Best Practice Governance Review

Consultation Paper – Model Options

Contents

Item	Section	Page
1	Introduction	3
2	Governance Principles	5
3	Options and Current Model	7
4	Alignment to Principles	14
5	Consultation Process and Next Steps	20

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2

Best Practice Governance Review

1. Introduction

Introduction

Background

The Western Australian Local Government Association (WALGA) developed it's Corporate Strategy 2020-25, and in doing so identified a key strategic priority, to undertake a Best Practice Governance Review. The objective of the review is to ensure WALGA's governance and engagement models are contemporary, agile, and maximise engagement with members.

Other drivers for the review included: misalignment between key governance documents; constitution amendments for State Councillors' Candidature for State and Federal elections; and legislative reforms for the *Local Government Act 1995*, and for the *Industrial Relations Act 1979*.

In March 2022, State Council commissioned the Best Practice Governance Review (BPGR) and established a Steering Committee to guide the Review.

The BPGR Steering Committee had five meetings between 5 May 2022 and 10 August 2022. There was wide-ranging discussion on WALGA's current governance model, the need to engage broadly with the membership, and opportunities for change. Key outputs from the BPGR Steering Committee meetings included:

- Agreement on five comparator organisations – Australian Medical Association (AMA) WA, Chamber of Commerce and Industry (CCI) WA, Chamber of Minerals and Energy (CME), Australian Hotels Association (AHA) WA and the Pharmacy Guild (PG).

- Review of governance models of Local Government Associations in other Australian States and Territories, and New Zealand.

- Drafting of governance principles that will underpin future governance models.

- Finalisation of governance principles and principle components across the domains of: **Representative, Responsive and Results Oriented**.

These activities are outlined in more detail in the Background Paper.

This document

This document outlines:

Principles: The governance model principles and principle components across the domains of: Representative, Responsive and Results Oriented. The principles were endorsed at the WALGA AGM on 3 October 2022.

Governance model options: Presents four potential governance model options and the structure and roles associated with each option. The four options are:

- **Option 1:** Two tier model, existing zones

- **Option 2:** Board, regional bodies

- **Option 3:** Board, amalgamated zones

- **Option 4:** Member elected board, regional groups

- **Option 5:** Current model

Alignment to principles: Each of these options are then assessed as to whether they align with the principles and their components. The assessment considers the option and whether it meets, partially meets or does not meet the principle component. Alongside this assessment are some discussion points. An example of this relates to diversity.

Diversity is a component of the governance model being representative. Diversity here may include consideration of whether the governance model comprises an appropriate diversity of skills and experience. It also provides opportunity to consider whether the governance model provides opportunity for members of diverse backgrounds e.g. people of Aboriginal and Torres Strait Islander descent, people with Culturally and Linguistically Diverse backgrounds.

Within all the model options, direct relationship with WALGA and regional / subregional collaboration would continue to be encouraged.

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Best Practice Governance Review

2. Governance Principles

Governance Principles

The following Governance Principles were endorsed by members at the 2022 AGM

Principle	Principle component	Component description	Governance implications
Representative — WALGA unites and represents the entire local government sector in WA and understands the diverse nature and needs of members, regional communities and economies.	Composition	The composition of WALGA's governance model represents Local Government members from metropolitan and country councils.	The governing body will maintain equal country and metropolitan local government representation.
	Size	An appropriate number of members/representatives oversees WALGA's governance.	Potential reduction in the size of the overarching governing body.
	Diversity	WALGA's governance reflects the diversity and experience of its Local Government members.	Potential for the introduction of a mechanism to ensure the governance model comprises an appropriate diversity of skills and experience.
	Election Process	Considers the processes by which WALGA's governance positions are elected and appointed.	Consideration of alternative election and appointment arrangements, with the President to be elected by and from the governing body.
Responsive — WALGA is an agile association which acts quickly to respond to the needs of Local Government members and stakeholders.	**Timely Decision Making**	WALGA's governance supports timely decision making.	WALGA's governance model facilitates responsive decision making.
	Engaged Decision Making	WALGA's Local Government members are engaged in decision making processes.	WALGA's governance model facilitates clear and accessible processes for Local Government members to influence policy and advocacy with consideration to alternatives to the existing zone structure.
	Agility	Considers the flexibility of WALGA's governance to adapt to changing circumstances.	WALGA's governance model is agile and future proofed for external changes.
Results Oriented — WALGA dedicates resources and efforts to secure the best outcomes for Local Government members and supports the delivery of high-quality projects, programs and services.	**Focus**	Considers the clarity and separation of responsibilities and accountabilities of WALGA's governance.	Governance bodies have clearly defined responsibilities and accountabilities, with the capacity to prioritise and focus on strategic issues.
	Value Added Decision Making	Facilitates opportunities for value to be added to decision making.	Adoption of best practice board processes, and introduction of governance structures that are empowered to inform decisions.
	Continuous Improvement	Considers regular review processes for components of the governance model, their purpose and achieved outcomes.	WALGA's governance is regularly reviewed every 3 to 5 years to ensure the best outcomes are achieved for Local Government members.

