

**STANDING COMMITTEE ON PUBLIC ADMINISTRATION AND
FINANCE**

LOCAL GOVERNMENT ACT 1995

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
ON TUESDAY, 7 OCTOBER 2003**

SESSION 1

Members

**Hon Barry House (Chairman
Hon Ed Dermer (Deputy Chairman)
Hon Murray Criddle
Hon John Fischer
Hon Dee Margetts
Hon Ken Travers
Hon Sue Ellery**

Committee met at 10.00 am

JACKSON, MS KATHERINE
Mayor, City of Melville,
examined:

The CHAIRMAN: Welcome. You will have signed a document entitled "Information for Witnesses". Have you read and understood that document?

Ms Jackson: Yes, I have.

The CHAIRMAN: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record and please be aware of the microphones. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that premature publication or disclosure of public evidence may constitute a contempt of Parliament and may mean that the material published or disclosed is not subject to parliamentary privilege. Welcome generally to everybody in the public gallery and the media and particularly to Katherine. Would you like to start by making an opening statement to the committee?

Ms Jackson: Yes. Can I ask one question? When you say that we should not publish any of this material, if this is open to the media, it will be published anyway as I understand it. Everybody here will have that material and can do with it what they wish, so I may not publish it but other people may. I hope that is taken into consideration.

The CHAIRMAN: Yes. It simply means that you cannot use a submission that you make to the committee word for word unless you have the committee's approval. However, your written submission has already been made public and is available on the Internet to everybody.

Ms Jackson: I did not realise that until today.

The CHAIRMAN: I reiterate that nobody in the public gallery is permitted to take notes. The only people who are permitted to take notes are accredited media.

Ms Jackson: When you say that I can make an opening statement, I understand that is for 15 minutes at the maximum.

The CHAIRMAN: Yes. We are flexible.

Ms Jackson: Thank you very much. In respect to this issue, it was brought to my attention by Cheryl Gwilliam, as I have stated in my letter. I did not have any prior knowledge of it, except by vague comment that I had heard around about. She was the one who drew my attention to it a day before it was due. That in itself concerns me because I believe that the letters to notify councils about the standing committee were addressed to the chief executive officers. I asked elected members from other councils whether they were aware of this happening and they were not. If you are going to request this sort of thing in future, could you address it to elected members or perhaps to elected members and officers to overcome this lack of communication? That is my understanding of what happened and why I was not notified of this occurrence. Putting that aside, I did hear about it and I immediately wrote my letter and you know the statements I have made in

that letter. I would like to address some of those issues verbally to you, because I think the written word is wonderful but it adds a little more depth to the view by giving it verbally.

I will start with a couple of points that you have raised. I see that the questions are rather limited and deal only with a small area of an issue that is much broader and wider. If you are going to say we should clarify the power and process of local government to appoint a chief executive officer and allow for regulations and so on, what sort of qualifications should this person have? We are probably talking about the council agreeing to take on this CEO with all these parameters. As I have said in my letter, the difficulty is that elected members do not have human resources experience. They are not paid; they get a minimal sitting fee, and that includes myself. We give our free time. A lot of us work other jobs and many have to leave local government because of the pressures of trying to earn a living and putting bread and food on the table. It is quite different from being an elected member at a state and federal level. I raise that issue because it means there is a restriction on elected members' time. They cannot justify it if they are not being paid. I am talking about 20-plus hours a week. This is not something that they put a couple of hours a week into and off they go and do their business. It is a very time consuming business. When we throw into the equation the employment of a CEO, that means that elected members now have to be HR people. You are talking about giving them criteria that they must become familiar with. They will probably need to have some sort of legal background. It is starting to look like that with all the documents and papers that we must be familiar with in order to carry out our duties. Then we have to employ a person and we are supposed to have time to read all the documents and understand them. I must say that most do not; most elected members do not have a clue what they are doing. They just ride on whatever the CEO and the HR officer presents them with and that is it; in they go and off they go on their job. That is just not the way to do it. That is why I have constantly said that a CEO must be externally reviewed by a body that does all the CEOs across the State and can make comparisons. The problem we face is that under the current Act the CEO has all the power. He is the power of one. The elected members are powerful only in agreement. That makes the CEO a very significant person. He can act like the executive mayor and I understand that in many instances he does. That is a real concern, too, because now the power is no longer in the elected members' hands, except by group; it is in the CEO's hands and whomever he can recruit.

I have always talked about the two-leader system on council; that is, the CEO and the mayor. The mayor may be elected by the council or by the people. The CEO is elected by the council, so you have a numbers game happening. We have a situation facing us in which the CEO is under his performance review and we are looking at a new contract right now. I want a completely independent person to deal with the matter.

