

# SELECT COMMITTEE INTO LOCAL GOVERNMENT

## INQUIRY INTO LOCAL GOVERNMENT



TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
MONDAY, 2 SEPTEMBER 2019

Made Public 11/05/20

### Members

Hon Simon O'Brien (Chairman)  
Hon Laurie Graham (Deputy Chairman)  
Hon Diane Evers  
Hon Martin Aldridge  
Hon Charles Smith

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**Hearing commenced at 1.39 pm****Mrs LYNNE CRAIGIE****President, Western Australian Local Government Association, sworn and examined:****Ms TRACEY ROBERTS****Deputy President, WALGA, sworn and examined:****Mr TONY BROWN****Executive Manager, Governance and Organisational Services, WALGA, sworn and examined:****Mr NICK SLOAN****Chief Executive Officer, WALGA, sworn and examined:****Mr ZAC DONOVAN****Executive Manager, Finance and Marketing, WALGA, sworn and examined:****Mr JOHN FILIPPONE****Executive Manager, WALGA, sworn and examined:**

**The CHAIRMAN:** On behalf of the committee, I would like to welcome all of our witnesses to today's hearing. Before we begin, I will ask each of the witnesses in turn to take either the oath or affirmation.

[Witnesses took the oath.]

**The CHAIRMAN:** As witnesses, each of you will have signed a document entitled "Information for Witnesses". Have you all read and understood that document?

**The WITNESSES:** Yes.

**The CHAIRMAN:** These proceedings are being recorded by Hansard and a transcript of the hearing's evidence will be provided to you. If you quote from a document during the course of the hearing, please refer to the full title of the document so that we can identify it. Although this is a private hearing, you should also be aware that the committee retains the power to publish any private evidence. As I indicated before, we are hoping to get a body of information from you to help inform our ultimate report. The Legislative Council may authorise further publication. That means that your private evidence may become public. Please note that you should not publish or disclose any private evidence to any other person at any time unless the committee of the Legislative Council has already publicly released the evidence. I advise you that premature publication of private evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege. I do not anticipate that there will be much of this today, but if there are any particularly sensitive matters that you want to raise, it might be an idea to highlight that to the committee if that comes up today.

Lynne, would you like to make an opening statement to the committee?

**Mrs CRAIGIE:** Yes, I would. Thank you very much. First of all, I thank the committee for the opportunity to present to you today. We believe we have a very positive story to give you about local government and we look forward to doing that. We thought we would present today in two parts. Firstly, to talk to you about WALGA, its role, what it does, how it was formed and its

history et cetera, and then to talk about the submission from the sector, as in the local government sector. Before I do that, I would like to say thank you for granting the extension for submissions, which has been really appreciated throughout the sectors. We now have a few more weeks to put those submissions together. In my travels across the sector I am told very keenly that the regional councils are very much looking forward to hosting the committee and I believe they have all sent in a number of invites already. They are very keen that you meet them on their patch. Having said that, with the committee's permission I will launch straight into a little talk about WALGA and we will probably tag a little along the way if that is okay.

**The CHAIRMAN:** Please do.

**Mrs CRAIGIE:** The document I will be speaking from is the Select Committee into Local Government.

**The CHAIRMAN:** Sorry, just before you go on, is this a document that you are tabling?

**Mrs CRAIGIE:** Yes, sorry. It is information about WALGA in the "Draft Submission: Select Committee into Local Government", August 2019.

**The CHAIRMAN:** Okay; we will treat that as a tabled document. Thank you for that. Please continue.

**Mrs CRAIGIE:** Thank you. I will start with a little history about WALGA and its workings for the local government. As the peak industry body, WALGA advocates on behalf of the 138 local governments across Western Australia. We see ourselves as a united voice for local government in WA and we work to support them as a united group. We do not speak on behalf of individual councils; we speak on behalf of the sector. Local government in WA provides 1 222 elected members and approximately 22 000 local government employees, or 16 500 full-time equivalents, and there are over 2.5 million constituents of local governments in Western Australia.

As a history, WALGA was constituted in 2001 following the merger of the Country Shire Councils' Association, the Country Urban Councils' Association and the Local Government Association of Western Australia. In essence, it brought the three associations together to represent the state as a whole, rather than country and metro.

We do have a constitution, which sets out seven or eight different objects. I will highlight a couple of those. One is to represent the views of the association to the state and federal governments on financial, legislative, administration and policy matters of local government. Another is to provide services to local governments in Western Australia. The third important one is to do all and any such other things as in the opinion of the state council that may conveniently be carried on by the association or which promote or assist or are incidental or conducive to the attainment of those objects or any of them, or anything considered beneficial to the members. So we are not limited in what we can do, provided we are working towards the betterment of local government; that is our role.

We have a very democratic process in our governance. We have a president, which is currently me, with a restricted term of two terms, which is four years, and a 24-member state council, which is elected from the local government sector. Each state councillor on that board represents a WALGA zone. There are five metropolitan zones with 12 state councillors and 12 regional zones with a representative for each zone. All of the 139 WA local governments are invited to be members of WALGA and its zone. Elected members are able to nominate to represent their local government on their zone and, in turn, through the zone election process, the zone then chooses a person to be on state council. That is how the 24 are made up. State councils are elected for a two-year term, so every time we go to local government elections, we go to re-electing our zone representatives. So it remains very up-to-date and very current. The term of the state council expires on 3 December. As of 4 December each time, there is the first meeting of the incoming state council. Our state

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council's election is always timed to follow the local government elections that year, which is in October of this year as you know. Following local government elections, each local government will elect their delegates to the zone and then the zone will elect their state councillor, who will attend their first meeting, usually in March. I might let Tracey talk a little about the zones.

[1.50 pm]

**Ms ROBERTS:** As was clearly articulated by President Craigie, there is such a diversity around the state of local government. We have got the regions, we have got metropolitan, we have got the outer metropolitan, and we have got growth councils. One of the key aspects from the zones is the fact that there is a unique understanding of all of the different areas right around the state, which is a real grassroots level. The local zones understand the community challenges, are able to celebrate the successes, but also able to be representative of what is going right and what is going wrong within their areas. By saying what is going wrong, it is the challenges and, for example, in the regions, the farmers, freight, and the roads. Metropolitan is a whole range of different scenarios. North and the outer metropolitan councils is the challenges that they face with a fast and large growing community. The diversity that we have within local government is underpinned by the passion and that local knowledge, which enables the zones to make informed decisions to benefit their areas and also understand the strategic responses needed to all the different directions. It encompasses the whole of the state, but from a really good knowledgeable environment.

**Mrs CRAIGIE:** I might now ask our CEO, Mr Sloan, to talk on the funding.

**Mr SLOAN:** Thanks very much, Lynne. I was going to give a very high-level overview of WALGA's funding model, but what I would draw your attention to is the annual report that we have brought copies of today. The annual report contains a much more detailed breakdown of income and expenditure, which you might like to look at after we have had this discussion.

What I was hoping to do at a very high level is just give an overview of the way that WALGA is funded. You can see from the graph on page 9 of the submission that we provided, there are a number of components that contribute to WALGA's operational budget. As a member-based organisation, you would not be surprised that there is an annual membership fee that is paid by all member councils. There is a methodology that sits behind the calculation of that membership fee.

**The CHAIRMAN:** Is based on their revenue or population?

**Mr DONOVAN:** It is a combination. Thirty per cent of it is a fixed fee. Then it is based on their revenue and their population. If you are to get a grant or if you had a change of population, your fee will change year on year, so you are not disadvantaged by any windfalls or comebacks. It is a proportionate fee of the council rates paid.

**Mr SLOAN:** For last two years we have been able to keep membership fees at a consistent level. One of the reasons we are able to do it is because of the diversified income base that we have. As you can see from the graph, the other sources of funding the organisation are through the provision of our preferred supplier arrangements. You can see that accounts for a significant portion of our income—31 per cent. Membership fees themselves only account for 13 per cent of our total income. Proportionally, that is the lowest membership fee local governments pay to be part of any local government association across Australia.

**Hon DIANE EVERS:** Can I ask a question on the preferred supplier contract? What is the arrangement where you get funding from the preferred supplier?

