored to their circumstances.
- c. That Local Governments use a revised WA Local Government Cost Index as part of their budget calculations and communications.

**Recommendation 21**

That Local Governments use the principles of: transparency, timeliness, comparability and pricing policy as key elements of best practice in setting fees and charges.

**Recommendation 22**

The LGIAC is the reference panel for the purpose of setting standard costs for like goods and services provided by Local Governments. The LGIAC to include representation from the Department of Local Government and Regional Development, Industry Organisations including WALGA and the WA Department of Treasury and Finance to overview the relativity, accuracy, applicability and methodology of standard costs, which would be available for Local Governments to adopt.

The LGIAC would conduct reviews of best practice in pricing policy and suggest methodologies for setting discounted community fees and charges to ensure industry consistency. The default unit for analysis and fee setting should be regional.

**Recommendation 23**

That Sec 6.16 (3) of the *Local Government Act (1995)* be amended to allow Local Governments to set fees and charges other than at the time of adopting the annual budget and provide sufficient time to be applicable from 1<sup>st</sup> July each year.

**Recommendation 24**

That Sec 6.16 of the *Local Government Act (1995)* be amended to cater for circumstances where Local Governments operate a commercial undertaking selling fast moving consumer goods and where marketing imperatives require line managers to make pricing and discounting decisions.

**Recommendation 25**

That Local Governments use the WA Local Government Cost Index (as enhanced by Recommendation 20) to approximate cost increases as part of their annual review of fees and charges cost levels.

**Recommendation 26**

That LGIAC establishes a website for the purpose of providing Local Governments with access to comparable information on rates in terms of the ratios outlined in this report.

**Recommendation 27**

That WALGA continue supporting ALGA in their push for Financial Assistance Grants to be allocated based upon a percentage of Commonwealth Taxation as the most effective way of increasing financial assistance to WA.

**Recommendation 28**

WALGA and LGMA seek approval to present a joint submission to State Government focusing on the benefits gained from the \$3m investment and seeking to expand the scope of the fund, as set out in this report, to cover sustainability issues and increase the amount of the financial allocation to an indicative \$6m per annum for 5 years.

**Recommendation 29**

That WALGA endorse the Principles and methodologies contained in the document *Guidelines: Levying Development Contributions for Community Infrastructure* and seek funding from the State Government for the expansion of the Community Infrastructure Planning framework proposed in that document.

Further, WALGA recommend that Councils experiencing significant levels of growth and development should prepare as part of their strategic planning process Community Infrastructure Plans.

**Recommendation 30**

That WALGA advocate change to Sections 6.41((2)(b) of the Local Government Act (1995) to increase a Local Government's flexibility to offer a monthly payment of property rates without a individual instalment notice.

**Recommendation 31**

- a. That the *Local Government Act (1995)* be amended to mandate implementation of formal standardised long term asset management planning for Local Governments as soon as possible, and as part of that implementation confirm the annual preservation maintenance gap and establish the extent of the infrastructure backlog.
- b. That the *Local Government Act (1995)* be amended to require Local Governments to publish the result of their asset management plans in their annual report in a prescribed format.
- c. That WALGA advocate for the current Roads to Recovery program to be established as a permanent funding source and escalated each year based upon the increase in Commonwealth Taxation Revenue.

**Recommendation 32**

That the proposals contained in the Report *Achieving Best Practice in Urban Regeneration: A review of statutory constraints to Local Government guided outcomes* be adopted and the *Local Government (Functions and General) Regulations 1996* be amended as proposed in the Report to enable a Local Government to form a corporate entity (such as a company, partnership or joint venture) providing that any amendment contains restrictions and safeguards, as outlined in this discussion, in relation to an appropriate governance model.

Proposals are outlined as follows:

for insertion in the Local Government (Functions and General) Regulations 1996

32A. Local government permitted to form corporate entities

(1) In this regulation:

*approved commercial enterprise* means an enterprise to which subregulation (8) applies and which has been approved by the Minister.

