



State Council Meeting

Summary Minutes

Wednesday
5 June 2019

NOTICE OF MEETING

Meeting No. 5 of 2019 of the Western Australian Local Government Association State Council held at WALGA, 170 Railway Parade, West Leederville on 5 June 2019 the meeting commenced at 4:01pm.

1. ATTENDANCE, APOLOGIES & ANNOUNCEMENTS

1.1 Attendance

Members	Deputy President of WALGA, North Metropolitan Zone	Mayor Tracey Roberts Chair
	North Metropolitan Zone	Cr Giovanni Italiano JP
	Avon-Midland Country Zone	Cr Jan Court JP
	Central Country Zone	President Cr Philip Blight
	Central Metropolitan Zone	Cr Paul Kelly
	Goldfields Esperance Country Zone	President Cr Malcolm Cullen
	Great Eastern Country Zone	President Cr Stephen Strange
	Great Southern Country Zone	President Cr Keith House JP
	Kimberley Country Zone	Cr Chris Mitchell JP
	Murchison Country Zone	Cr Les Price
	North Metropolitan Zone	Cr Russ Fishwick JP
	Northern Country Zone	President Cr Karen Chappel JP
	Peel Country Zone	President Cr Michelle Rich
	Pilbara Country Zone	President Cr Kerry White
	South East Metropolitan Zone	Cr Julie Brown
	South East Metropolitan Zone	Cr Brian Oliver
	South Metropolitan Zone	Mayor Carol Adams
	South Metropolitan Zone	Cr Deb Hamblin – Deputy
	South Metropolitan Zone	Mayor Logan Howlett JP
	South West Country Zone	President Cr Tony Dean
Secretariat	Chief Executive Officer	Mr Nick Sloan
	Deputy Chief Executive Officer	Mr Wayne Scheggia
	EM Environment & Waste	Mr Mark Batty
	EM Governance & Organisational Services	Mr Tony Brown
	EM Finance & Marketing	Mr Zac Donovan
	EM People and Place	Ms Joanne Burges
	EM Infrastructure	Mr Ian Duncan
	EM Business Solutions	Mr John Filippone
	Manager Strategy & Association Governance	Mr Tim Lane
	Manager Governance	Mr James McGovern
	Executive Officer Governance	Ms Margaret Degebrodt

1.2 Apologies

	President of WALGA	President Cr Lynne Craigie OAM
	South Metropolitan Zone	Cr Doug Thompson
	South Metropolitan Zone	Cr Jon Strachan – Deputy
	Central Metropolitan Zone	Cr Jenna Ledgerwood
	East Metropolitan Zone	Cr Brooke O'Donnell
	Gascoyne Country Zone	President Cr Cheryl Cowell
	East Metropolitan Zone	Cr Kate Driver
	East Metropolitan Zone	Cr Giorgia Johnston – Deputy
Ex-Officio	Local Government Professionals WA	Mr Ian Cowie
	Chair of Commissioners City of Perth	Mr Eric Lumsden
	Deputy Chair Commissioner	Ms Gaye McMath

1.3 Announcements

Nil

2. PREVIOUS MINUTES

RESOLUTION

Moved: Mayor Logan Howlett

Seconded: Mayor Carol Adams

That the Minutes of the Western Australian Local Government Association (WALGA) State Council Meeting held on Wednesday 8 May 2019 be confirmed as a true and correct record of proceedings.

3. DECLARATIONS OF INTEREST

Pursuant to our Code of Conduct, State Councillors must declare to the Chair any potential conflict of interest they have in a matter before State Council as soon as they become aware of it.

4. MATTERS FOR DECISION

- 4.1 – Executive Committee Minutes incorporating the 2019/20 Governance Budget
- 4.2 – Chief Executive Officer Contract – Probationary Period – Confidential
- 4.3 – Chief Executive Officer Key Performance Indicators – Confidential

5. MEETING ASSESSMENT

Mayor Logan Howlett provided feedback as to the effectiveness of the meeting.

6. DATE OF NEXT MEETING

The next meeting of the Western Australia Local Government Association State Council will be held in the Boardroom at WALGA, 170 Railway Parade, West Leederville on Wednesday 3 July 2019 commencing at 4pm.

Special thanks and appreciation were conveyed to Wayne Scheggia, Deputy Chief Executive Officer.

7. CLOSURE

There being no further business the Chair declared the meeting closed at 5:40pm.