**Mr SLOAN:** I was going to talk about that in a bit more detail shortly, if that is okay.

**Hon DIANE EVERS:** We can wait until you get to it. That is fine.

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**Mr SLOAN:** The other income sources we have are local government events—we have our convention, which I think a couple of the members of the committee attend the last two weeks, and there are also other events that we run through the course of the year and our service subscriptions. That relates to the services that we provide that local governments can subscribe to on an annual basis outside of the services that are provided as part of the core membership. Some examples of that are when they want to seek industrial relations advice or procurement services. We provide the services for a subscription fee. The fee-for-use services are one of services that local governments might access from WALGA on an annual basis. That might be in relation to training. That might be in relation to utilising our recruitment services. You can see broadly that there is a diversified income base. When we look at our expenditure, what I would draw your attention to is that a significant proportion of our expenditure is on staffing, which would not surprise you given the nature of the organisation, given the nature of the functions and services and support that we provide. We have a highly specialised and skilled workforce. We undertook an analysis recently to have a look at the extent to which we have got qualifications and skill sets across the organisation. As an incoming CEO I was really impressed with the extent that we have a really highly skilled and specialised workforce that provides these services to our members.

I was not going to go into too much more detail on that, but I am happy to take questions if you like. I thought what I would probably do is spend more time talking about the activities that WALGA provides. If move over onto page 10—as an organisation we have approximately 100 staff. That number has stayed relatively consistent over the last four or five years. Broadly, our activities sit across three key streams. Services and advice, which I touched a little bit on then. It includes other governance services, which is headed up by Mr Brown, to my left, industrial relations, procurement, recruitment, supply panels, tender management and training. Policy—I will touch a little bit later on in the presentation on the breadth of policy and advocacy work that WALGA undertakes on behalf of the sector. It also picks up asset management, community, emergency management, environment, infrastructure, planning, roads and waste. Finally, there are our operational functions. A big chunk of this sits under Mr Donovan's portfolio responsibilities. That is where we run our events, our finance, human resources our marketing and media management. You would understand that we undertake significant advocacy and promotional activities on behalf of the sector. A big chunk of our activities sits in that space.

To go to the question around our preferred supplier program, all local governments that are members of WALGA are able to purchase products and services through our preferred supplier arrangements. Those products and services sit across about 40 panels and encompass more than 860 suppliers. There is a range of different categories that sit inside that. The best point of comparison is if you look at the state government common-use arrangement. It is a comparable arrangement that we have in place for the local government sector. WALGA provides the services to members that are a proper exercising of our powers and furthering of our constitutional objectives, to pick up on a point that was raised by the president a short while ago.

What I would really be keen to focus on and am happy to tease out in more detail is the fact that these services are centralised. They are tendering through a really comprehensive prequalification process. I know some of the concerns that have been raised externally go to the veracity and integrity that sits behind the tendering process and the establishment of those panels. We have quite a sophisticated process. We have 15 staff, roughly, that work on maintaining those panels. We have a range of different processes in place to ensure that the appropriate integrity sits inside. Again, I am happy to go to that in more detail of the committee would like. Mr Filippone, behind me, has portfolio responsibilities for our procurement preferred supplier space. We can talk to that in more detail if we need. What underpins the program is the rebate that comes back to WALGA

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through local governments' use of those panels. I want to be really clear that there are a couple of principles that sit behind that. Firstly, it is not mandatory for local governments to use those panels. Local governments use those panels if they see value in it. We estimate the cost of undertaking a tender for a local government to be somewhere in the vicinity of \$12 000. The provision of those panels obviously means local governments can avoid having to go through those tendering processes. The rebate that comes back to WALGA comes back through the supplier. There is no cost for suppliers to be on the panels, with the exception of one—the legal services panel, where the legal service providers make an up-front payment to be on the panel.

**The CHAIRMAN:** You charge the lawyers and nobody else?

**Mr SLOAN:** Just the lawyers.

**The CHAIRMAN:** That is an excellent initiative.

**Mr SLOAN:** There is actually a reason that sits behind that.

**The CHAIRMAN:** What a terrific idea! I am glad this is a private hearing!

**Mr SLOAN:** I might let Mr Filippone just make a comment about that, just so we are clear on why that is.

**Mr FILIPPONE:** It is basically a provision of the function that common law, the rule against champerty, does not allow for law firms to receive a benefit from the functions that they provide in terms of paying a rebate fee, hence why there is a levy that is applied to it instead of doing that. The rebates operate on a percentage basis in terms of the amount of work that is received. Law firms are not able to apply that same sort of model.

[2.00 pm]

**The CHAIRMAN:** Thanks for clarifying that. Please go on.

**Mr SLOAN:** The rebate that comes back to WALGA is used obviously in part to underwrite the costs of the delivery of the PSA. I talked about the number of staff we have overseeing that, plus there is a range of other auditing processes that we have in place that we can bring into play if we need to look closer at any of the panels. Obviously, any additional income that is generated through that goes back into underwriting the balance of services that we provide to our members. As I mentioned earlier, that all contributes to ensuring that we can ensure our general membership fees are kept at a manageable level for our members.

The benefits of the PSA extend simply beyond the pricing that local governments are able to secure through the use of those panels. Obviously, through Mr Filippone's team we have significant professional procurement capabilities and legal protection. The members benefit from the administrative efficiencies, risk mitigation, reduced procurement costs, due diligence and risk assessment that we have in place that sits over the top of those panels. We also provide support to members in dispute resolution as well if it is required in relation to any of the tenders that are awarded through the use of the panels. We are undertaking an independent audit of preferred supplier program. We have not done this previously, but we think it obviously demonstrates that we have the appropriate levels. It is good governance and good management, so we think it is important that we do that. The process to undertake the independent audit is underway at the moment.

What I have also been able to bring along today—just to give you a bit of an idea about the way we report back to local governments their use of the preferred supplier panels. We provide an annual expenditure and savings report that goes back to each member that provides a breakdown of their engagement and use of the various panels. They can see very clearly the savings that we calculate

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are delivered back to the local government and obviously, by association, to the community as a consequence of them using the panels. We think it is a really useful tool for elected members in particular to have a level of awareness over the extent to which the provision of those panels is a really important service that goes to local governments. Obviously, at an operational level, it is largely the administration that have the direct understanding and engagement in the use of these panels. These are an example of the marketing—I guess, our tools that we have promoted internally to ensure that there is a broad understanding of the value of those panels. I am not sure if there are any questions you wanted to ask specifically about the preferred supplier program.

**Hon DIANE EVERS:** The amount of revenue you get from these panels is showing 30 per cent, is it?

**Mr SLOAN:** Yes, it accounts for about 30 per cent of our revenue.

**Hon DIANE EVERS:** This was brought in—I cannot remember—about 10 years ago or something? How long have you run the preferred supply program?

**Mr BROWN:** It would be 15 years ago.

**Hon DIANE EVERS:** Okay. Since it makes up such a significant part of your income, were you able to reduce the amount of money you had to raise from the local governments in fees or was this just absorbed into running costs?

**Mr DONOVAN:** It has largely compensated for loss of revenue and other contracts. One of the biggest contracts we used to have was, as you can imagine, the media expenditure contract with *The West Australian*. That was bringing in something like \$10 million turnover, and that has more than halved since newspapers have declined. What this has done is, realising that newspapers are declining, helped maintain our level of income.

**Hon DIANE EVERS:** How were you getting money from the newspaper?

**Mr DONOVAN:** Similar process. We were running a booking service through *The West Australian*, the Community Newspaper Group and television stations. We were running a process through which councils had a template and a lot of the advertising was advertising around vacant positions. I do not know whether you recall, but positions vacant used to fill up a large part of the newspaper. There are very few of those in there now and that was templated through WALGA's templates.

**Hon DIANE EVERS:** So when they put in an ad, part of the fee that they paid would come back to WALGA?

**Mr DONOVAN:** Yes, because they saved on creative costs. They did not have to make creative ads, so they paid less for that.

**The CHAIRMAN:** Mr Sloan, you have just tabled document "2017–18 Expenditure and Savings: Preferred Supplier Program and Business Services" to illustrate the points you have made, including an example, I think, from the City of Gosnells.