[10.10 am]

I am being told that we have somebody, but I found out that the council has contracted that person for a number of tasks. That is not an independent person. People who are in the pay of the council are not independent. I have concerns about that. An independent agency, such as the Salaries and Allowances Tribunal, with some local government representation on it, would take the performance review issue out of the hands of the council; it would set the wages of the council. The general attitude is that if the chief executive officer says he wants X amount and if the council decides it wants him and could not live without him and therefore he must be employed, he can have what he wants. I made an assessment, using the criteria of the wages and allowances tribunal, that our CEO was worth something like \$145 000. Currently, he gets a \$210 000 package plus who knows what else. That is of concern to me. We have a problem in not only Australia but also America whereby CEO's are demanding higher and higher pay packages, while at the same time they put off more workers. There is a mentality in local government that CEOs are comparable to market CEOs. Local government CEOs work for a not-for-profit monopoly. We may have some profitable enterprises, but local government basically involves balancing the books. We are not in the business of selling computers, this, that or the other thing to make a profit. Our market is people

who choose to purchase our property and whatever else we have, including our marketing skills and how we present ourselves. The type of product we have is going to be chosen by the public. Government is not doing that.

The position of town clerk, which was the appropriate name, changed to CEO. During a performance review, the council's CEO's salary is compared with CEOs in private enterprise and we are told he is earning a very poor salary. However, local government CEOs must be compared with state government CEOs, who actually look after millions and sometimes billions of dollars. Some of them earn under \$200 000, including the Premier and High Court judges. We must put things in perspective. It is getting out of control. CEOs in private enterprise are getting criticised in America and Australia for the big payouts they receive, and local governments are starting to look the same. We must stop it somewhere. As I say, I believe that an external body such as the wages and allowances tribunal would be able to stop this ridiculous trend.

In terms of qualifications, a CEO of this type of organisation should have some experience. It can be debated whether they should have a bachelor of this or a degree in that. However, they should have some experience in human resources, accounting and in local government law. Town clerks used to hold a town clerk's certificate. There is no such thing now. There is no measure of what qualifications the CEO of a local government should have. The CEO should have some sort of quality and business management skills and certification in auditing and town planning. It is a very broad job. The CEO must have an understanding of all these spheres of government.

With regard to the appointment of a CEO, I am very firm in my belief that if local government wants to be seriously considered as the third tier of government, it should act and be organised in the same way as state and federal governments. I am not very familiar with state and federal governments. I did not have time to do my homework on those different areas and how state and federal Governments deal with bureaucrats, but we should run along similar lines. My concern lies in that local government seems to be going off on a tangent similar to private enterprise and away from government. Governments are charged all the time to think about what government is for. Governments have a role to fill the gap in the market that others will not fill. We must bridge the gap. We engage in some market enterprises. I understand that we must balance the books, and I am not against that. A lot of people consider that local governments should be involved in the basic services and that they should not be contracted out.

Under the current system, an independent external agency should be chosen to appoint a CEO. Perhaps a body should do it rather than the market force. Whoever is available in the market is not necessarily experienced in local government. At this stage, a council should accept an appointment if the council finds the right person who fits the enterprise.

As I understand it, the contract of the CEO should be made available for all elected members to see. Obviously, CEOs want to keep their contracts secret and have them locked away and all the rest of it, but the amount local government CEOs are paid should be made public. The people who pay the bill and who pay for our officers should know what is going on. The ratepayers always tell us that they are like shareholders and that the council is the board of directors. However, the council is not. Councillors are elected members of a local government body. It is a monopoly and it governs people. Councils are not private, independent organisations; they are accountable to the public. If people want to use the argument that the public ratepayers are the shareholders, so be it, but they should know what a CEO is paid. It should be in the public arena.

After a CEO's five-year contract has expired - these days they are generally for five years - his job should be advertised. Everybody could then see how the CEO measured up in the marketplace. The CEO of Melville has been in that position for 10 years. I have been told that his position could not be advertised because it would be a vote of no confidence in him. Gee-whiz, how will we find what is out there? How do we get information? That is the problem. We do not have information. How can we make a good decision based on information if we do not have it? We must go with

whatever we are told because we do not have access to information. It is a real problem. I want openness, accountability and transparency. How will we get it? How will we make rules to cause that to occur? I do not know. It is a complex issue. When a rule is written, there are 100 ways to get around it. It is not an easy task. I am just suggesting what should happen. After the contract expires, the position should be advertised to find the best person for the job. We should evaluate the skills and abilities of what we are paying out against what we are getting.