4. MATTERS FOR DECISION

4.1 Executive Committee Minutes incorporating the 2019/2020 Governance Budget

By Zac Donovan, Executive Manager, Marketing and Finance

RESOLUTION

Moved: Cr Les Price
Seconded: Cr Chris Mitchell

That the Minutes of the Executive Committee meeting of 8 May 2019 be endorsed;

CARRIED

RESOLUTION

Moved: President Cr Stephen Strange
Seconded: President Cr Phillip Blight

That the 2019/2020 Governance Budget for the Association as recommended by the Executive Committee be endorsed.

CARRIED ABSOLUTE MAJORITY

RESOLUTION

Moved: Cr Chris Mitchell
Seconded: Mayor Carol Adams

That the following State Councillors be represented on the Working Group with a report to be presented for State Council consideration by September 2019;

- Cr Jan Court JP
- Cr Tony Dean
- Cr Paul Kelly
- President Cr Phillip Blight
- President Cr Karen Chappel JP
- Cr Russ Fishwick JP
- Mayor Logan Howlett JP
- President Cr Stephen Strange

CARRIED

In Brief

- Executive Committee meeting held on 22 May 2019;
- The Minutes together with the 2019/2020 Detailed Budget have been distributed to all members of State Council.

Attachments

- Executive Committee Minutes – 22 May 2019
- Financial Statements April 2019
- Governance Budget Appendix Pack 2020
- 2019/2020 Detailed Budget Pack

Relevance to Strategic / Business Plan

Key Strategies

Engagement with Members

- Deliver a broad range of benefits and services that enhance the capacity of member Local Governments;
- Improve communication and build relationships at all levels of member Local Governments;
- Provide ongoing professional development and interactive opportunities for Elected Members to contribute to debate on sector issues;
- Build a strong sense of WALGA ownership and alignment.

Sustainable Local Government

- Continue to build capacity to deliver sustainable Local Government;
- Provide support to all members, according to need;
- Represent the diversity of members' aspirations in the further development of Local Government in Western Australia;
- Foster economic and regional development in Local Government.

Enhanced Reputation and Relationships

- Communicate and market the profile and reputation of Local Government and WALGA;
- Promote WALGA's advocacy successes with the sector and the wider community;
- Strengthen effective relationships with external peak bodies and key decision makers in State and Federal Government;
- Develop simple and consistent messages that are effectively articulated;
- Promote WALGA's supplier agreements to assist Local Governments.

Policy Implications

The Executive Committee is responsible for determining key directions in relation to the establishment and/or development of new and current programs and services that enhance the financial and operational capacity of Members and WALGA; overseeing the financial and asset management of the Association; establishing and regularly reviewing a risk governance structure for the Association; and monitoring compliance through internal and external audit processes.

As such, the Committee has carriage of corporate governance responsibilities in the sphere of financial and risk management in particular. The conferral of these delegated powers is on the basis that regular reports be submitted to the State Council on the activities and major decisions of the Committee.

Budgetary Implications

As outlined in the 2019/2020 Draft Association Budget.

Background

Minutes of the meeting of the Executive Committee's meeting held on 22 May 2019 together with the 2019/2020 Budget and Management Schedules have been distributed to all members of State Council.

Comment – WALGA Governance Budget: Executive Committee Item 2.3

The WALGA Governance Budget has been endorsed by the Executive Committee on May 22 and is now presented to State Council for consideration and approval.

As provided to State Council at the meeting of May 8, the High Level Budget Planning summary demonstrated the 2019/20 WALGA Budget has been developed from a top down approach which seeks to provide a more comprehensive analysis of the organisation's activities and identify budget

impacts. As a member-based organisation it is critical that the Association maximise its services to Members within the constraints of the total budget. The High Level Planning process assists with establishing comparative priorities.

As such all business units were required to complete high level plans to review their areas of activity. Populated with historical and projected financial information and key performance indicators, these plans include:

- Overview of service including identification of the primary beneficiaries to which the activity is directed and the impact on Members of discontinuing the service;
- Identification of any income streams generated directly by the activity to include a review and rationale of any pricing that is applied; and
- Outlook for the immediate budget period and summary of key action points.

In consideration of the high level business unit plans the 2019/20 Governance Budget has been developed on an incremental basis. That is, expenditure increases are generally limited to inflation where applicable, with income projections based on a corresponding general inflator with the objective to minimise the addition of resources with productivity gains for growth. All new recurrent expenditure items with significant impact are presented in business cases.