**Mr SLOAN:** There are two. You are right. There is one from the City of Gosnells and there is one from the Shire of Wagin. We thought it might be helpful for the committee to see contextually what a small regional local government's use of the panels looks like relative to, obviously, a larger metropolitan local government. The final comment I would like to make in relation to that is that the charges associated with the use of those panels are completely transparent. When suppliers are on the panels, they have full disclosure around what the charges look like. The local governments themselves use of the panels is entirely voluntary. If an assessment is made by the relevant local government officers that there is a more appropriate way to source a particular tender, then that is a decision for them to make. What we do is try to demonstrate that there is value in the panels and that a robust process sits behind the establishment of those contracts.

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**Mr BROWN:** Quickly, the benefit to the supplier is they only need to respond to one tender rather than 138 different local government tenders.

**The CHAIRMAN:** Of course, the benefits there are obvious. What are the potential downsides to this? Is it that perhaps smaller, local firms that might want to supply are not big enough to be on a panel arrangement? Do you find that happening?

**Mr SLOAN:** It is a really good question. I am glad you asked it. We have to particularly focus on ensuring we get local suppliers onto our panels. In fact, consistent feedback we are getting, particular from some of our regional members, is that they want to see more local suppliers on the panel. So we spend a lot of time working with local authorities and with local suppliers to make sure that we are getting local suppliers on the panel. I guess the other comment I make is that we benefit from being able to establish contracts at a national level, particularly if you look at plant, as an example, we have some significant suppliers. It might be JCB; it might be whatever another example might be. But when it comes to a local government procuring a particular piece of machinery or plant, they are dealing with a local dealer; they are not dealing with the national body. There is a direct benefit to local suppliers associated with being on the panel. I mentioned that we have a significant amount of resources inside the organisation that support these panels. That is one of the reasons why.

**The CHAIRMAN:** This is for larger engagements, is it not? Whereas if it is just for day-to-day items in a small shire, it is easy enough to go to the local stationer or whatever it might be to get things, so they are not completely overlooked anyway.

**Mrs CRAIGIE:** Anything over the threshold that can be obtained locally is usually done. Look at the example of my shire. Being very regional for us to come down and try to pick a point in the market where we might want to buy equipment, it is much easier for us to use a process that is already in train than trying to start from 1 200 kilometres away and then work out where we might even go to look. There is a big benefit there for looking at the tenders, whereas anything local that can be provided at smaller rates is done so.

**The CHAIRMAN:** You are East Pilbara, are you not?

**Mrs CRAIGIE:** East Pilbara, yes.

**The CHAIRMAN:** That is based in Marble Bar?

**Mrs CRAIGIE:** Not anymore.

**The CHAIRMAN:** No; not anymore?

**Mrs CRAIGIE:** It is Newman.

**The CHAIRMAN:** You are in Newman, now?

**Mrs CRAIGIE:** We do have regional meetings in Marble Bar. I am going there next week.

**The CHAIRMAN:** When did the move take place from Marble Bar to Newman?

**Mrs CRAIGIE:** In 1981.

**The CHAIRMAN:** That long ago?

**Mrs CRAIGIE:** Yes.

**The CHAIRMAN:** It takes me a while to catch up!

**Mrs CRAIGIE:** We would love you to come and visit.

**The CHAIRMAN:** I get there in the end, do not worry about that. Sorry to interrupt, Mr Sloan.

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**Mr SLOAN:** Not at all. I will talk very quickly about our procurement services. I touched earlier on that there is a range of other subscription services that members are able to access. We talk a lot about size and scale in local government in Western Australia because of the diversity of the sector. We obviously have different levels of sophistication in terms of the resources that local governments have available to them depending on their size. Procurement is one example where we might have local governments come to us with support around procurement advice, and we run capacity building workshops for those local governments. We can undertake procurement reviews on their behalf. We provide templates and other resources to local governments around sustainable procurement measures and other things. It is an area, I guess, we have identified. It has obviously been identified through a range of other reports that there is a vulnerability for local governments in and around procurement. Obviously, we invest significantly in making sure that we are providing the right resources and the right supports to local governments in that space. Again, that is well undertaken across both our governance space but also inside our procurement team.

[2.10 pm]

**Mrs CRAIGIE:** I might come back and talk about local government insurance services—our mutual scheme. WALGA operates the local government insurance scheme. It is a mutual insurance scheme for member local governments via an agreement with Jardine Lloyd Thompson Australia—JLTA. The scheme was established back in 1995 under section 9.58(6)(b) of the Local Government Act, when local governments were unable to secure sustainable cover on the open market and community groups were facing forced closure due to the lack of public liability. We talked a little before about urban myths. One of the urban myths is that people are compelled to go with this scheme. That is not the case; it is a voluntary scheme. We regularly see local governments go out for tender, as we have this year, and all seem to come back, some even before their renewal date, because the cover they are getting, whilst it may be seen to be cheaper is often not comparable at all in terms of risk.

**The CHAIRMAN:** President Craigie, do you think it might be useful if this committee were to inquire with some of those councils as to what the lie of the land is? Without prejudicing anything that we may or may not do as a committee, this might be a useful thing to inquire into and maybe put some of those—what did you call them?—urban myths or —

**Mrs CRAIGIE:** It is urban myths.

**The CHAIRMAN:** Let us call them that—or country myths, whatever. Who would be a good point of contact perhaps for a future hearing?

**Mrs CRAIGIE:** I am sure we would be happy to give you the names of councils that have gone in and out of the scheme and looked at alternatives.

**The CHAIRMAN:** Actually, that would be useful if you could give it to us that via supplementary information. We hear anecdotally about some councils that have gone out and saved a lot of money. Then we hear about other councils that have gone out and then had to make some claims, and then when they see what their new premiums are, probably want to come back in. If you could give us that information, that would be useful.

**Mrs CRAIGIE:** More than happy to.

**The CHAIRMAN:** Also, what about a point of contact? Again, you might want to consider this and give it to us later, whether it might be Mr Filippone or Mr Sloan or yourself who could perhaps in due course maybe give us the benefit of their advice at a dedicated hearing about that.

**Mrs CRAIGIE:** It is probably Mr Donovan, actually. More than happy to do that. I think that would be very worthwhile for the committee to see, because we have seen a lot of examples, particularly this year, where councils have been very critical of it, have gone out for tender and come back and

rejoined the scheme without missing their renewal. Even though they are still critical of the scheme, they have seen the benefit of it and stayed in it.

**The CHAIRMAN:** That might be helpful. There is an outcome already of this afternoon. We will look forward to doing that in due course.

**Mrs CRAIGIE:** More than happy to do that. We will provide a name and that contact point to you.

**The CHAIRMAN:** Thanks very much. We will take that as a question on notice to provide that information we were just talking about.

**Hon DIANE EVERS:** It would be useful to also look at some of the councils who have left the scheme. Would you be able to give an estimate of how many of the 138 councils actually go through the insurance scheme?

**Mr SLOAN:** We can do it pretty easily, because 100 per cent of our members are in the scheme.

**Mrs CRAIGIE:** There is only one local government that is not.

**Mr SLOAN:** The only local government that is not in the scheme at the moment is the only local government that is not a member of WALGA, and that is Nedlands.

**Mrs CRAIGIE:** They can utilise LGIS services, but obviously they get a discounted rate if they are members of WALGA; they choose not to be in WALGA. I think they are considering their insurance options again at the minute.

**The CHAIRMAN:** Perhaps we can find out a little more about some of the other councils that have also, and we might benefit from talking to one or two of those councils about their experience.

**Mrs CRAIGIE:** I am sure they would have no problem, because they have indicated to us they are happy to do that.

**The CHAIRMAN:** We will follow that up in due course.

**Mr SLOAN:** For the benefit of the committee, we can tell you who the three local governments that have left the scheme and have returned within the last renewal period, and that was Kalamunda, Coolgardie and Wiluna.