I have mentioned that the Local Government Act places a lot of power in the hands of the CEO. It is a real problem. A group of councillors can overturn the CEO's decisions, but it is a problem. Another issue that concerns me greatly is councillors who do business with each other. That is not a problem in itself. People ought to be able to do business with whomever they like. However, if they are doing business with a CEO on a private basis and they are doing business with other councillors, will it not affect their judgment? I think it does. I have seen it affect their judgment. What will be done about that? Something ought to be done about it. Perhaps a register should be set up of who is doing business with whom - that is, if they will provide that information. Maybe that would be too intrusive, but something must be done to make this process more accountable and transparent. Currently, it is not. I would like to see a clearer and more open process.

Frankly, I am amazed that the councillors of Joondalup have said they could not confirm the qualifications of the CEO. I am an outsider. I hear what other people hear. I read the newspapers and I am amazed. People's qualifications should be checked. If people claim to have qualifications, they should be checked. Committee members could go to any university at which I have studied and find out that I had indeed studied there. I have a student number. Members can find out what degrees I have. It is not a problem.

In a nutshell, I am suggesting that the councillors should not be so deeply involved in this process that they must have many rules and regulations written for them. The chances are that they would not read them anyway. They would not know what they were doing. They would just tick off everything that comes in front of them that looked reasonable. We should be realistic about this. They have time frames. We all have time frames. Councillors are paid only minimal amounts. Even retired people tell me that they do not have enough time to work for a council because they are so busy.

[10.20 am]

Just tell me who has the time - especially if they are not being paid - to do this job. I think paid people ought to be doing it and I submit that to you to think about. Did I mention that the wages and allowances tribunal - I think I did - have put CEO wages somewhere around \$145 000? I think the Joondalup CEO had a similar evaluation by people from the wages and allowances tribunal and they put his salary at a similar figure. According to the book I have, the City of Joondalup has 50 000 more people than we have and it has something like \$8 million more in its budget. There are umpteen different ways to present the figures, but I go by this document because it is measured -

The CHAIRMAN: Can you identify that book for Hansard?

Ms Jackson: The document is "The Western Australian Local Government Directory 2002-2003". It is the document from which I have drawn my comments because it is the only comparative document that I have of all local governments.

The CHAIRMAN: I will ask a few general questions on behalf of the committee and then individual members may have questions. You have already covered some aspects in your presentation. Do you regard the situation at the City of Joondalup as an extraordinary and isolated case, or do you believe that the same problems could arise in any Western Australian local government?

Ms Jackson: Yes, I do. I believe it is fairly generic and that it could happen anywhere.

The CHAIRMAN: What do you think of the practice adopted by the City of Joondalup to appoint a recruitment consultant to headhunt CEOs rather than advertise the position widely?

Ms Jackson: In my mind both should have been done. Again, who will be made responsible for headhunting a CEO? I suppose we have to have confidence in the process and if we are going to advocate one way we have to be confident it will happen. In my mind it should be generally advertised. I imagine that when they headhunt they headhunt a select group, people they know or people who have come to their attention. In my mind, a broad based advertising campaign is far fairer. If we are dealing with government and with openness and accountability that should be a part of the process. That position should be advertised in the same way that any other position in government is advertised.

The CHAIRMAN: What essential attributes and skills are required of a CEO of a large metropolitan local government? Do you believe that it would be possible to impose minimum qualifications by way of regulations to satisfy those essential attributes and skills?

Ms Jackson: As I mentioned a bit earlier, I believe that CEOs need certain attributes and skills. I am not certain that picking a CEO from some other industry and dropping them into local government will solve anything. In fact, I have met CEOs who have done that and they have had to reorient their direction significantly. However, that does not mean that they cannot do it. The old system of a town clerk's certificate or something of that nature is certainly a valuable tool in determining whether a person has the broad based skills that are required. Something along those lines would indicate to councils whether a person from a different field can slot into the local government environment and know what they are doing. In other words, they get into the position and they are on their feet running instead of taking six months to settle into the role. I think most people have to do a certain amount of settling in but when they have some understanding of local government and the laws that govern it, that is fairly important. I have stated a number of areas in which I believe they should be proficient but, as I said, at this point I cannot tell whether the level of proficiency should be a university degree or the like. There are experts who can advise the committee more appropriately on that issue. Certainly some type of clerkship or something could be used as an evaluating tool to determine whether a person has achieved a particular level in local government matters. We would then know whether they have the knowledge of local government to enter into it easily.

The CHAIRMAN: Do you think the number and quality of applicants for positions as local government CEOs will decrease if their employment contracts are made public?