*approved development project* means a project approved by the WA Planning Commission as meeting the criteria for an Improvement Plan under section 37A of the Metropolitan Region Planning Scheme Act, and by the Minister for the purposes of this Act.

*approved investment scheme* means an investment scheme to which subregulation (9) applies and which has been approved by the Minister.

*control* and *controlled* have the meanings contained in [Corporations Law]

*independent Board member* means a person other than an elected member of the local government, or an employee of the local government, who is appointed to the Board of a local government corporate entity

*local government corporate entity* means a corporate entity (including an incorporated company or a trust) that is owned or controlled by a local government and has been approved by the Minister in accordance with this regulation.

(2) Where a local government wishes to undertake or participate in commercial activities (including ownership of commercial property or participation in a property development project primarily for investment or income-producing purposes) within its boundaries that involve, or have the potential to involve or to create the impression of, a conflict of interest between the regulatory and investment activities of the local government, the local government shall have regard to such measures as may be necessary to remove the existence or appearance of a conflict of interest.

(3) A local government may form, or participate in forming, or control a local government corporate entity established in accordance with this regulation with the approval of the Minister on such terms as the Minister may see fit to impose for any of the following purposes:

- (vii) to participate in an approved development project; or
- (viii) to participate in an approved commercial enterprise; or
- (ix) to participate in an approved investment scheme.

(4) Every local government corporate entity established in accordance with this regulation shall be placed under the control of a Board appointed by the local government and shall:

- (ix) be governed by the applicable law governing the type of entity to which it conforms; and
- (x) have a Constitution approved by the Minister; and
- (xi) operate in accordance with an annual Statement of Intent agreed between the Board and the local government; and
- (xii) be subject to [Public Sector Finance provisions].

(5) The Board of a local government corporate entity shall comprise not fewer than 3 nor more than 5 persons appointed for their expertise, knowledge and experience relevant to the nature of the business of the local government corporate entity.

(6) A person who is an elected member of the local government, or an employee of the local government, may be appointed to the Board of a local government corporate entity if he has the requisite expertise, knowledge and experience to qualify for appointment under subregulation (5). However, under no circumstances may the number of independent Board

members be fewer than one half of the total membership of the Board.

- (7) Every local government corporate entity must prepare an annual Statement of Intent describing its proposed business activities for the following year, including the performance measures by which it proposes to measure the success of those activities. The Statement of Intent must be approved by the local government and thereafter made available for public inspection.
- (8) If a local government believes that an enterprise is:
- (i) essential to the well-being of its local community; and
  - (ii) but for the intervention or participation of the local government, the services and facilities provided by that enterprise would not be reasonably available or accessible to residents of its area
- the local government may apply to the Minister stating reasons why, in the opinion of the local government, the enterprise should be declared an approved commercial enterprise for the purposes of this Act.
- (9) Where a local government wishes to hold investments that involve, or have the potential to involve or to create the impression of, a conflict of interest between the regulatory and investment activities of the local government, the local government may apply to the Minister stating reasons why, in the opinion of the local government, the enterprise should be declared an approved investment scheme for the purposes of this Act.
- (10) The approval of the Minister to the formation or control of a local government corporate entity may be given on such terms as the Minister sees fit, and may be limited as to term. The Minister may direct that the local government seek the views of its ratepayers by the conduct of a poll on the proposed establishment of the local government corporate entity, and may take the results of such poll into consideration, although not bound to do so.
- (11) Where more than one local government jointly forms, or participates in forming, or controls a local government corporate entity, the provisions of this regulation apply jointly and severally to each local government.
- (12) The transfer of property to a local government corporate entity is an exempt transaction under section 3.58 (5)(d) and section 3.59(10) of the Act.
- (13) The approval of the Minister to participate in an approved investment scheme meets the requirement for approval under section 6.14(1)(b) of the Act.

