

LOCAL GOVERNMENT — REGULATION AND SUPPORT

779. Hon Dr Brian Walker to the Leader of the House representing the Minister for Housing; Lands; Homelessness; Local Government:
- (1) Referring the Minister to the *Office of the Auditor General Report into the Regulation and Support of the Local Government Sector* (30 April 2021), has the Department of Local Government reviewed “how it gathers, records and reports information to maintain an up to date Local Government sector risk assessment”:
- (a) if no to (1), why has this not occurred;
 - (b) if yes to (1), when was the review completed;
 - (c) if yes to (1), who conducted the review; and
 - (d) will the Minister please provide a copy of the review?
- (2) Has the Department of Local Government targeted “its regulation and support activities to areas of highest risk, with regard to the potential benefits to improve outcomes across the LG sector”:
- (a) if no to (2), why has this not occurred;
 - (b) if yes to (2), how has the Department done this;
 - (c) what are the areas of highest risk;
 - (d) what are the identified potential benefits; and
 - (e) what are the improved outcomes?
- (3) Has the Department of Local Government clearly defined “its Local Government regulation and support objectives deliverables and targets”:
- (a) if no to (3), why has this not occurred;
 - (b) if yes to (3), how has the Department done this;
 - (c) how has it defined its Local Government regulation;
 - (d) what are the objectives; and
 - (e) what are the deliverables and targets?
- (4) What “robust performance monitoring measures” has the Department of Local Government introduced since April 2021, and on what date were the measures introduced?
- (5) How were the measures referred to in (4) communicated to staff, Local Government entities and other key stakeholders, and on what dates were they communicated?
- (6) Does the Government intend to release its previously announced Local Government Act green bill:
- (a) if yes to (6), on what date will the green bill be released; and
 - (b) if no to (6), why not?
- (7) How does the Government’s proposed green bill affect the recent reform proposals released by the Minister?
- (8) Will the public be able to have input into the green bill before it is introduced into Parliament?
- (9) Noting that the Minister said on ABC radio that “We are not changing the big ideas, but I am happy to listen to ratepayers and local governments about the delivery”, what is the purpose of the green bill process?
- (10) What public input fed into the report of the Government-appointed Local Government Review Panel?
- (11) In what ways did the public have input into the *Local Government Reform – Summary of Proposed Reforms* report released by the Minister?
- (12) As the period for limited public input into the review of the *Local Government Act 1995* has now closed, what processes and timetable will apply going forward?

Hon Sue Ellery replied:

- (1) Yes.
- (a) Not applicable.
 - (b)–(c) The Department of Local Government, Sport and Cultural Industries (DLGSC) engaged RiskWest in March 2020 to develop a risk assessment matrix and assist with the development of risk profiles

- for local government, including a risk profiling/ assessment methodology. RiskWest completed the work to establish the risk profiling tool in November 2021.
- (d) A report summarising the results of the risk assessment work conducted in late 2021 is provided as an attachment to this answer. [See tabled paper no [1596](#).]
- The full risk profiling database contains sensitive and personal information, and is therefore not suitable for tabling. However, DLGSC is available to provide the member with a confidential briefing on this work, if required.
- (2) Yes. The DLGSC formally adopted a Local Government Risk Assessment Policy on 22 December 2021. This sets DLGSC's approach to monitoring and compliance, which targets its resources towards local governments that present the highest risk.
- (a) Not applicable.
- (b) The DLGSC monitors and proactively engages with at-risk local governments to ensure they meet their compliance obligations under the *Local Government Act 1995* as a mechanism to set the standard for good governance across the sector.
- As part of DLGSC's targeted regulatory approach, a divisional team meets on a regular basis to discuss and implement early intervention tactics depending on the level of non-compliance and/or risk profile of a local government.
- The DLGSC has also been proactive in preventative and educational measures to manage risks within local governments. In support of its improved regulatory approach, over the last twelve months the DLGSC has delivered a range of education and information programs. This has included educational approaches, including multi agency site visit briefings by DLGSC and other public sector integrity bodies, such as the Public Sector Commission, the Corruption and Crime Commission, and Office of the Auditor General.
- Further, the Government's proposed local government reforms have been developed to provide a greater range of early intervention powers and address current limitations of the *Local Government Act 1995*. These reforms, including the establishment of a Local Government Inspector and Monitors, have been designed to provide a greater range of tools to address issues within local governments, and improve and clarify intervention powers. These reforms will further improve the regulation and support of local government in Western Australia.
- (c) While the areas of highest risk vary from council to council, current trends relate to governance, leadership, financial management, and organisational culture.
- (d)–(e) The benefits and improved outcomes of DLGSC's targeted regulatory approach include:
- earlier detection of issues in local governments and the application of early intervention action to prevent issues from escalating and/or reoccurring;
 - setting sector-wide standards for what is expected of local governments; and
 - better capacity building for local governments to better enable them to meet their obligations under the *Local Government Act 1995* for the good government of their districts.
- These benefits, particularly time and cost savings for ratepayers through earlier intervention and resolution of issues within local governments, is also a core focus of the State Government's proposed package of local government reforms.
- (3) The DLGSC has clearly defined its local government regulation and support objectives, deliverables and targets in the Local Government Portfolio Plan on a Page (Local Government Plan) that was developed in consultation with sector stakeholders and launched to the sector in November 2021.
- The Local Government Plan sets the direction of DLGSC in the short, medium and long term. It outlines three strategic priorities, which are supported by 22 actions. The strategic priority objectives are:
- Deliver a streamlined and contemporary legislative framework by reforming the *Local Government Act 1995* and other relevant legislation.
 - Develop the supporting environment and provide local governments with the tools to build a transparent, robust and innovative sector.
 - Deliver on current commitments of existing projects and programs of reform.
- The 22 actions range across policy areas, and some actions will sequentially follow others. For instance, future changes to the reporting framework established through the MyCouncil website will not occur until