Ms Jackson: It is hard to say because these days the general trend is to reveal their salaries. I think that if you are talking about making the terms of the contract of agreement a public document - I do not know if it is at this stage - I think it should be available to elected members. However, if you are asking whether we should publish the contract for all and sundry to read, which is what I believe you are indicating, that is not necessary and, if anything, is an invasion of privacy. I think it could be uncomfortable. Although the actual contract should not be published, certainly the perks and lurks should be made available. In private enterprise it is revealed that CEOs receive this number of shares and that they are getting this, this and this perk. That is fairly widely known and in generic terms there is no reason that people should not know that. What I am saying is that we should not publish the contract for everyone to make comment; however, I do not see a problem with publishing the terms of the contract; in other words, the perks they get and what their salary is made up of. I do not think we would reduce the number of people applying but then you might have to ask the people out there and compare it with what is happening in the marketplace for a better evaluation.

Hon KEN TRAVERS: Thank you for your submission. I found it quite interesting and useful to get a perspective from someone who clearly has a bit of experience. In terms of the City of Melville, who negotiates the CEO's contract? You said that it was coming up for renegotiation. If

you decide to re-employ the existing CEO, who will negotiate the new terms and conditions of the contract?

Ms Jackson: I am not clear on that myself. The CEO has been there for 10 years and this is the first time we are getting an external person to assist us. I am still trying to come to grips with what that means because we are going through the process at the moment. My line of questioning at the review meetings has sought to have the criteria of the whole process laid out. I believe the committee ought to set out that criteria. However, as I am seeing at the moment, nothing is happening and that is a concern. As I say, I certainly want an independent person to assist us in the process. Searching for an independent person is not an easy task because of the sheer expense of getting somebody involved and of trying to understand what exactly they are charging us for and why one person charges \$10 000 while another charges \$1 200. What is going on? There must be somebody out there who can assist local governments and that is why I come back to a body like the wages and allowances tribunal that could have an arm to assist with this kind of engagement for government. What do the figures that I have been quoted in private enterprise for assisting with the engagement of a chief executive officer mean? They can mean almost anything and a lot of them are working for big business with CEOs earning a couple of million dollars a year, which does not come into the same category as ours. Therefore I keep raising the issue that people with expertise must be attached to the wages and allowances tribunal - I cannot think of any other location to get it from. I understand that the Western Australian Local Government Association has someone who can do a little bit of that. That is a start in the right direction; however, I understand that that person and his company have done work for our council. That is not independent. Where is the independence in that? I am asking for independence - independent to be independent, not business related. As you can understand, when someone pays somebody to do a job they will not get them back if they do not do what they want. Where is the independence in that?

Hon KEN TRAVERS: I do not have a problem with the general concept of getting a salaries and allowances tribunal type body. WALGA representatives told us that that would impede upon the freedom of local governments - I have to be careful because I am trying to summarise their words. They were certainly opposed to that, to the setting of qualifications and using an outside body to appoint. They felt that local governments should be left with the autonomy to make those decisions and to choose from whom they wanted assistance.

Ms Jackson: I keep hearing that argument and I have to tell you that we are government; we are not an independent autonomous floating agency. We are government. There is federal, state and local government. We should not be floating around on our own.

[10.30 am]

We should be brought into line with what the state and federal practices are if we are seriously going to be considered as the third tier of government. That is the way I see it. Yes, I keep hearing that argument; I keep hearing that we do not want state and federal government interfering with our affairs. We are government. We must have a relationship in our proceedings and the way that we do things.

I realise I did not finish the answer. We have had a human resources officer for the past 10 years who has presented us with a document. I do not have it with me today, but it benchmarks the chief executive officer's performance. We use that as our guiding document. It covers all areas of our council. We are presented with it. How can we assess whether the CEO has matched that or not? We have only one person's word for it. That document is put together by the CEO and his staff for us. How can we verify it? How can we be sure that it actually occurred? That is why I wanted an external agency to assist us in doing these things and making these comparisons. What are other CEOs doing? How does ours compare? We do not have any of that information.

Hon KEN TRAVERS: Have you seen your CEO's contract and do you have access to it?

Ms Jackson: I saw it once quite some time ago. I have not asked lately, no.

Hon ED DERMER: I think Katherine has touched on the answer already, but I would like to explore this further. The Western Australian Local Government Association has explained that the division within it is to assist councils in the appointment of CEOs. I was going to ask you whether you had looked at consulting that organisation to assist in your review.

Ms Jackson: I think I just answered that by saying that the person has done work for our council.

Hon ED DERMER: It was in a different capacity to the role in WALGA. I would like to know a little more about how that works and that person's role; whether he is doing work for your council and what type of work he has done in the past.