**The CHAIRMAN:** What about Gosnells? Did I not hear that Gosnells —

**Mrs CRAIGIE:** A lot of councils tendered to the market to have a look but did not take it.

**The CHAIRMAN:** That is interesting.

**Mr SLOAN:** Again, some of the criticism that we see is that when local governments go out and test the market, they actually end up with better premiums in the commercial market outside the scheme. Nedlands is used as an example of someone that has left the scheme and has been able to secure cheaper insurance. The item that went to Nedlands council at the most recent OCM in relation to their insurance renewal noted that—I will quote from the ordinary council minutes agenda —

On a purely commercial/financial basis an alternative recommendation is provided to re-join WALGA and avail of the savings presented in the Local Government Insurance Services ... offer—of up to \$138,000, and additional complimentary services valued at \$25,000.

I just want to be really clear that the criticism that is raised in relation to the LGIS insurance being uncompetitive with the commercial market is absolutely baseless.

**The CHAIRMAN:** We look forward to working with you to perhaps look at that in a bit more detail on another occasion. Do you have any further opening remarks that you might like to share?

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**Mrs CRAIGIE:** I would like to make one more point in there that the bit that is not often talked about is since 2007 the mutual has returned surplus distributions to local governments across the state in all but two years, amounting to more than \$40 million. When the insurance has a good year, it pays back in distributions to its members. That is the benefit of the mutual obviously. A commercial insurer would be pocketing that; we as an insurer give that back to our members and they can either use it as an offset of next year's premiums or receive it as a cash payment.

What WALGA has also done is recently moved that that distribution acknowledgement must go through an ordinary council meeting. So it is not something that the CEO decides on; it is something that full council gets oversight that this year you are getting X amount of dollars back as your insurance has done well, and do you choose to have it as an offset of your renewal premium or will you take it as a cash payment that you can use for some other service?

**Hon MARTIN ALDRIDGE:** I have a question on that, Ms Craigie. The member councils of the scheme would not then be liable for a deficit in a financial year, would they? That risk is covered by —

**Mrs CRAIGIE:** That risk is well and truly covered. We had a planning meeting today and the threshold, if you like, of the assets held by the insurance company always are kept at a level above the APRA recommended level, so the chances of that happening would be highly —

**Hon MARTIN ALDRIDGE:** Are those cash reserves quite volatile? I am probably getting into some of the detail that I should not on the scheme, but I noticed there was some sensitivity around insurance for firefighters this year. Does that have a material impact on the cash reserves required?

**Mr DONOVAN:** There are four components to the scheme—liability, property, work cover and bushfires. Bushfires is very much the smallest part and the newest part of the scheme, and it is very volatile. The way the scheme works is that there are contributions up to a certain point, there is then retained earnings or retained funds that ensure beyond that, and then we go to the market for insurance of the risk beyond that. That insurance beyond that is the most volatile part. There is only one insurer globally that currently will cover our bushfire risk. It has meant that there has been an increase from \$67 per bush fire fighter this year to \$81 per bush fire fighter. There is not a great deal we can do about it. We really have to pick up that to cover that cost of the insurer that we reinsure globally.

**Hon MARTIN ALDRIDGE:** What is your relationship with ICWA or there is not one?

**Mr DONOVAN:** No, not in regard to bushfires.

**Mrs CRAIGIE:** Unless there are further questions, I might leave the rest of LGIS, the insurance scheme, to when we are more dedicated —

**The CHAIRMAN:** We probably need to keep moving on.

**Mrs CRAIGIE:** I might refer to Mayor Roberts to talk a little about training for our elected members and officers.

**Ms ROBERTS:** Yes, definitely. Training is critically important for elected members and officers, and WALGA does provide universal training right across Western Australia. Essentially, it has helped to build the capacity of the local government sector, also ensuring that elected members are well and truly experienced and knowledgeable about the decision-making processes that they have and their responsibilities as an enrolled elected members. The training has a variety of formats, obviously, because we have our regional members. We have e-learning. We have face-to-face in metropolitan and non-metropolitan. The team is actually going out to different local governments. It might be something that they need to really fine-tune and hone in on a certain aspect depending on the local

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government, but the important thing is to ensure that everybody has that skillset with which they can carry out their duties, roles and responsibilities.

[2.20 pm]

In order to keep the costs at reasonable levels, WALGA does work with the group of councils to combine training requirements off-site—that is, we could have a cluster of local governments, so we have opportunities there for making sure that they have got the skillset, I guess, because once again honing in on the diversity of local government, the different skillsets that are required, but fundamentally it is to make sure that the roles and responsibilities of being an elected member are fully understood and that they are observed, that they are carried out, because the last thing that we need in local government and the local government sector is that something goes wrong because then that can have significant implications as we are all aware. We have free webinars, which are offered throughout the year. Last year, WALGA delivered more than 220 training courses equally split between the metropolitan and regional locations. WALGA training has been deemed a preferred respondent in the Department of Local Government, Sport and Cultural Industries' expression of interest processes for the development, delivery and management of its council member essentials program. So, in a nutshell, we have got experienced staff, as the CEO indicated earlier, the skillset, the knowledge and being able to clearly train and provide education to local government representatives solely about local government, so it is well and truly tailored for the different responsibilities we have.

**Mrs CRAIGIE:** If I can, Chair, one of the issues, I guess, for local government—you asked about improvements and things—with the taking away of the country local government fund and requirement under the act review changes to bring about change, it will become more expensive or a cost to our local governments to take this training out to the regions because obviously it has to be paid for. Under the country local government fund—I do not have the numbers with me—a lot of training was undertaken in the regions under that fund. That no longer exists. Obviously, we will have to go out and do training to get people across the line, and we see that as a huge need and WALGA will be supplementing it where it can, but the loss of that funding—I think it was 18 months ago—has made a big difference to regional training being taken out.

**Hon DIANE EVERS:** That was a state government fund?

**Mrs CRAIGIE:** Yes.

**Hon DIANE EVERS:** How much was it roughly?

**Mr BROWN:** It was about \$450 000 per annum we got for four years to get training out into the country regions. It meant that elected members were paying \$50 a head for a training course rather than \$400.

**The CHAIRMAN:** You would say it was a government subsidy, in effect.

**Mr BROWN:** Yes.

**The CHAIRMAN:** Was that a royalties for regions thing?

**Mr BROWN:** Yes.

**The CHAIRMAN:** And now it has reached its end and been canned.

**Mrs CRAIGIE:** And one of the issues, of course—again, I will use my council as an example—we face airfares of at least \$1 000, a return airfare—some days \$1 000 each way—but going in advance a \$1 000 airfare to bring an elected member to Perth, plus accommodation, to do some training. It is an expense on the council. It works out cheaper to fly a WALGA person up, but it is still a cost. When we could do it for \$50 an elected member before, it certainly worked out to be better.

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**The CHAIRMAN:** And now, of course, there is compulsory training, is there not?

**Mrs CRAIGIE:** That is right, which we fully support. We think that training should be mandatory, that people need to undertake some level of training, but it is an impost on local government when there is no assistance coming from the states or feds.

**Hon DIANE EVERS:** That training is all available online, though—is that not the case?

**Mrs CRAIGIE:** The WALGA training will be available online.

**Mr BROWN:** Yes, there are options to do it online or in person.

**Hon DIANE EVERS:** And with technology improving, maybe that is just more what you will do. I know the face-to-face stuff is important but —

**Mrs CRAIGIE:** What we are trying to encourage—what I am trying to encourage—is to get councils to do it en masse so do it as a group because, apart from the cost, also the benefit of just being in a room with your peers and all being able to discuss things, and that way you get your whole council retrained again as well, that we can make it available to all council members, not just those who are newly elected.

**Ms ROBERTS:** We are just about to face local government elections, as we all know, and what is really interesting is when you read some of the nominations and people, candidates, do not understand the responsibility of local government when they say in the nominations they are going to ensure we get more police. The training is so important when somebody is elected. And also we have now the candidate induction, which gives people an idea about what the responsibilities are. You would hope that a lot of people do their research but, unfortunately, it might not be the case. Local governments also go through an intense induction process, so the induction process, the training, the ongoing training. Councillors that have been in the roles for a number of years always benefit from additional training because it is like a renewal of skillset and information in the Local Government Act because there are changes. The key for us, is we have got informed and educated elected members, then there is less likely to be complaints to the standards panel and breaching the responsibilities. You cannot underestimate the importance of ongoing training.