work to improve financial reporting under the State Government's local government reform package is completed and operational.

In accordance with its support objectives DLGSC has increased in-person visits to local councils, with the aim of providing advice, building capability and strengthening networks between DLGSC and the sector.

The DLGSC has also led the introduction of combined agency briefings, in which senior representatives from the Corruption and Crime Commission, Office of the Auditor General, Public Sector Commission, State Records Office and the department provide presentations to councils on important conduct and integrity matters. These briefings provided a unique opportunity for State agencies to deliver information, advice and support to council members.

It is important that DLGSC is able to prioritise regulation and support activities according to the specific context of risks and emergent issues within the local government sector. However, certain functions administered or supported by DLGSC – such as the Local Government Standards Panel – may have discrete objective, targets, or metrics which are reported in annual reports.

While DLGSC has been focusing its current and short-term regulation and support functions, the McGowan Government's proposed package of local government reforms will significantly transform the system of local government support and oversight in Western Australia.

The establishment of the proposed Local Government Inspector, and the range of associated early intervention tools and mechanisms, will restructure the oversight and enforcement of the *Local Government Act 1995* and its regulations.

- (4) The DLGSC has clearly defined its local government regulation and support objectives, deliverables and targets in the Local Government Portfolio Plan on a Page (Local Government Plan) that was developed in consultation with sector stakeholders and launched to the sector in November 2021.

The Local Government Plan sets the direction of the department in the short, medium and long term. It outlines three strategic priorities, which are supported by 22 actions.

Certain functions administered or supported by DLGSC – such as the Local Government Standards Panel – may also have discrete objective, targets, or metrics which are reported in annual reports.

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- (5) The DLGSC communicates with local governments regularly, with 39 LG Alerts (email notification for local governments in respect to specific subject matters) distributed since April 2021. Five editions of the Local Matters newsletter and twelve news articles relevant to performance monitoring of local governments have been published on the DLGSC website within the same timeframe.

- (6) On 10 November 2021, the State Government announced a significant package of reforms to the system of local government in Western Australia. A detailed list of more than forty reform proposals, grouped in six themes, was open for public comment from 10 November 2021 to 25 February 2022.

This consultation has informed the Government's work to progress legislation, which the Government intends to introduce in due course.

- (7)–(9) Not applicable.

- (10) Consultation on reforms to the *Local Government Act 1995* has been ongoing since 2017 and has resulted in more than 3,000 survey responses and written submissions. Feedback received during the rounds of public consultation, including through workshops held across the State, informed both the Review Panel Final report, as well as the proposed reforms announced in November 2021.

- (11)–(12) This document was developed for the purpose of undertaking public consultation on the McGowan Government's proposed local government reforms. The document was designed to assist any interested party to make comments on reform proposals.

The package of reforms proposed for the local government sector was developed last year, based on a significant body of prior work and consultation, including the findings of:

The Local Government Act Review (conducted by DLGSC between 2017–2020);

The Local Government Panel Final Report (2020);

The City of Perth Inquiry Report (2020);

The Select Committee into Local Government Report (2020); and

Direct engagement with the local government sector and the community.

The package of reform proposals was open for public comment from 10 November 2021 to 25 February 2022. Over 200 submissions were received, and have been reviewed and considered.

The final package of reform proposals was released on 3 July 2022.