Ms Jackson: As I understand it they just assisted very recently in a dispute with our security guards.

Hon ED DERMER: Was that an industrial relations dispute with your security guards?

Ms Jackson: Yes it was. I do not know the full details, but I can get a bit more.

Hon ED DERMER: Do you feel that his role in dealing with that dispute would compromise his capacity to give you independent advice in reviewing the CEOs contract?

Ms Jackson: The officers are employed by the council. I do not know exactly who is responsible for the engagement of that person. I do not believe that person or his companies should then engage in the performance review of the CEO for whom he has just done work. Do you not see a conflict of interest? I do.

Hon ED DERMER: I just wanted to make that absolutely clear, and you have done that for me. Thank you.

Hon MURRAY CRIDDLE: You have given me a very clear understanding of your point of view. The only issue on which I seek some clarification is at the signing off of the CEO after somebody has made representation and given you a view on the people he has interviewed. Do you think that the council has the final say?

Ms Jackson: Do you mean if some organisation goes headhunting for a CEO, the council should have the final say?

Hon MURRAY CRIDDLE: You were talking about an independent assessment process. Obviously the organisation will recommend the person it thinks is best for the job, but there must be some interaction with the council because the council must be comfortable with it and sign off. Does the council have the final say on the contract?

Ms Jackson: At this point I would say yes under the current structure, but, as I say, if we bring it into line with state and federal governments, would it still be the case? I just ask the question. Maybe we have got to rethink the whole thing of how it is done rather than work in the current structure. For the sake of the current structure, I would say yes, but I would certainly like to see another structure.

Hon JOHN FISCHER: I think your submission is excellent. I think everybody has been interested in one or two areas we have covered on external agencies being involved. We have covered the matter, but I would like to comment that if you did work through an organisation such as WALGA for an independent review of the performance of CEOs, perhaps it would be worthwhile looking at whether the Salaries and Allowances Tribunal should take over to evaluate their performance in comparison with the rest of the organisations throughout the State. On page 2 of your submission dealing with consideration and amendments to the Act under paragraph 2 you say very clearly, "Don't make any more rules and regulations." What I find difficult about accepting that concept - I am certainly not in favour of over-regulating - is the variation between different shires in this State. How would you see having a bottom line that would encompass all CEOs throughout the State? I think it would be an extremely difficult situation to arrive at to have a fair qualification for the varying sizes of local organisations.

Ms Jackson: Let us address the rules business. Yes, I am concerned about over-regulation, but I think the context in which I used it was that elected members would have to oversee the regulations and that they are implemented. Elected members are paid minimally; they have a sitting fee and a bit of an allowance and so on. Some mayors are paid; most are not; they have an allowance basis and a sitting fee. What I am saying to you - I said the same thing at the local government conference - is that when you do all these rules and regulations for elected members to observe, remember that they are not paid. They are not lawyers; they are the average person off the street, elected for that position; they are retirees. They may be unemployed; they may have other jobs; they may do umpteen different things. They do not have a lot of time. What you are doing is using their spare time. How much spare time do you have outside a 40 to 60-hour week? If you did not sleep and give up every hour of your time, you could manage to fit in another full-time job. It is similar for me; I am doing two full-time jobs, being mayor and doing my other work. What I am saying is that you create this plethora of rules and books of regulations that you want elected members to implement. I am just saying to you that we have got to be realistic, and that is why I keep saying, get the evaluation out into an independent body. If WALGA does not like having the wages and allowances tribunal doing it because it is a state body, I understand that it could be very cheap - I have had advice - and it would not be that expensive to set up a wages and allowances tribunal to oversee the whole of local government. It is a thought, or you could put a number of local government people onto the wages and allowances tribunal to consider local government wages and allowances, if you understand what I am saying. What you are doing is putting the whole job into paid people's hands who have time to do it - it is their job to produce results. For elected members it is one of umpteen thousand different tasks. Their first responsibility is to go out and represent the people. Selecting CEOs, paying CEOs and assessing performance reviews on CEOs really ought to be in somebody else's hands who is capable of doing it. That is what I believe.

Hon DEE MARGETTS: I have to confess at being rather gobstruck when it was mentioned to us that the selection panel of Joondalup was given just a summary of what the recruiters thought it needed to know and it was put in identical folders. From square one, if you were part of a selection panel to select a new CEO, what do you feel you would need to know about that person? What would you need to have in the folder that you believe would give you an idea of whether that person is worth giving an extra interview or putting on the short list?

