



Your Ref:
Our Ref:

Department of Local Government, Sport and Cultural Industries

Via email: actreview@dlgsc.wa.gov.au

Dear Minister Carey,

RE: Local Government Reform – Consultation on Proposed Reforms

Thank you for extending an invitation to all Local Governments to comment on the most recent iteration of the proposed Local Government Reform.

The Shire of Merredin (the Shire) welcomes the Departments review and appreciates the opportunity to provide comment prior to this matter being finalised by the State Government.

The Shire is a member of the WALGA Great Eastern Country Zone, and as such has been working closely with other local governments through the Zone to consider the WALGA response. The Shire generally agrees with the response developed by WALGA and asks the Government to note that it is supportive of this collective response on behalf of the industry.

However, the Shire has additional comments it asks the Department and Government to consider prior to the drafting of the legislation and supporting guidance notes. These comments do not replace our support for the WALGA position, rather, they should be considered an addition.

Council has considered this matter at their Ordinary Council Meeting held on Tuesday, 25 February, 2022, and resolved the following:

(Insert)

On behalf of the Council, thank you once again for the opportunity to comment.

Kind regards,

Cr Mark McKenzie

Shire President

Shire of Merredin Comment

The Shire notes the reform recommendations proposed by the State Government and is generally supportive of the key underpinning principles. However, based on the potential impact on regional local governments, it is concerned about and opposes some of the recommendations.

Generally, further detail is needed to understand the implications and specific requirements of the changes. While many of the changes are supported in principle, there are risks that the models developed may not be suitable, making it difficult to provide appropriate comment on the overall impact.

The Shire agrees that the proposed reform is generally positive but holds an alternative view on how some of elements can be achieved in regional WA.

Specifically, many of the current proposals do not sufficiently recognise the difference in operations between regional and metropolitan local governments. While this is partly captured in the recognition of the difference between band 1&2 versus band 3&4 in the reform proposals, there needs to be a further recognition that the issues faced in regional WA extend beyond the banding of the local government. Should the Department recognise this in the models and reforms developed, there is an opportunity to deliver targeted reform that will provide the support regional local governments need.

In addition, there is a risk to the business continuity of local government which will be created from some of the proposed reforms. To reduce this risk, the Shire urges the Department to consider both the specific comments provided below, and to consider a phased approach when implementing the final reform iteration.

Instead of the Department recommendations being adopted in the final report in their current format, the Shire calls on the Government to reconsider the proposed reforms in light of the WALGA recommendations, and submits that the Government should also consider the following comments prior to finalising its position:

1. Proposed model documentation, local laws and governances.

The proposal to standardise and develop industrywide models is generally positive, however there is a risk that some of these may increase the governance requirements on smaller regional local governments.

- *Scalable approach to governance.* The Shire asks that the Department considers the proposed standardised models as scalable in recognition that band 3&4 regional local governments have limited financial and human resource capacity. Band 3&4 are appropriately recognised in some parts of the proposed reform, and this should become a key principle throughout each element including the development of model or standard approaches. The development of formal structures come with additional costs and governance requirements and may not always lead to better outcomes in regional communities.
- *Regional and Metropolitan split in addition to allocated band.* Additionally, the Shire holds a view in place of the proposed two-way split should actually be a four-part matrix that recognises the difference between the metropolitan and regional local governments in addition to the grouped 1&2 and 3&4 banding. The required governance and community needs of the Town of Cottesloe as a metropolitan band 3 are quite different to the requirements of the Shire of Merredin as a regional band 3.

As such, the Shire recommends the Department consider adopting this approach throughout the proposed reform.

A stated intention of the reform is '*reducing red tape and increasing consistency and simplicity*'. The regional band 3&4 local governments will benefit the most from model

standards, guidance notes, or local laws where they are suited to the needs of regional WA. Ensuring any model developed can be adopted 'as is' will provide significant support.

- *Retain local focus and autonomy.* The Department is also asked to recognise there is a risk to over standardising local government. If this occurs, it will limit the ability for local government to reflect the direct needs of its community. For example, a regional local government in an agricultural area needs to have the ability to effectively offer some form of rates relief in during periods of drought. This would not be required in a metropolitan area or a mining economy.

2. Cost of the proposed reforms and proposal for local government concerned to bear the costs of intervention if required.

The 'user pays' principle which underpins some of the reforms is potentially a risk for smaller local governments, and there is a question of the capacity of band 3&4 local governments to fund these matters if required, including the cost of Monitors. Given the possible financial burden, the parameters for investigation will also need to be well defined. While the intent behind the reform is recognised, the Shire asks that the Government considers one of the following two changes:

- All early intervention costs to be funded by the State; or
- Where costs are incurred - a capped maximum cost be applied for regional band 3&4 local governments.

3. 'Right size' Councillor representation

The proposal for the reduction in Councillor numbers in regional WA increases the work of sitting Councillors and creates a business continuity risk. This risk increases when the combined impact of reduced councillor numbers and other reforms such as review of penalties are considered. For example, where it is proposed Councillor numbers be reduced to five and an Elected Member may be stood down under another reform, makes numbers for absolute majority and quorums more difficult to achieve.

The Shire asks that the proposed population-based figures are reconsidered, and that there be a change to allow a maximum of 7 Councillors for a local government with a population of below 5,000. In discussions with other local governments, this is a general concern across regional WA.

4. CEO key performance indicators and accountability

The changes outlined to the CEO key performance indicators propose a higher level of accountability and transparency than other levels of Government, including State Government Director Generals in most instances. This proposal also increases the accountability of the Council for the organisation's performance.

It is the perspective of the Shire that an increase in the transparency of priorities and the performance of the CEO be achieved without the need for all KPI's and outcomes to be published. It would be appropriate to adopt a mixed approach where certain elements remain confidential, while others are released to the public.