Key aspects of the 2019/20 WALGA Budget as presented here include:

- Balanced budget with a zero bottom line and a total turnover of \$23.4 million including grant and non-grant programs.
- Capital expenditure proposed at \$236,000 which is a significant reduction on 2018/19 capital expenditure of \$406,500.
- General Membership adjustment of nil for the second consecutive year with adjustments to individual Local Governments from the formula but no overall sector increase.
- Adoption of three recurrent business cases through reallocation of existing funding.

The following provides an overview of the 2019/20 budget objectives; summary commentary on the Association's operating environment and financial position; outline of the budget process and timeline adopted; a summary of the high level planning outcomes; detail of endorsed business cases for new recurrent operational expenditure; income and expenditure statements and significant adjustments; capital budget summary table; grants budgets; and a summary of the Association financial planning principles.

Attached as appendices are: General Member Subscriptions Appendix (i); Fee for Service and Program Subscription Rates Schedules (ii); Schedule of Allowances and Reimbursable Expenses for State Councillors (iii); New Business Cases (iv); and Unit High Level Plans (v).

Budget Objectives

The objectives in development of the WALGA budget for 2019/20 are to:

- **Deliver a Balanced Budget**

Within the context of setting out the parameters for the 2019/20 year to deliver sound financial management in view of the organisation's strategic objectives, the budget process specifically seeks to deliver a balanced budget with any variation to be a small surplus.

Outcome: As presented, the 2019/20 WALGA Budget has a zero projected bottom line.

- **Continue High Level Business Planning**

As per previous financial years' planning, the process will again include a high level review of all business units to capture the relevance and impact of all activity and provide a total view of the organisation's operations and priorities. It is from this vantage point that it is proposed to best consider the organisation's financial planning for 2019/20.

Outcome: High Level Business Plans for all activity areas are attached in Appendix (v).

- **Incremental Budget Development**

As have been the practice in recent years, an incremental budget process is implemented for 2019/20. As part of the incremental process, business units provide income projections based on all other factors remaining equal. That is based on nil new business capacity and all expenses initially adjusted only to a general inflator of 2.0% as aligned with forecast Perth CPI. Income growth is reliant on increased demand and productivity gains required to accommodate any expansion in capacity.

Outcome: The 2019/20 Budget has limited new recurrent expenditure with all business cases supported by reassigned funding or reduced requirement.

- **Align with Mid Term Financial Plan**

The annual operational budget for 2019/20 is developed in consideration of the assumptions and projections of the Association's five-year financial plan as previously demonstrated to the Executive Committee. The plan enables ongoing revision and changes in economic conditions or expectations to be readily adopted in the model to identify the operational impact on the mid-term (5-year) period.

- **Member Engagement Operational Focus**

A continued focus on enhancing Member engagement remains an operational objective of the Association and consequently has an impact on the budget process. In addition to direct operational budget implications, the focus on engaging Members is applied to the considerations of all business units. Specifically for 2019/20 planning there is a continued capital budget funding to accommodate the ongoing development of the Customer Relationship Management system which has been implemented as a minimum viable product. Capital budget has again been provided for ongoing development of the WALGA website to enhance the experience for Members.

Outcome: Budget is retained for engagement activity and development of the CRM system and WALGA website.

- **Align with 2015-20 Strategic Plan**

The development of the budget and review of new business cases and projects is considered in view of the key strategies set out in the 2015-20 Strategic Plan. The three broad strategies are in summary: Engagement with Members; Sustainable Local Government; and Enhanced Reputation and Relationships. The 2015-20 Strategic Plan provides additional detail on each key strategy to be applied.

Outcome: Strategic Plan components are addressed in all new business cases.

Comment – WALGA Governance Structure and Process Review: Executive Committee Item 4.2

At the 20 February 2019 – Executive Committee Meeting, an item was presented on the proposed review of the WALGA Governance Structure and Processes.

The report outlined the governance structures of the Local Government associations in the other states of Australia and Local Government New Zealand (LGNZ). The conclusion of the report proposed a methodology for a review to be undertaken with the WALGA President to convene a

Working Group. The conclusion of the report, and the subsequent recommendation of the Executive Committee is below:

Conclusion

As shown above, most other State Associations, as well as LGNZ, operate under a similar representative model as WALGA, noting that Queensland utilise a dual structure, with LGAQ's Policy Executive formed from regional groups in a similar way to State Council.

Reviews conducted in 2011 and 2015 did not elicit much appetite for fundamental changes to WALGA's governance model. Feedback from the sector to these reviews suggested that maintenance of equal metropolitan and non-metropolitan representation on State Council is fundamental to the success of the Association.