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6

Best Practice Governance Review

3. Options and Current Model

Options and Current Model

Five options, including the Current Model, with details of each of their key governance bodies

Option 1 – Two tier model, existing Zones	Option 2 – Board, Regional Bodies	Option 3 – Board, Amalgamated Zones	Option 4 – Member elected Board, Regional Groups	Option 5 – Current Model
Board (11 members) 8 elected from Policy Council, incl. Board elected President Up to 3 independents	**Board** (11 members) 8 elected from Regional Bodies, incl. Board elected President Up to 3 independents	**Board** (15 members) 12 elected from Zones, incl. Board elected President Up to 2 independents	**Board** (11 members) 8 elected via direct election, incl. Board elected President Up to 3 independents	**State Council** (25 members) 24 State Councillors 1 President
Policy Council (25 members) 24 members plus President	**Regional Bodies** (4 metro, 4 country)	**Zones** (6 metro, 6 country)	**Policy Teams / Forums / Committees**	**Zones** (5 metro, 12 country)
Zones (5 metro, 12 country)	**Policy Teams / Forums / Committees**	**Policy Teams / Forums / Committees**	**Regional Groups**	**Policy Teams / Forums / Committees**

Option 1 – Two Tier Model, Existing Zones

A description of the governance body structure and role for Option 1

Governance Body	Structure	Role
Board	11 members: 8 representative members elected from and by the Policy Council (4 Metro, 4 Country). The Board then elect the President from the representative members. The Board will appoint up to 3 independent, skills or constituency directors.	Meet 6 times per year. Responsible for governance of WALGA including strategy, financial oversight, policy development and endorsement, advocacy priorities, employment of CEO, etc.
Policy Council	24 members plus President. Members elected by and from the Zones (12 from 5 Metro Zones, 12 from 12 Country Zones).	Meet at least 2 times per year to contribute to policy positions and advocacy for input into Board, and to liaise with Zones on policy and advocacy. The Policy Council can form Policy Teams, Policy Forums and Committees, which would have responsibility for specific functions, such as policy development.
Zones	5 Metro, 12 Country.	Meet at least 2 times per year to raise policy issues, elect representatives to the Policy Council, and undertake regional advocacy and projects as directed by the Zone.

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Option 2 – Board, Regional Bodies

A description of the governance body structure and role for Option 2

Governance Body	Structure	Role
Board	11 members: 8 representative members elected from and by the Regional Bodies (4 Metro, 4 Country). The Board then elect the President from the representative members. The Board will appoint up to 3 independent, skills or constituency directors.	Meet 6 times per year responsible for governance of WALGA including strategy, financial oversight, policy development, advocacy priorities, employment of CEO, etc.
Regional Bodies	Metro: North, South, East and Central. Country: Mining & Pastoral, Agricultural, Peel/ South West/Great Southern, Regional Capitals. *Note: Local Governments can nominate their preferred regional body, with membership of the regional bodies to be determined by the board.*	Meet at least 2 times per year to contribute to policy development and advocacy, and to elect Board members (1 from each of the Metro Regional Bodies and 1 from each of the Country Regional Bodies).
Policy Teams / Forums / Committees	Membership drawn from the Board and Regional Bodies with some independent members.	Responsible for specific functions – such as policy development – as determined by the Board.

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Option 3 – Board, Amalgamated Zones

A description of the governance body structure and role for Option 3

Governance Body	Structure	Role
Board	15 members: 12 elected from the Zones (6 from Metro/Peel, 6 from Country). President to be elected by the Board. The Board will appoint up to 2 independent, skills or constituency directors.	Meet 6 times per year. Responsible for the governance of WALGA including strategy, financial oversight, policy development and endorsement, advocacy priorities, employment of CEO, etc.
Zones	Metro/Peel: • Central Metropolitan • East Metropolitan • North Metropolitan • South Metropolitan • South East Metropolitan • Peel	Country*: • Wheatbelt South • Wheatbelt North • Mid West / Murchison / Gascoyne • Pilbara / Kimberley • South West / Great Southern • Goldfields / Esperance *indicative, re-drawing required*	Meet at least 2 times per year to contribute to policy development and advocacy, and to elect Board members.
Policy Teams / Forums / Committees	Membership drawn from Board with some independent members.	Responsible for specific functions – such as policy development – as determined by the Board.