**Mrs CRAIGIE:** Moving on, I might ask Mr Brown to talk about employee relations.

**Mr BROWN:** I just want to highlight one of our subscription services which local governments can opt in to is our employee relation service. We have 112 of the 138 members subscribe to this service. It provides a broad employee relations and human resource advisory and consultancy service together with offering best practice tools and resources to help local governments with any employment-related matter. We can assist with industrial issues, performance management, discipline, fitness for work and also enterprise agreement interpretation and negotiation. This service has been well received and we are also providing online resources. We are hosting metropolitan and regional forums. It has been something that we have done on a subscription basis and well received, especially for the smaller local governments that do not have any HR professionals in their workforce.

**Hon DIANE EVERS:** Just a question on that, when you said about being involved in enterprise bargaining negotiations, whose perspective do you look at it from?

**Mr BROWN:** We are representing the organisation—really clear that we are representing the council when we are assisting in those matters.

**Hon DIANE EVERS:** So the staff cannot go to you.

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**Mr BROWN:** Staff will go to us, because the CEO should be representing the organisation in the negotiations, so we would invariably be dealing with the chief executive officer and providing assistance.

**Mrs CRAIGIE:** Okay, I will keep moving.

**The CHAIRMAN:** Yes, we do have to keep moving so keep it to an overview. It is a very useful document, though.

**Mrs CRAIGIE:** Thank you.

Another service we provide, which is completely voluntary to our members, is that of recruitment. Smaller councils would never be able to engage—I mean, the City of Wanneroo, for example, could call up Beilbys or someone to do their recruitment. That would never happen with a smaller council so we offer that service on a fee-for-service basis that they can utilise those services.

We also offer governance support for our members. Feedback at the moment indicates that sadly the department appears to be somewhat under-resourced and unable to provide the support they had in the past. So it is now falling on WALGA. We get lots of inquiries from our membership for government support so we take that on board and have a very experienced team of staff to follow that. Do you want to add anything to that, Mr Brown?

**Mr BROWN:** Since the machinery-of-government changes, our workload has increased substantially, so we have seen the department withdraw a bit from that area. We required WALGA to reprioritise its resources so we can meet the demand for elected members and CEOs seeking governance advice.

**Ms ROBERTS:** And just to add to that, if WALGA actually removed itself from this space, it would be a very disturbing scenario because as Mr Brown has indicated, we have had to really step up.

**Hon MARTIN ALDRIDGE:** Can I ask some questions on this point. Is the diminution in capacity of the department quantifiable as a result of the machinery-of-government changes because, as parliamentarians, it is very difficult to sort out what was happened with machinery of government in terms of where resources have gone and merged and whether there has been an increase or decrease in capacity in each of the departments?

**Mr SLOAN:** Perhaps I will make a comment in relation to that. I think what we can absolutely point to is the shift in focus from the government and the department in particular, which is now very much around regulation and compliance, and that is where the resources seem to have gone. Traditionally, there has been support in and around capacity building, and some of that has been funded obviously through alternative resources, like royalties for regions, for instance. None of that exists anymore. Without going into the specifics on what the numbers might look like or quantifying that, we can absolutely talk about the shift in focus that is overt from the department, and what that has left is a significant gap, I guess, in terms of that direct service and support that local governments certainly feel they used to be able to rely on, and also the capacity building, which is obviously another significant issue.

[2.30 pm]

**The CHAIRMAN:** We have got a specific term of reference about departmental capacity, as you know. Will you be expanding on this in your submission, which we look forward to receiving?

**Mr SLOAN:** We would be happy to expand more on some of the specifics, around the nature and volume of inquiries we are now dealing with, and I think that will go some way to informing, I guess, what the department is doing.

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**The CHAIRMAN:** Already we are receiving quite a bit of advice, anecdotally at least, that, for example, even in the area that you were saying is being focused on or prioritised in compliance and regulation, we are seeing that the number of inquiries into local government is such that the time taken to complete those inquiries is noticeably blowing out in recent years. Is that a symptom of machinery-of-government changes?

**Mr SLOAN:** I think so. What we saw with the machinery-of-government changes was the consolidation of a number of different agencies, and my understanding of what is happening inside the department is that the regulation and compliance area is largely utilising the resources and capacity that previously sat inside the department of racing and gaming that had a similar function for that industry. I am sure part of that is a migration or transferring of the skills and understanding of the sector, and we will talk to that more expansively in the sector submission. We certainly see it as a significant issue for the sector at the moment, the length of time it is taking to work these processes through.

**Hon MARTIN ALDRIDGE:** Can I ask one more question on that? Are there risks associated with—I mean, at the end of the day, WALGA is not the regulator of local government. Are there some risks that are unavoidable from this process, where you are playing that role, because no-one else is, in terms of advising local government around aspects of governance that at some stage that advice may not be the right advice, and may have local governments falling foul of the regulator, because they are no longer in that space of guiding local governments through their responsibilities?

**Mr SLOAN:** I might make an initial comment, and then pass over to Mr Brown. What I would say in answer to that is I think that what the government would be seeking to do out of the legislative reform process, as part of that, is to establish really clearly what it sees as the role of the department being moving forward, because I think at the moment there is ambiguity around that, and that, I guess, exacerbates the situation that we are seeing at the moment. The way I would answer that to start with would be to get an understanding of exactly what role the government sees the department playing, and then we can have a more mature conversation with government around the ancillary services and support that we think the sector needs, but with respect to the way that we provide the advice and the way it is framed, I will ask Mr Brown.

**Mr BROWN:** We have got some really experienced people in our governance area, and so we will provide advice on our best read of the Local Government Act and regulations, stipulating that it is not legal advice. Any time when we think the issue is requiring technical legal advice, we will tell the local government that they need to seek legal advice. With most of the Local Government Act queries that we get, we are confident that we are able to deal with most, with the advice we give.

**The CHAIRMAN:** Do you think there is an element of cost shifting, in effect if not in intent, that you are picking up, at your member councils' ratepayers' expense, a whole lot of tasks in providing advice or whatever it might be, that used to be done by the department?

**Mrs CRAIGIE:** Definitely, and it may not be intentionally cost shifting, but it certainly comes at a cost to local government. Anecdotally, I have had local governments tell me that they have been told by the department that they do not have the staff, and to ring WALGA, so it puts us in the position of then having to do something.

**The CHAIRMAN:** Actually, I suppose some of those staff—the areas of expertise, as it were, or the repositories of expertise and experience—are probably working for you, and used to be working for the department.

**Mrs CRAIGIE:** Some of them are.

**The CHAIRMAN:** They are probably being paid a lot more, too.

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**Mrs CRAIGIE:** I do not know about that.

**Mr SLOAN:** You can make the argument, and I am sure that the government will make the argument, that our members pay a fee to access and provide and utilise our services, so it is entirely within the remit of that relationship that they should expect that WALGA as the organisation does provide that level of support. It is just, I guess, the extent to which now there has been a really significant correction in terms of what had previously been in place in terms of the capacity of the department and now.

The other point that is worth making, and I think as an organisation we certainly have this view that, if you are going to talk about conflicts, there is an inherent conflict for the government, through the department, in having that dual role of being the regulator, or the judge, if you like, as well as also being the body that might be providing advice and service support for the sector. We see it as being a really important opportunity, given the legislative review, given this committee process, to look at, I guess, a determination about what the government sees the role of the department being moving forward, and then we would be in a position, we think, to look in a much more mature way at our capacity to meet the need of the sector. As Mr Brown mentioned, we are already reprioritising resources internally, because, clearly, the more we invest into that space, the less likely we are to see members running into problems with the regulator.

**Mrs CRAIGIE:** That provides a segue into talking a little bit about the policy—I am coming to a conclusion here—that we provide. There is lots of media content about local governments needing to stick to their knitting. However, if we stuck to our knitting and just did roads, rates and rubbish, we would be leaving very big holes in the sector and the community, because currently we are filling an awful lot of voids. Communities come to their local government because they want something that they are unable to get anywhere else. If we talk about homeless people, homeless people may be one thing, but the upshot for local government is the littering and use of public places as toilet amenities, and all those things, and what our ratepayers are saying is that they do not want that. There is a whole raft of stuff that is coming to local government; whether you say that particular thing is our bailiwick or not, we are getting the upshot of it. If we look at climate change, yes, we know that climate change is not the business of local government, but coastal erosion is; if we have got public buildings about to fall into the sea, or ratepayers' houses, where else do they go? Whilst we are not saying for one minute that we are the last in the chain in the process, we seem to be the first port of call at the moment for people coming to tell us.