### **Recommendation 33**

That WALGA seek to establish a Local Government Independent Assistance Commission for the purposes outlined in this discussion and seeks funding from the nominated sources to achieve this task.

### **Recommendation 34**

That when discussing the future of Local Government the definition of sustainability of Local Government should include social, environmental, economic, financial and cultural factors.

### **Recommendation 35**

That the diversity of Local Government not be used as a reason to avoid taking responsibility to address issues impacting on sustainability and to improve outcomes through innovation and change, and determine the future direction and sustainability of the sector.

### **Recommendation 36**

That each Local Government must place emphasis on achieving good value in the use of the community's resources entrusted to it through continually improving service delivery.

### **Recommendation 37**

That each Local Government conduct a self assessment of its sustainability by 30 June 2009 and thereafter annually utilising the Sustainability Checklist in Section 10.1.

### **Recommendation 38**

That the following amendments be made to the *Local Government Act 1995* (LGA) and the *Local Government (Functions and General Regulations) 1996*

#### **e. Local Government Act**

**Issue:** Principle of LGA is supposed to be 'general competence'. The level of prescription in the Act and regulations limits the degree of flexibility to a level which is more like *ultra vires*.

**Proposal:** Review or evaluation of the Act in relation to 'general competence' powers.

#### **f. Local Government Act**

**Issue:** To implement improved service delivery initiatives will quite probably create a 'major trading undertaking'. Local Government is then required to prepare and publish business plans. Disadvantages community by requiring disclosure of commercially significant information. Limits the potential to be innovative in seeking different and more effective ways to do LG business.

**Proposal:** Clarify Act to remove any requirement where the initiative is for delivery of Local Government services by an individual Local Government or by joint arrangements. Review the requirements to remove any requirement which requires disclosure of commercially important information (including to potential competitors).

#### **g. Local Government Act**

**Issue:** A Local Government must employ a person to be the CEO. Other provisions relate to annual review and contract of employment. The provisions are drafted envisaging one CEO working for one LG. New opportunities such as sharing a CEO between two or more Local Governments, including on a regional or district basis, require a new approach in the Act.

**Proposal:** Revise the LGA so that it recognises the shared CEO option and reduce the level of direction so that local arrangements can be made and entered into by contract.

#### **h. Local Government (Functions and General) Regulations**

**Issue:** Local Government is required in prescribed circumstances to call competitive tenders. The assumption of the requirement is a competitive market place. In reality this is often not the case where a number of supplies are either monopolised or oligopolised, particularly in regional areas. The Regulations may also place impediments on innovated service arrangements by Local Government, especially if they involve some form of long term commercial arrangements. Although the tender threshold was recently lifted to \$100,000 this amount varies across Local Governments and is not defined to the extent that minor purchasing will not eventually be subject to competitive public tender.

The tender provisions of the Functions and General Regulations require revision to remove obstacles to innovative service delivery options and foster sustainability.

**Proposal:** Amendments to the Local Government Functions and General Regulations that focus on the underlying purpose and effect of Local Government Purchasing:

- Establishment of varying tender thresholds based on organisation size and turnover, or alternatively the ability for each Local Government to nominate and submit its tender threshold through its purchasing policy which is lodged with the Department for approval.
- Enhanced exemptions to competitive public tendering in areas of limited supply, and the establishment of the capacity for Local Government to issue closed tenders (non-public requests) in specialised areas.
- Foster regional cooperation and shared service delivery by creating new regulatory provisions which provide for the establishment of panel contracts, and regional buying groups.
- Establish regulatory capacity to directly source market suppliers in the instance that no tenders are received, or that no compliant submissions within 20% of Councils budget are received.

Recognition of the advisory services, model documentation, training, and managed tender services of WALGA through its procurement program by enhancing the definition of (11) (2) (b) of Part 4 of the current regulations.