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Option 4 – Member Elected Board, Regional Groups

A description of the governance body structure and role for Option 4

Governance Body	Structure	Role
Board	11 members: 8 representative members elected via direct election, with each member Local Government to vote (4 elected by and from Metropolitan Local Governments, 4 elected by and from Country Local Governments). President elected by the Board from among the representative members. The Board will appoint up to 3 independent, skills or constituency directors.	Meet 6 times per year and responsible for governance of WALGA including strategy, financial oversight, policy development and endorsement, advocacy priorities, employment of CEO, etc.
Policy Teams / Forums / Committees	Membership drawn from Board with some independent members.	Meet at least 2 times per year. Responsible for specific functions – such as contributing to policy development – as determined by the Board.
Regional Groups	Determined by members to suit needs. E.g. Regional Capitals, GAPP, VROCs, CEO Group, existing Zones.	Feed into policy development processes and undertake advocacy and projects as determined by the groups.

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Option 5 – Current Model

A description of the governance body structure and roles for the Current Model

Governance Body	Structure	Role
State Council	24 members plus the President. Members elected by and from the Zones (12 from 5 Metropolitan Zones, 12 from 12 Country Zones).	Responsible for the governance of WALGA including strategy, financial oversight, policy development and endorsement, advocacy, employment of CEO, etc.
Zones	5 Metro, 12 Country.	Consider the State Council Agenda, elect State Councillors, and undertake regional advocacy / projects as directed by the Zone.
Policy Teams / Forums / Committees	Membership drawn from State Council with some independent members.	Responsible for specific functions – such as contributing to policy development, financial oversight etc. – as determined by State Council.

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City of Kalamunda

13

Best Practice Governance Review

4. Alignment to Principles

Option 1 – Two Tier Model, Existing Zones

Option 1 and its alignment to the principles

Option 1 – Two tier model, existing Zones				

		Principle & component	Principle alignment (Meets, partial, does not meet)	Discussion points
Board (11 members) 8 elected from Policy Council, incl. Board elected President Up to 3 independents	Representative	Composition	Meets	• Board will have equal metropolitan and country membership
		Size	Meets	• Board is smaller
		Diversity	Meets	• Consideration of appointment processes for independent members
Policy Council (25 members) 24 members plus President		Election Process	Meets	• Board to be elected from Policy Council
	Responsive	Timely Decision Making	Meets	• Meeting frequency aligned to governing body roles
		Engaged Decision Making	Meets	• Board meetings are not dependent on other governing body meetings
Zones (5 metro, 12 country)		Agility	Partial	• Board is future-proofed from external changes • Zone structures still underpin Council
	Results Oriented	Focus	Partial	• Prioritisation and focus may be a challenge
		Value Added Decision Making	Meets	• Best practice board approaches will be adopted
		Continuous Improvement	Meets	• Board would be responsible for ongoing reviews of governance body roles in consultation with members

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Option 2 – Board, Regional Bodies

Option 2 and its alignment to the principles

Option 2 – Board, Regional Bodies

Board
(11 members)
8 elected from Regional Bodies, incl.
Board elected President
Up to 3 independents

Regional Bodies
(4 metro, 4 country)

Policy Teams / Forums / Committees

	Principle & component	Principle alignment (Meets, partial, does not meet)	Discussion points
Representative	Composition	Meets	• Board will have equal metropolitan and country membership • How to establish regional body membership is a consideration
	Size	Partial	• Board is smaller • Number of regional bodies is a consideration
	Diversity	Meets	• Consideration of appointment processes for independent members
	Election Process	Meets	• Board election from regional bodies
Responsive	Timely Decision Making	Meets	• Meeting frequency aligned to governing body roles
	Engaged Decision Making	Meets	• Board meetings are not dependent on regional body meetings
	Agility	Meets	• Board and regional bodies are future proofed from external changes
Results Oriented	Focus	Partial	• There may be challenges defining accountabilities and responsibilities of regional bodies
	Value Added Decision Making	Meets	• Best practice board approaches will be adopted
	Continuous Improvement	Meets	• Board will be responsible for ongoing reviews of governing body roles in consultation with members

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Option 3 – Board, Amalgamated Zones