We have lots of policy areas. We work on environment and waste as one area—waste management and resource recovery, biodiversity conservation, water resource management, climate change, biosecurity, agriculture and coastal management all come under that. We look at other household hazardous waste programs, environmental planning tools, better urban forest planning guides—I will not go on, but there are an awful lot of sectors, and they are all outlined in the document you have, that if we did not do, there would be great gaps there. Whilst local government might have started as roads, rates and rubbish, it has certainly come a long way from there, and we would be leaving massive gaps for our communities if we were to return to just that.

I will talk a little bit about communication for our members. WALGA spends a lot of time, money and effort putting out publications and communications aimed at keeping our sector informed on emerging issues and latest developments, but also showcasing achievements and initiatives by individual local governments. So, if you like, we are trying to spread the love so that we all get to see what each other is doing and can learn from that without reinventing the wheel. We also undertake a variety of marketing and communication initiatives to support them, as I said, in maximising community awareness and engagement with relevant local facilities and services. This

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year, you would have seen, we have partnered with the Department of Local Government, Sport and Cultural Industries on television and radio advertising to try to encourage the numbers and the profile of people running for local government, and encouraging people to put their hand up, and also getting people to vote, because local government, as you know, it is not compulsory and voting turnout is not great, so we are working on doing that. We have also spent money on a video feature campaign on a website called YourEveryday, which promotes, through print and social media and search engine optimisation. The campaign started in January. Videos are showing up to 400 000 views on Facebook and 50 000 views on YouTube, and what that is, it is a dedicated look, if you like. It picks a certain place such as Shark Bay and talks about what is there for you to see while you are there, what the local government is doing, so actually promoting all the different regions across the state. People can use that as a tourism thing: “If we’re heading to that area, let’s go onto YourEveryday and see what can be done while we’re there.”

Lastly, I will just speak quickly about the Local Government House Trust. Since January 2014, the trust has provided WALGA with accommodation at the ONE70 building, located at 170 Railway Parade. It is a joint venture. The Local Government House Trust owns 60 per cent of the building, and the other 40 per cent is owned by Qube. That 60 per cent is actually owned by shareholders, which are our local governments. The idea, optimally, is that we will get to a point where local government owns that building entirely and gets a dividend paid back to it. At the minute, WALGA occupies one floor, LJS occupies several floors and pays rent, and the rest is rented out. But at this stage we do not pay a dividend to our local governments; it is an investment they have, but in the longer term, we would like to see that one day we will own that. It is a commercial enterprise; it will give us a home, but it will also provide a dividend back to our local governments.

[2.40 pm]

In conclusion, as you can see, the objects of the association are as detailed on pages 5 and 6 of this document. WALGA exists to serve Western Australia’s local governments by providing a united voice to government and the community, promoting local governments as a legitimate sphere of government, providing value-for-money services and advocating on behalf of the local government sector. We believe our governance model is representative and democratic, and elected members from all across Western Australia serve on our state council, which is our board of governance. They are elected by their peers from all geographic regions, and we believe that the split we have, according to population with our zone reps, covers the entire state fairly. I have looked at many different models of how that could be done differently. We even had a suggestion from someone recently to have bigger councils; as that would require 50-something little councils having one representative, it would not be fair. We believe that the way we have it at the moment, with 24 members on the state council, adequately covers a voice from all parts of the state, which we figure is important.

We have given you a copy today of our annual report, which is the first one we have produced in this size, and we have that for the committee’s future reference. We look forward to being able to provide other stuff to you from a WALGA perspective, as indicated.

**The CHAIRMAN:** Madam President, I am sure I speak for all my colleagues in saying thanks very much for a very capable presentation and overview of a tremendously large scope of activity, done in a very economical way. Thank you for these documents, too—the papers that have been tabled. I am sure they will be useful prime documents as we go forward. I have a couple of questions I would like to ask in today’s hearing, but before I do that, would any other members like to ask a question, or should I kick off? All right, I will kick off.

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**Mrs CRAIGIE:** If I could, through the Chair, sorry. I also have some more points to talk to you about on the actual sector submission.

**The CHAIRMAN:** Do we have the submission yet?

**Mrs CRAIGIE:** It is the interim submission, but I do not know if your questions relate to WALGA or to the overall—whether you want us to do that first, or whether you want to —

**The CHAIRMAN:** We wanted to take advantage of having you here in person to kick around some ideas. We will be digesting the facts and figures, and that is all essential information. You have already taken a couple of questions on notice to give us a bit more information, but when it all boils down, we are, all of us, as elected members, in the people business, which is something that sometimes gets overlooked, in my view, by the requirements of bureaucracy and governing a state the size of Western Australia. This is why we value being able to just talk face to face like this, and, frankly, I want to get some advice.

One of the things that has always surprised me since the 1995 act came in—15 years after you moved from Marble Bar to Newman, but I did notice that at the time!—is that there seems to be a view that one size fits all in local government, and I have always intuitively felt that to be wrong, wrong, wrong, when you compare Menzies with Albany, with Peppy Grove, with Wanneroo. There is a definite hierarchy, I think. In fact, some people have identified four distinct tiers, which is rather a lot. What is your feel for that? Do we need to concentrate in a different way at the state Parliament on different tiers of council?

**Mrs CRAIGIE:** Definitely, and I will refer to Mr Brown in a minute to have him talk a little about the act review. But certainly—not only from a compliance point of view, but also from an advocacy point of view—it is very difficult to advocate for what is right in the Pilbara mining area as opposed to what is right in the agricultural region, as to what is right in Wanneroo. It is a dilemma we are looking at at the moment. I might ask Mr Brown to speak briefly about that.

**Mr BROWN:** With the Local Government Act review that is being undertaken at the moment, one of the key principles of the sector is to promote a size-and-scale compliance regime. The difference between the City of Stirling and the Shire of Murchison, and then having to currently comply with the same regulations, does not make a lot of sense. So we certainly want with this review that there be size and scale. There are many ways you could do that. At the moment, there are four bands that the Salaries and Allowances Tribunal determines for local governments—one being the largest, four being the smallest. You could use that type of band to put different requirements on different local governments, so we would certainly like to use the act review process to tease out how we could do that.

**The CHAIRMAN:** What sort of requirements are we talking about? Is it fields of activity, or something like that?

**Mr BROWN:** One of the things we do not want to do is reduce accountability. We are not saying that in the purchasing and procurement area you would reduce requirements there. But are there other areas, whether it is the integrated strategic planning requirements, the requirement for every council to have an audit committee, whereas in smaller councils the whole council sits on the audit committee—can it just be done as one? We are actually trying to do some work with the sector at the moment for it to tell us what examples we can use. We would like to come back and say, “The sector’s told us that these would be good examples of size and scale, so we want to put that forward as we go through this year.”

**The CHAIRMAN:** Obviously, we will catch up on a lot of this through submissions and further inquiry, but before we move off the subject of the legislation itself, yes, there is a review going on; we know

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all of that. The government got upset that we were doing a review when it was doing a review, but we are looking at the whole sector. When it comes to the legislation that governs the sector, is it fit for purpose? I am talking here about its overall approach. It just strikes me that at 478 pages, there is a heck of a lot in the Local Government Act, and it is perhaps a little bit prescriptive. Then when we look at the different regs and the rules that flow from that, I am just asking you frankly, because, let us face it, we have a number of senior elected council leaders here: Is it a bit too prescriptive? Does it get in the way?

**Mr BROWN:** There is a yes and no to that answer. The good bit about the current Local Government Act is that it has the general competence principle to allow local governments to do whatever is best for their community. The previous act, 1960, was an ultra vires act. If the act did not say you could do it, then you could not do it, whereas this act will tell you what you cannot do, and everything else a local government can do, so that is good. But, as you have quite rightly said, there is a huge amount of compliance and regulation that goes with the current act, and we think that needs to be pared back. We would like a flexible, principle-based legislation approach, rather than what we have at the moment. I think what happened in 1995, when it started, it was okay; it was probably still over-regulated at that stage, but as we have gone on, the answer to every problem in the state is to regulate for it, so now we have a huge amount of compliance. We would like to pare that back.