[10.40 am]

Ms Jackson: I think qualifications are very important, although they are not the be-all and end-all of a person's ability to do a job. Qualifications are a demonstration of a person's cognitive ability. They give an understanding of their breadth of experience and their ability to handle complex issues. That to me is what qualifications say. A person can have qualifications as long as his arm and not be good at his job. We all know that. Alternatively, a person can have lesser qualifications and be excellent. Qualifications are not the be-all and end-all, but they are important, and qualifications should be verified. The other thing I would look for is where the person has worked. I would ask about his experience and background, whether he has any understanding of local government and his ability to transfer his experience of one working environment to another. The level he has achieved at his current or previous jobs would be important. That would make a very big difference to me wanting to talk to him, as would be the way he expresses himself on paper. Not everybody can express themselves well on paper, so it would not be the final factor. However, a person must present himself fairly well, and I am sure the agency would assist him with that. Plenty of agencies are around to help people do that. Demonstration of qualifications, background and experience would be important to me wanting to continue considering that person.

Hon DEE MARGETTS: Would you want to see something from an applicant that expresses why he is doing this and how he would deal with a particular situation?

Ms Jackson: Yes. I would also want his response on why he wants to move into local government, if he is external to it, or from one local government to another. I would want to know what he thinks he would gain from moving, and what he could offer. Those sorts of things would be of interest to me.

Hon DEE MARGETTS: Thank you very much for that. You have expressed a preference for advertising positions, even if headhunting is involved. Given that in some of the more expensive parts of Sydney, a chief executive officer's salary could be increased by up to \$50 000 to accommodate the higher cost of living, what do you think might be the impact of headhunting on what you have called the ridiculous trend of salaries? A headhunter tries to find who he considers to be the best person to fit personalities or whatever. He might approach people in the eastern States who are already on fairly high salaries. What do you think might be the impact of that on this salary trend?

Ms Jackson: I see where you are coming from. I think a lot of that would be knocked out if a wages and allowances tribunal or some similar body determined that wage level. The job would be advertised at that rate. If somebody in Sydney who earns a huge salary does not want to come here because the salary is lower, I guess he would not come. What is to say that somebody in Sydney could do a better job than our local people? Everybody has this problem in that they think we must get someone from the eastern States. I do not see that those people are better. We have heaps of good local talent. A lot of our talent goes overseas because they are so good and not recognised here. We have heaps of talent. A wages and allowances tribunal or some similar body should set a wage. This is government; it is not private enterprise. It should determine the wage that will be set. The problem I see with headhunters - which is another issue - is that if they are only headhunting and not advertising the position, they may approach people who are already well ensconced in some business or organisation at a high salary and who will not accept a drop in that salary. Somebody who moves from Sydney to Perth will no longer experience such high costs of living. Accommodation over there is far higher than it is here. I believe that our general cost of living in terms of purchasing items at the shop is higher, but in terms of accommodation, it is not. There is a nice, lovely style of living here. In fact, a lot of people want to live in Perth because of the laidback lifestyle. We are isolated, and that has a lot of benefits. Headhunting is a problem if the headhunters consider only those people who are already getting high salaries. In any case, would such people be happy in local government and working in a narrower environment etc? Headhunting can build a false illusion of success because of a person's current position. The person's skills may not even be transferable, and he may not be good in the new job. A classic case is Wesley College. It said that it should get someone from interstate. It brought in a headmaster who was like a duck out of water. He was put on a good salary and had everything done for him. He was supposed to be the guru of everything academically. It was a nightmare. The guy was carted off to jail a few months back. It is a very sad story. It does not make them transferable. Sydney is very different from Perth. I think people get too excited about the concept of headhunting and think that they are getting a fantastic person simply because he is paid a you-beaut great salary. It is not so. It does not happen necessarily.

Hon DEE MARGETTS: I suspect that the more recruitment agencies feel that their role is to sell the job to a high-flyer, the less willing they are to look at his qualifications, background and reputation. If the agency has been trying to convince someone to move to an area, it would be almost embarrassing to ask him to verify who and what he is. What is your opinion?

Ms Jackson: That is quite possibly the case. I would agree with you. That is quite possibly what would happen. The agencies get themselves in a bit of box because they have indicated that this person will somehow meet the expectations, and they are too embarrassed to ask the questions. It is like movie stars. Why do Brad Pitt and a couple of the others have to be in every movie when there is heaps of other good talent that is not well known? That other talent is more like ordinary people - more realistic - and those actors are appearing in more movies these days. I think it is a great trend.