#### **Recommendation 39**

That WALGA seek a partnership with the Department of Local Government and Regional Development so that stakeholders work together in pursuing the goal of achieving a long term sustainable Local Government model, with particular emphasis on reviewing and modernising the Local Government Act to remove obstacles and foster sustainability.

#### **Recommendation 40**

That WALGA proceed to establish a bureau service (potentially on fee for service basis) which draws together expert teams to support members to examine and progress service options.

#### **Recommendation 41**

That WALGA provide leadership and support by:

- Continuing to encourage and promote the reform of the sector by the sector.
- Developing resources to support members in identifying and investigating opportunities, including:<sup>2</sup>
  - A website which has examples of alternatives with case studies and contact details for more information.
  - A range of 'toolkits' for the range of options available (similar to the Department of Local Government and Regional Development handbook for Local Governments *Implementing Amalgamations*).

#### **Recommendation 42**

That the *Local Government Act 1995* be reviewed with the objective of amending unnecessary impediments and existing sources of inflexibility for regional Local Government structures.

#### **Recommendation 43**

That WALGA seek funding to develop a pilot Regional Council to progress the Regional Model concept.

**Recommendation 43**

That WALGA commence negotiation with State and Commonwealth Governments to secure funding for Local Governments to establish regional service provision (software costs, shared service agreements, etc).

**Recommendation 44**

That the WALGA State Council initiate quarterly reviews of progress in achievement in the shift to regional platforms to support and review ongoing dialogue with State and Commonwealth Governments.

**Recommendation 45**

That WALGA engage regional workforce planning processes for the Local Government sector in collaboration with Regional Development Commissions (RDCs). The engagement should extend to involvement in regular reviews of existing plans.

**Recommendation 46**

That WALGA develop a policy where recruitment is undertaken using the Regional Model framework and not purely based on a local model framework.

**Recommendation 47**

That WALGA request the State Government to amend the *Local Government Act (1995)* to require Councillors to undertake training within their first term.

**Recommendation 48**

That WALGA urgently pursue State Council endorsement of the mandatory four core training modules.

**Recommendation 49**

That WALGA develop on-line delivery of the core modules required for Councillor accreditation.

**Recommendation 50**

That WALGA establish and support regional training programs for Councillors.

**Recommendation 51**

That WALGA implement information sessions for prospective candidates and non-mandatory networking for new Councillors. These events to be delivered on a regional/WALGA Zone basis.

**Recommendation 52**

That 'New Councillor Weekends' be re-established.

**Recommendation 53**

That WALGA request the State Government to amend the *Local Government Act 1995* to require Councillors to undertake 'refresher training' every four years after initial training to ensure that Councillors are familiar with any changes in compliance requirements and best practice models.

**Recommendation 54**

That formal mentoring arrangements, and supporting training, be established to support new Councillors and be delivered on a regional/WALGA Zone basis.

**Recommendation 55**

WALGA produce a discussion paper on the creation of an Industry Training Fund during 2008, with full implementation by 2010.

**Recommendation 56**

That WALGA develop an appropriate Local Government 'work experience' program and/or explore other relevant labour force interventions.

**Recommendation 57**

That WALGA immediately develop a discussion paper on the creation of an Industry Training Council focused on the needs of Local Government.

**Recommendation 58**

That WALGA seek to work with the State Government to develop a training fund specifically designed to work with Indigenous communities increasing the pool of employees.

**Recommendation 59**

That a key theme for industry promotion in 2010-2011 be flexible employment options. WALGA to showcase and promote through industry forums models and options which have demonstrated success.

**Recommendation 60**

That should the State Government engage in external intervention to restructure Local Government prior to completion of the voluntary change process by Local Government, the 10 Year Plan explored in this paper should be used as the WALGA negotiating position.

**Recommendation 61**

That WALGA advocate and seek initial funding to develop a pilot Regional Council and \$30m to progress the Regional Model concept.