Option 3 and its alignment to the principles

Option 3 – Board, Amalgamated Zones

Board (15 members) 12 elected from Zones, incl. Board elected President Up to 2 independents
Zones (6 metro, 6 country)
Policy Teams / Forums / Committees

	Principle & component	Principle alignment (Meets, partial, does not meet)	Discussion points
Representative	Composition	Partial	• Board will have equal metropolitan and country membership • There may be composition challenges for amalgamated zones
	Size	Partial	• Board is smaller • Amalgamation of zones to 12 in total
	Diversity	Meets	• Consideration of appointment processes for independent members
	Election Process	Meets	• Board election from zones
Responsive	Timely Decision Making	Meets	• Meeting frequency aligned to governing body roles
	Engaged Decision Making	Meets	• Board meetings are aligned to zone meetings
	Agility	Meets	• Board is future proofed from external changes
Results Oriented	Focus	Partial	• Prioritisation and focus may be a challenge
	Value Added Decision Making	Meets	• Best practice board approaches will be adopted
	Continuous Improvement	Meets	• The Board would be responsible for ongoing reviews of governance body roles in consultation with members

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City of Kalamunda

Option 4 – Member Elected Board, Regional Groups

Option 4 and its alignment to the principles

Option 4 – Member elected Board, Regional Groups	

Board (11 members)
8 elected via direct election, incl. Board elected President
Up to 3 independents

Policy Teams / Forums / Committees

Regional Groups

	Principle & component	Principle alignment (Meets, partial, does not meet)	Discussion points
Representative	Composition	Partial	• Board will have equal metropolitan and country membership • Membership of regional groups dynamic and ad hoc
	Size	Partial	• Board is smaller
	Diversity	Meets	• Consideration of appointment processes for independent members
	Election Process	Meets	• Board election from a general meeting
Responsive	Timely Decision Making	Meets	• Meeting frequency aligned to governing body roles
	Engaged Decision Making	Meets	• Board meetings are not dependent on policy teams / regional group meetings
	Agility	Meets	• Board is future-proofed from external changes
Results Oriented	Focus	Partial	• Policy teams / Regional Group meetings to influence priorities
	Value Added Decision Making	Meets	• Best practice board approaches will be adopted
	Continuous Improvement	Meets	• Board would be responsible for ongoing reviews of governing body roles in consultation with members

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Option 5 – Current Model

Current model and its alignment to the principles

Option 5 – Current Model		

State Council (25 members) 24 State Councillors 1 President
Zones (5 metro, 12 country)
Policy Teams / Forums / Committees

Principle & component		Principle alignment (Meets, partial, does not meet)	Discussion points
Representative	Composition	Meets	• State Council has equal metropolitan and country membership
	Size	Partial	• State Council will retain 25 members
	Diversity	Partial	• No control of diversity of State Council
	Election Process	Meets	• State Council election from zones
Responsive	**Timely Decision Making**	**Partial**	• Meeting frequency aligned to governing body roles
	Engaged Decision Making	**Meets**	• State Council meetings are aligned to zone meetings
	Agility	**Partial**	• State Council is not future proofed from external changes
Results Oriented	**Focus**	**Partial**	• Prioritisation and focus may remain a challenge
	Value Added Decision Making	**Partial**	• Best practice board approaches will not be adopted
	Continuous Improvement	**Meets**	• State Council would continue to be responsible for ongoing reviews of governance body roles in consultation with members

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Best Practice Governance Review

5. Consultation Process and Next Steps

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Consultation Process and Next Steps

Consultation Process

Council Position

Member Local Governments are asked to consider this paper and the governance model options put forward and provide a Council endorsed position to WALGA.

It is suggested that Councils endorse a preferred model (which could be the Current Model) and provide a ranking in terms of an order of preference.

Submissions to WALGA are sought by **23 December 2022**.

Supplementary Market Research

An independent market research company has been engaged to ascertain insights from Elected Members and Chief Executive Officers about WALGA's governance model. Qualitative interviews and a quantitative survey will be undertaken to supplement Council positions.

Workshops and Forums

Requests for presentations on the work undertaken by the Steering Committee and the model options, as well as facilitation of workshops and discussions will be accommodated where practicable.

Next Steps

Timetable

- Consultation and engagement with Members on this paper and governance model options will be undertaken from October 2022 until 23 December 2022.

- The Steering Committee will consider the outcomes of the consultation process during January 2023.

- A Final Report with a recommended direction will be the subject of a State Council Agenda item for the March 2023 State Council meeting.

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Thank you

For more information, visit our website or contact Tim Lane, Manager Association and Corporate Governance, at tlane@walga.asn.au or 9213 2029.