There are more models on stage who are not the fantastically skinny whatever we have seen in the past. More realistic people are up there. Everybody likes it. The public wants it. Why cannot we have a CEO who is more real? Why must we have this particular image? Why can we not have a real person who knows how to do the job? He does not have to be Mr Joe Soap who earns a whacking big income in Sydney or somewhere. There are plenty of competent, capable people around here whom I reckon would take the job on. In fact, plenty have said that to me. I have asked if they would work for our council for \$210 000 a year, and they have said, "You betcha I would". They are really good people who know their stuff.

The CHAIRMAN: I have a couple of questions. I want to play devil's advocate to a certain extent about a couple of your comments. In notifying the public and advertising for submissions to this inquiry, we placed advertisements in the Press and contacted key stakeholders. One group of key stakeholders is the 144 local councils around Western Australia. As I suspect almost everybody in the community does, we communicated to those councils through the general manager, in this case the CEO. You indicated that you had some problems with that, and that the communication did not get to you. I put to you that if that is the case, the problem is with your organisation; not with us or with the public who communicate with your organisation through the CEO.

Ms Jackson: I do not want to accuse anybody of anything. I think that if you are going to hold an inquiry into CEOs, you should not send the information to the CEOs to tell the elected members. It should be sent to the mayor, for instance. The mayor and the elected members are more than likely to talk to you, although a few CEOs might like to as well. I would have thought that the elected members, being the parties who deal with the CEO and who are aware of his performance, would be the ones who need to know about this inquiry so that they could either come to the hearing and listen or be a party to it. I am not saying they would necessarily come, because they are generally all busy people and have other things to do, as I explained before. They are not full-time elected members; they are just part-timers, if one could call them that. My suggestion - it is not a criticism - is that the information should really have gone to elected members, or perhaps both parties; that is, the CEO and the elected members. Alternatively, it could have been sent to the mayor to distribute. That was all. It was not a criticism.

The CHAIRMAN: Okay. The other point I raise is perhaps an inconsistency in what you are saying. On the one hand you are saying that elected members - councillors - are not equipped or qualified to make decisions relating to the appointment of CEOs and other decisions involving the council because they do not have the time and do not read documents etc.

[10.50 am]

Ms Jackson: Can I just correct you? I do not think I said they do not read documents, but that there are a lot of documents to read. All I am saying is that there are an awful lot of laws and regulations that would have to be implemented if you want to write lots of rules.

The CHAIRMAN: On the other hand, you stated that the elected members should be totally responsible for a lot of the operational aspects of the organisation. You also said that you thought that chief executive officers should be downgraded back to town clerk qualifications; a 1960s concept that does not necessarily have to equate to the qualifications or experience required in running a business of that same magnitude. I am just asking for your comment on what appears to me to be an inconsistency in your approach to elected members.

Ms Jackson: I had better clarify what I said about the town clerk qualification. I am not saying that we downgrade the skills and experience to town clerk level. I said earlier that CEOs need to have human resource, accounting, local government law, quality management, business management, certified auditor and town planning skills. Those are some of the skills or understandings they need to have. I said that I did not know what qualifications that should be condensed down to. I did not say whether it should be a degree in this or that. I said that I am not in a position to really establish that, given that the CEO must have a broad range of experience in

order to run the local government. I said that some sort of minimum qualification would be a town clerk certificate of some sort. I did not say that we should just throw everything out and make them go through a town clerk training course. I said that there is some measure that we can all understand, that gives us a guide to say that this person has an understanding of local government. That is really what that certificate says - this person has an understanding of local government, as a minimum. I did not say it was the only qualification. You can sit there and talk to all sorts of people out there in the market and determine that this is what the minimum qualification should be for a CEO. I suggest that I do not know what degrees they ought to have, or whether they need umpteen degrees or not, but I say they need some sort of qualification that we can all identify as saying that they know what local government is about. That is really my point. Did that help you?

The CHAIRMAN: A nice short, sharp question. Are your comments today and your submission your personal point of view? Have you discussed them with your council - either elected members or staff?

