



LOCAL GOVERNMENT REFORM

To whom it may concern

Please find following key points the Shire of Wyalkatchem would like to make in response to the Local Government Act (WA) reform package.

1. Regional Subsidiaries

The Shire of Wyalkatchem is one of seven members of the North East Wheatbelt Regional Organisation of Councils (NEWROC).

Through the projects we have delivered and are working to deliver including, our telecommunications project, Wheatbelt power reliability and a regional landfill we have experienced the limitations of the current arrangements and are strong supporters of more practical rules for the formation, governance and operation of regional subsidiaries.

In particular we support the following governance mechanisms;

- i. The regional subsidiary must be its own legal entity, supported by voluntary membership of participating local governments;
- ii. Its objectives must be broad to ensure it has the flexibility to innovate and otherwise respond to the needs of its members;
- iii. It must have the ability to borrow funds, with access to debt via the WA Treasury Corporation (WATC).
- iv. Borrowing limits should be set on a case by case basis, subject to WATC lending policies.
- v. Members may opt in or out of membership but their liability in terms of their proportional share of any debt repayments will be fixed under project borrowing agreements.
- vi. Subsidiary performance should be assessed on an annual basis and reported to member communities;
- vii. There should be an obligation for regular financial reporting and an annual audit of accounts;
- viii. Directors of the subsidiary boards should have the necessary skills and qualification expected of a person appointed to a company board;
- ix. Independent membership of a subsidiary board or committee should be permitted to meet skill requirements.

2. CEO KPI's

Publishing CEO KPI's is one way for the Council to communicate its priorities to the community however, the publishing of CEO KPI's is not a commercial norm and appears to single out the CEO's role in Council performance when in fact it's a team effort (CEO & Council).

This may be detrimental in a small community setting where anonymity is absent and the potential for unreasonable scrutiny on the CEO exists.

Consideration should alternatively be given to the Council publishing a Council performance checklist, outlining its key deliverables for the coming year and for this to be reported to communities on a quarterly or annual basis.

3. Resource Sharing

We think there are efficiencies to be gained from resource sharing particularly around roads, project management and possibly the delivery of some of our financial services in addition to the sharing of a CEO.

Reforms that promote this capability is strongly supported.

4. Limits on the Number of Councillors

Demand for positions on Council, in smaller tier 3 & 4 communities tends to ebb and flow. Generally our experience is that more representation is a good thing, it increases the diversity of views but also produces more advocates for Council performance.

While we understand the driver for mandating a lower number of councillors for tier 3 & 4 councils, we strongly believe the best outcome is achieved by giving these councils the opportunity to choose the number of councillors they have from an approved range eg 5 to 7 councillors rather than fixing the number at 5.

5. Audit Committee

The reforms propose introducing an independent person to chair the audit committee.

This appears to be a pre-emptive vote of no confidence in the Council to manage itself.

Again we understand the driver for increased accounting & finance skills on the audit committee and the improved governance that a skilled, independent committee member can deliver.

We support the appointment of an independent, skills based member to the audit committee but do not support this member being the committee chair.

Given the challenge of finding the appropriately qualified and experienced independent person within rural & remote communities, provision should be made for assisting local governments in the appointment of the independent member, specifying rates of remuneration and approval for remote attendance of audit committee meetings, to limit costs.

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