**The CHAIRMAN:** I will give an example to you just to see what your reaction is. We are all upper house members and it occurs not infrequently that the Joint Standing Committee on Delegated Legislation puts forward a local law for disallowance and, upon inquiry, we discover that the reason for its motion for disallowance is that the procedure, which is laid out somewhere—an ad goes in the paper here and someone else gets a letter written to them there—has not been followed, and sometimes one of the steps will happen just before the step it should have happened after, or something like that. So, it makes no difference, but because it is technically, and literally, against that law, it makes the whole local law invalid and it has to be disallowed. This happens more often than you would like to see, and it makes me so cross when I think of all the effort that has gone in, and then, at the last gasp, the whole thing is thrown out because of some technicality like that. Is that something that has frustrated you, because it frustrates the heck out of me?

[2.50 pm]

**Mrs CRAIGIE:** It is almost like the intent has been missed entirely. I will let Mr Brown talk to it, and perhaps Mayor Roberts. It is to me like the intent is not followed. We are sort of getting bound up in technical things rather than: what are we actually trying to achieve here; what is the local law trying to do?

**Mr BROWN:** I add that it is like the process is in reverse a bit. It goes to the joint standing committee right at the end, which is right, but there needs to be a process at the beginning to say: have we followed this correctly so that we can submit it now? At the moment, the local government does the whole process, and then it goes to the joint committee, and if they have not done something correctly, they start again. There needs be a whole review of that process.

**Hon LAURIE GRAHAM:** Is it not the case at the moment, though, that if they use your model form, those trips do not happen? They should not get tripped at all if they use the model templates that you have set out?

**Mr BROWN:** That is right.

**Hon LAURIE GRAHAM:** The fact is that they have inexperienced officers who are not following the templates. They are doing it themselves outside the template process.

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**The CHAIRMAN:** Yes. It just occurs to me that it might need a couple of steps that might say, for example, put an ad in the paper advising people, and then write to the minister, enclosing a copy; and, if they have done it the other way around, that is against the law.

**Mr BROWN:** It makes it invalid.

**The CHAIRMAN:** It makes no material difference at all. That is the sort of thing that I would highlight as perhaps being a bit too prescriptive. It does not really help.

**Hon LAURIE GRAHAM:** That was caused by the way the regulations had been written. I understand that one of the regulations that will have to come into effect for one of the amendments that was proposed recently to the new act—namely, that councillors will have to disclose their address—is now being watered down. Is that the right word?

**Mr BROWN:** Yes.

**Hon LAURIE GRAHAM:** Perhaps I will let you guys explain what that is about.

**Mr BROWN:** With the recent Local Government Act amendments, there is a requirement that when elected members and officers do their annual returns, that will now be posted on the website, and those annual returns have their private addresses in them. We are talking about officers, rangers—all of a sudden, their private address is exposed. However, the department has listened to us, and we understand that the regulations will delete the requirement for the address and you just have to put your suburb.

**Hon LAURIE GRAHAM:** That is correct, or town.

**Mr BROWN:** Yes.

**Ms ROBERTS:** With local government, we strive to do it efficiently and effectively, for very good reason, but the important thing is that we do it right. There are some really onerous obligations on us, but we get that and we deal with that. There is talk, obviously, about the red tape. I was on the radio not that long ago about red tape, and I think the announcer asked me, “If you could get rid of all the red tape, would you do that?”, and I said no, because there is certain red tape that is there for obviously very good reason; it is protection. For example, imagine building a house, and there is no legislation about how you need to build it and so on, and your house falls down. Exactly. I guess it is the balance of the responsibilities and the implications, and the whole unravelling about what needs to be done and what steps need to be taken, which could be done relatively effectively but will now take a long time. One example is gifts. One of my councillors at Wanneroo got married. He had to do a spreadsheet for submitting about who gave him what gift and how much it cost. That was because of the wedding presents. You look at that, and then you look at the addresses. You have obviously got the issue with regard to not everybody is happy with what you do in local government. When you nominate, you have to put your address down, but there are some issues with regard to being able to provide safety, I guess, if they have access to your residential address. However, we understand that it comes with the turf of being an elected member—you are everybody’s property.

**Mr SLOAN:** One of the challenges that the sector faces is that whenever legislation is discussed in relation to the local government sector, we tend to look to the Local Government Act. What is often ignored is the fact that there are approximately 80 pieces of legislation that directly affect local government and that local government is required to work across. In the sector submission we provided, I think at pages 32, 33 and 34—nearly three pages—we have provided an overview of all those pieces of legislation. I guess the reason we draw that to the committee’s attention is, again, that the criticism of local government—a lot of that has been sort of sensationalised in the media—is around the creation of red tape. The reality is that these are all the pieces of legislation that local

government has to comply with. So one thing that we, I guess, encourage the community to focus on is the extent to which there is an understanding across government that that is the obligation that is put on the sector, particularly when legislative reviews are taking place—obviously, the Local Government Act is being reviewed at the moment—at least half a dozen other pieces of legislation are also being reviewed, all of which require local government to contribute and be part of that process. There is a very strong case to be made that, yes, there is red tape, but it is certainly not of the local government sector's willing.

**The CHAIRMAN:** I agree. If you do not mind me saying, what Mayor Roberts had to say about red tape is very, very pertinent, and we can perhaps swap war stories about that outside, because I have had similar revelations in other roles I have had, too.

We are going to get down to examining the key terms of reference. You have provided us already with a draft submission, and I know you are waiting to finalise that once you have done all your consultation. It is a pretty substantial document. Thanks very much for your contemplation of those matters. We will have to digest that. As we have already indicated, there will need to be some toing and froing, and you have already indicated your willingness to engage with us, so thanks very much for that. I am not proposing to go into that now. However, we indicated in our earlier discussion that we were going to look at the insurance subject, as it was, and we look forward to that.

Another matter that has already come up and that we have discovered, at least anecdotally—I think everyone has—is the question of standards panels and complaints against councillors and officers. Without going into all the detail that the subject requires, of course, what is your immediate reaction to that matter, Madam President? Is that an area that really does need to be looked at?

**Mrs CRAIGIE:** Yes, most definitely. I am sure I speak for all of us in that. The time taken to look at any of these things—I mean, I had someone say to me yesterday that they knew there was an elected member who probably should have a breach for something that has happened, but, really, what is the point; we are three months off an election, they may get voted back in, and the chances of it being even looked at inside six months is really not going to happen. That time delay, if we look at some of the most controversial dealings we have had with councils that have fallen apart badly in recent times, a lot of that could have been nipped in the bud if we had had a responsive reaction to what was going on in the first place. Some of them took two years to come to a head. Really, that stuff should have been nipped in the bud before it, first, cost communities money, and before it decimated staff and elected members who were involved in it. We believe—I am sure I speak for all of us on this—that there needs to be a very smart, quick, responsive attitude to anything like that.

**Hon DIANE EVERS:** To what organisation? Who would be responding? The standards panel?

**Mrs CRAIGIE:** The regulators.

**Hon DIANE EVERS:** The standards panel?

**Mrs CRAIGIE:** Yes, the standards panel. It almost appears, if I can say this—I do not know how politically correct it is—that there is such a reliance at the minute looking at other issues that we have lost sight of where we deal with the stuff that is going on. If someone is in breach of something, it needs to be very quick and very responsive and onto it today, so that the behaviour stops, the community sees that something has happened, the local government can feel good about their business, and we all move forward. We do have legislation that means if a person is running amok badly, they can be removed from the council, but it is a big step, and we understand that. We are all elected members, but I think we all need to stick to the code of conduct and there needs to be repercussions if we do not.