Ms Jackson: This is not a council position; it is my view. It comes from my observations over the years. It is my view. I must reiterate that I will not insult elected members by saying that they do not read their papers. Everybody does their own thing, and I cannot really make a broad brush statement like that, and I do not. You picked me up on another point, and that is that elected members want more control and they want to downgrade CEOs. Under the current Act, the CEO has responsibility for the day-to-day control of the staff and the running of the council. The day-to-day running involves absolutely everything. In fact, I wonder sometimes why there are elected members at all; we may as well all go home. Be careful, because under the Act, the CEO has broad sweeping powers to adjudicate everything. They have powers of adjudication over every process in the council. They can veto by one, everything that we do. In order to stop that veto, the council must make a majority decision. We have to have a majority of seven - there are now thirteen on the council - to say "no, we do not agree with you", every time. Have you ever tried running government like that? Have a little think about it. You have leaders and the Opposition. We need to have, like Victoria and New South Wales, compulsory local government elections, preferably later in the year, because May seems to be a time when everybody is away, and having them after the budget is useful, because then people who know what they are doing will be bringing the budget down. Having compulsory elections would then force us to become more political. Let us say it - local government could become more political. In fact, in some places, it is. With compulsory elections we could then look at reducing the number of elected members and paying them to make it a full-time job. We would probably then end up with factions, as in state and federal government. What a great idea. You will always have elected members ruling the council. They will always rule. You will never get your bureaucrats ruling. Do you know why bureaucrats do not rule government? Because you have the Opposition, and you have the Government; that is why. We do not have that in council, and that is why the CEO can rule the council. It is very important. You must think about it. I continually say I want local government to be like state and federal government, because then the power will be back with the people, where it should be. The current system puts the CEO in charge.

The CHAIRMAN: I am pleased to know that you think that bureaucrats do not rule the Government.

Ms Jackson: I know they have a lot of influence, but I am saying that at least the Government has the power to direct bureaucrats.

Hon DEE MARGETTS: Obviously she has not met Graham Samuel yet!.

Hon KEN TRAVERS: At least we have a fighting chance!

Ms Jackson: You have a fighting chance, exactly.

Hon KEN TRAVERS: You may have answered this question with your last comments. One of the points I wanted to ask you about that I found interesting was your comment about the CEO. With the benefit of hindsight, we should have written to the mayors and the shire presidents. I find it fascinating that, if a committee writes and asks for a submission on a matter that I doubt many councils would have a policy on, that would not have been referred to the full council. It was certainly my expectation, and I am sure a lot of my fellow committee members would have shared that expectation, that you may address the correspondence to the CEO, but it would have been passed on for the views of the councillors.

Ms Jackson: That is not a reasonable assumption.

Hon KEN TRAVERS: You are saying that it is up to the CEO to decide whether he wants to pass an item like that to the council?

Ms Jackson: I would think so. How much response have you had from 144 local authorities?

Hon KEN TRAVERS: It has been varied - some from the councillors and some from the CEOs. Obviously some have been passed on and some have not.

You briefly touched on this matter, but I would like you to clarify it. You mentioned business dealings between CEOs and councillors. I take it you are not talking about someone who owns a milk bar here and has someone come in and buy their papers and milk from them, but rather you are talking about people having investments together.

Ms Jackson: That is what I am talking about.

Hon KEN TRAVERS: When you come to decisions about that CEO's salary, would that person exempt himself from those deliberations, or would he stay in the meeting? In your understanding of the Local Government Act, does he just stay in the council meeting during the deliberations on the CEO's salary, and whether you keep the CEO on or not?

Ms Jackson: I should not think that that would have any bearing on the councillor's ability to stay in the meeting and make a decision. There is nothing that says that we have to declare who we do business with, is there?

Hon KEN TRAVERS: Would that councillor not have a financial interest at that point, if he had a business partnership or investment with the CEO? For instance, they may be building a set of units together outside the local government area. If the CEO lost his job and his regular salary, and the development was not finished, that could affect the ability to finish the development.

Ms Jackson: You are only thinking of one type of business.

Hon KEN TRAVERS: I am thinking of any sort of investment.

Ms Jackson: What about being somebody's broker, for instance?

Hon KEN TRAVERS: You would still get commission, so you would still want the CEO to have a good income, would you not?

Ms Jackson: What about being joint directors in a company that does not have any dealings in the city?

Hon KEN TRAVERS: What I am saying is that, if there is a need to put further investment into that company to keep it alive, the councillor would have an interest in making sure the CEO had an income stream to be able to do that.

Ms Jackson: There are obvious things that have to be declared in the register of interests. You have the rules on that. I am talking about stuff that is not covered by that.

Hon KEN TRAVERS: I find it fascinating that a councillor could have ongoing business relationships with the CEO and would not be required to declare an interest and leave the council chamber when the CEO's salary, or anything to do with his employment, came up for discussion.

Ms Jackson: We have a financial interests register, but plenty of things can be done outside that.

Hon KEN TRAVERS: Does the CEO have a register? They do not, do they?

Ms Jackson: Yes they do.

The CHAIRMAN: We have exhausted our questions. Would you like to say anything in conclusion?

Ms Jackson: No; I think I have pretty much covered it all. I am happy to answer any other questions you may have outside this forum as well.

The CHAIRMAN: Thank you for your time this morning.