Respondents to these reviews were also cautious regarding changes to Zone boundaries. To reduce the number of State Councillors while maintaining a representative model with representation from all Zones would mean changes to Zone boundaries to reduce the number of Zones in non-metropolitan areas.

There were two key outcomes of the 2015 review, one relating to structure and one relating to process as follows:

- 1. In terms of structure, the Executive Committee was formed following the 2015 Review which expanded the remit of the previous Finance and Services Committee to include enhanced responsibility for policy matters including interim submissions, as well as explicit responsibility for undertaking the Chief Executive Officer performance review. In the 11 State Council meetings since December 2016, there have been 39 interim submissions; and,*
- 2. In terms of process, the ability for Zones and State Councillors to have emerging issues considered at State Council meetings has been streamlined. As a result, since December 2016, 15 emerging issues have been considered at 11 State Council meetings.*

It could be possible to retain the Zone structure, however delegate some further powers to the Executive committee to further enable a more flexible approach if that is a key consideration of State Council.

At the Blue Sky forum, there was discussion that State Council should consider reviewing the structure and putting forward a position for the sector to consider. Based on this, an option to proceed would be for a working group to be convened to develop a preferred model for structural reform that State Council could consider endorsing for sector consultation. It is envisaged that a comprehensive consultation process would then be undertaken.

Recommendations of the working group could be considered at the June 2019 special meeting of State Council, where the WALGA Budget is considered.

It is suggested that a working group would be established with the following representatives:

- WALGA President*
- WALGA Deputy President*
- Metropolitan State Councillor*
- Country State Councillor*
- Metropolitan Local Government Chief Executive Officer*
- Country Local Government Chief Executive Officer*
- Senior WALGA staff*

RECOMMENDATION

Moved: Cr Doug Thompson

Seconded: Cr Philip Blight

That:

- 1. The information relating to State Association Governance Structures be noted; and,*
- 2. The President convene a working group to develop options to revise State Council's structure for discussion at the June 2019 State Council meeting.*

CARRIED

This recommendation was subsequently endorsed by State Council at 27 March 2019 – State Council Meeting.

The State Council decision for the WALGA President to convene the working group is consistent with WALGA Corporate Governance Charter, in that the President convenes Policy Forums (which may include working groups) and that State Council appoints Committees and Policy Teams. This method provides State Council with the power to appoint Committees and Policy Teams and also provides the Association with flexibility with the President convening Policy Forums (non-decision making groups to carryout research on various issues) on as needs basis.

At the Executive Committee Meeting on 22 May 2019 a progress report was presented on the WALGA Governance Structure and Process Review outlining the purpose, method, and timeline for the review, and a proposed membership for the Working Group to be convened by the President to undertake the review. This meeting provided a revised timeline that has the Working Group reporting back to State Council in September 2019.

The following recommendation was endorsed by the Executive Committee:

RECOMMENDATION

Moved: Ms Felicity Baxter

Seconded President Cr Phillip Blight

That the WALGA Governance Structure and Process Review including Working Group Terms of Reference and suggested timeline be endorsed

CARRIED

The Working Group is a non-decision making group that will review the current structures and provide alternate models for State Council to consider. It is envisaged that there will be a State Council workshop held in September to consider the various structures and processes.

Following discussion with the President, who has been empowered to convene a Working Group to undertake the review, we believe the membership of the working group could be expanded to a maximum of 12 members, as follows:

1. President – Cr Lynne Craigie
2. Deputy President – Mayor Tracey Roberts
3. State Councillor
4. State Councillor
5. State Councillor
6. State Councillor
7. State Councillor
8. Elected Member Representative from the WA Regional Cities Alliance
9. Country CEO – TBA
10. Metropolitan CEO – TBA
11. WALGA Chief Executive Officer – Nick Sloan
12. WALGA Executive Manager Governance and Organisational Services – Tony Brown

The additional five places on the Working Group are to be filled by State Councillors interested in joining the group.

Three meetings of the Working Group, to be held at WALGA, are proposed as follows:

- June – 12:30pm-3:00pm, Tuesday, 25 June
- July – 9:30am-12:00pm, Wednesday, 17 July
- August – 12:30pm-3:00pm, Wednesday, 14 August

State Councillors interesting in participating in the Working Group are to advise WALGA's Executive Manager Governance & Organisational Services, Tony Brown via email tbrown@walga.asn.au by 4pm Tuesday 4 June 2019.

Staff returned to the meeting at 5:32pm.