[3.00 pm]

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**The CHAIRMAN:** Look how many people we have got involved in this sector. We are going to be a broad church, are we not, and all sorts of people are going to be involved. But most of us, I think, if I can include myself in that, are fairly regular Western Australians. We are probably appalled, I think, when we see what is meant to be a solution to problems of conduct actually being misused in the sense that if people have got personality disputes they might resort to making complaints against someone or other; it is used as a political tool if someone is coming up for election. I have even heard from several locations about staff using it to get at elected members that they do not like. All of these things have got to be tested, but are those the sorts of problems that genuinely exist?

**Mrs CRAIGIE:** Definitely. It is both sides of the coin. I have examples where someone had 42 breaches against them and saw that as a badge of honour rather than saying, “My gosh, I’m in the wrong business; I need to get out of this.” Forty-two breaches—what is the upshot? “Yes, I’ve got 42 breaches, it’s like a medal. My behaviour is abhorrent most of the time to the rest of my council.” There is that and there is also the vexatious complainants. We have all been subject to that. People who do not even know you make some outlandish comments and things about people who are just trying to do the job. We will all admit there is always going to be one or two who do not do the right thing, but in general elected members in the local government sector do not get overly paid for what they do. Most of us would be lucky to be working for 50¢ an hour when we work out the hours we put in, and do so because we love our communities and we believe in it. I think we all get tarred with the brush, particularly when there is no repercussion for the ones who do the wrong thing. I think that needs to be something we look at, or it needs to be looked at.

**The CHAIRMAN:** Bouncing off the debate which occurred in our house to set up this select committee, there is a general understanding, reinforced by your comments, that this is an area that needs to be looked into. I will foreshadow that that is another likely area that we might seek to engage with you.

**Mrs CRAIGIE:** We would welcome that because, as I said, those of us who are doing the right thing get tarred with the same brush as those who are not. It is a reflection on all of us, and most of us are working hard in our communities.

**The CHAIRMAN:** My purpose in raising it today was just to validate what appears to be the case. This is a big issue that needs to be got right, and probably can be got right. It is a big area to look at. We look forward to working with you in due course.

**Mrs CRAIGIE:** We would look forward to that, particularly the vexatious claimants area. We put ourselves in public office and have no protection against those people who choose to be vexatious, with little or no cause, often. We would love to have input into that as well.

**Ms ROBERTS:** Can I please add to that as well? It is elected members but also members of the community that can put in complaints too. Often, there have been situations within my council that it has been a compliance matter which elected members have got no control over—they do not get involved with compliance—but if something does not go right, then you get the regular complainants and usually Facebook—don’t you love Facebook! Then there is a complaint lodged and it is dismissed. But my understanding is that with the standards panel, the local government actually gets the bill for the standards panel investigations. It can be quite expensive. I understand that now, if there is a complaint and it falls over, there is a cost attributed to the complainant. If it is a resident, I guess, who just files off standard panel complaints all the time, if there was a responsibility that if it was considered vexatious, then they have to bear the brunt of the cost for the standards panel’s time and so on. Mr Brown might be able to assist with that. At the moment, there is no recourse. People can just send them off constantly without any recourse: “Oh, I didn’t

win that one”, or, “That one has fallen over.” If they have to think about the fact that if I lodge this, this is a serious matter but it does not have legs—it does not get anywhere—then I am responsible for the cost of that to the standards panel, they may consider a little bit differently about whether to be so quick to fire off a complaint.

**Mr SLOAN:** There are certainly some alternative models that we think it will be worth the state government exploring, that exist in other jurisdictions around the country. We have engaged the government through the department in looking at some of those alternative models. As an instrument, we think the standards panel has lost its effectiveness. I guess it is tied in with that broader narrative around the sector’s concerns about the responsive of the state government at the moment; whether we are talking specifically about the standards panel or some of the broader inquiries that are undertaken and the length of time that they are taking to bring those to a close. Again, we think that is contributing to this broader perception that there are inherent problems in the sector, that we certainly do not think is the case.

**Hon LAURIE GRAHAM:** Is not the involvement of lawyers in a standards panel at a very early stage causing most of the problems, though? People are going away for legal advice and next thing both sides are defending themselves.

**Mr SLOAN:** Their remit of our legal officers that serve on the standards panel is very clear. One of the challenges for the legal officers of the standards panel is if they have to develop and write up decisions that are able to stand up on the likelihood there will be an appeal to the SAT. There is a degree of sophistication —

**Hon LAURIE GRAHAM:** Sorry, I was not talking about those people; I was talking about straight lawyers outside, where both sides are engaging lawyers. I am aware of cases where there is 10 grand that perhaps council has ended up with and four grand the complainant has ended up with, and an ad is put in the paper, being the result, to say, “I won’t do this again. I will not post on Facebook.”

**Mr SLOAN:** I am not aware of specific examples in relation to that.

**Mr BROWN:** They could avail themselves of that. I am not aware of a lot of examples, but there could be.

**Hon LAURIE GRAHAM:** I think that is another thing that if you could resolve the small ones closer to home in a different model, that would be the simple thing.

**Mrs CRAIGIE:** And quickly.

**Ms ROBERTS:** Yes.

**Hon CHARLES SMITH:** I will briefly change tack on what we were talking about. In relation to the development assessment panels, what are your views on these and how they work and their effectiveness? A lot of people have made allegations and complaints about the influence of property developers on the decision-making. Is WALGA involved in that process as well?.

**Mr BROWN:** We certainly have a position on development assessment panels. Unfortunately, we have not brought the expert in that area with us today, but we could table our position and some of our concerns with the development assessment panel process.

**Mr SLOAN:** I guess the other point I would make about that is obviously there has been some announcements by the planning minister recently. The sector has been engaged in the establishment of some of those working groups that are looking at some of the things that I suspect you have —

**Hon CHARLES SMITH:** Has WALGA been involved in the DAP process?

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**Mr BROWN:** No; not WALGA, but local governments would have representatives on development assessment panels. I think the thing you might be alluding to is they are in the minority on the development assessment panels.

**Ms ROBERTS:** I think I am returning with my City of Wanneroo hat on and I can probably respond better wearing my City of Wanneroo hat.

**Mr SLOAN:** There was a discussion at our recent AGM and there was a motion that related to pushing for proportional representation of local government members on development assessment panels. That was a position that was adopted through the AGM.

**The CHAIRMAN:** I think there is a lot of blame: if people do not like a development application that is approved, they blame the local authority. Perhaps in some ways having membership, admittedly minority membership, on the DAP or the JDAP reinforces the view that this is a local government issue, whereas it is not necessarily; it is a planning issue.

**Ms ROBERTS:** You are absolutely right. As a result of that I have actually refused to let the JDAP meet when the City of Wanneroo council chambers does because the community believe it is a City of Wanneroo decision when it is not.

**The CHAIRMAN:** That is interesting. You are providing, via supplementary information, that position paper. We look forward to seeing that and getting back to you.

**Hon CHARLES SMITH:** Another area to get stuck into.

**The CHAIRMAN:** We have had a great hearing so far and we have covered so much ground. That has been due, in large part, to all of the preparation that WALGA has done. Thanks very much for coming along and contributing so mightily in that attitude. There are a couple of things I have to tell you before we wrap up.

**Mrs CRAIGIE:** Can I just take the opportunity to thank you for hearing us. We would welcome the opportunity to come back. We do not believe local government is broken. We believe we have a very positive story to tell and we would welcome the opportunity to come back with further examples of that.

**The CHAIRMAN:** In addition to saying thanks very much for attending today, I have to advise you that a transcript of this hearing will be forwarded to you for corrections if necessary. If you believe any corrections should be made because of typographical or transcription errors, please indicate these corrections on the transcript.

If there are any errors of fact or substance, they would need to be corrected in a more formal letter to the committee—not that there would be, I am sure. When you receive your transcript of evidence, the committee will also advise you when to provide your answers to questions taken on notice, which I think will be summarised in our covering letter with the transcript to you.

If you want to provide additional information or elaborate on particular points, you may provide supplementary evidence for the committee's consideration when you return your corrected transcript.

As we have already indicated, the committee and the association will hopefully have an ongoing liaison and contact in the course of this inquiry. We look forward to that being fruitful and hopefully we will get some good things done for the sector and all the people that you represent. For now, I will say good day to you and thank you once again.

**Hearing concluded at 3.11 pm**

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