



APPENDICES

**EXECUTIVE
DIRECTORATE**

**ORDINARY COUNCIL
MEETING**

To Be Held

Wednesday, 14th of December 2022
Commencing at 5.00pm

At

Shire of Dardanup - Administration Centre Eaton
1 Council Drive – EATON

Best Practice Governance Review

Background Paper

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Best Practice Governance Review

1. Background, Approach and Timeline

Background and Approach

Background and approach that led to the development of the governance principles for the Best Practice Governance Review.

Background

The Western Australian Local Government Association (WALGA) developed its 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, Corporate Governance Charter, State Council Code of Conduct, and Standing Orders – stemming from varying amendments.
- State Council's 3 September 2021 resolution requesting amendment to the Constitution to "deal with matters related to State Councillors' Candidature for State and Federal elections".
- Proposed legislative reforms to remove WALGA from being constituted under the *Local Government Act 1995* (WA).
- Constitutional requirements for WALGA to become a registered organisation under the *Industrial Relations Act 1979* (WA), which would enable WALGA to make applications in its own right to the Western Australian Industrial Relations Commission

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 its first meeting on 5 May 2022. There was wide-ranging discussion on WALGA's current governance model, the need to engage broadly with the membership, and opportunities for change. At the meeting, five comparator organisations were identified to be used in a governance model comparative analysis. Steering Committee meetings 2 to 5 had a focus on the development of governance model principles.

This document

This document presents the key insights from the jurisdictional and comparator organisation analysis that supported the development of the governance principles. The final section presents the endorsed governance principles.

Jurisdictional Analysis – This section compares WALGA to equivalent jurisdictional associations (e.g. LGASA). This provides key insights into the size and election processes of WALGA compared to equivalent associations.

Comparator Organisations – This section compares WALGA's governance arrangements to five comparator organisations that were agreed at the BPGR Steering Committee meeting 1. This provides key insights into the size, election processes and recent governance changes of these five comparator organisations.

Governance Model Principles – The governance model principles were developed through BPGR Steering Committee meetings 2 to 5. This provides a structure for understanding how the current governance model of WALGA and any future governance model aligns to these principles.

The following slide outlines the timeline of key events and meetings that formed part of the BPGR.

Timeline

[Appendix ORD: 12.1.1A]

Timeline of key events with a focus on the BPGR Steering Committee meetings throughout May to August 2022

WALGA Corporate Strategy 2020-25

In 2019, a five-year Corporate Strategy was developed and identified that a governance model was key to delivery of the strategy. 19 interviews and 2 workshops covering 20 Local and State Government leaders informed the strategy.

Stakeholder Engagement Project, GRA Partners, 2021

45 responses received from Federal and State Government and Opposition.

Commissioning of Best Practice Governance Review

In March 2022, WALGA commissioned PwC to support the BPGR Project.

First BPGR Steering Committee meeting held

On 22 May 2022, the first meeting of the BPGR Steering Committee identified five comparator organisations for the Review.

Third BPGR Steering Committee meeting held

On 28 June 2022, an options paper was reviewed.

State Council updated

On 3 August 2022, an update on the BPGR was provided to State Council.

Principles shared

In September 2022 agreement on the next steps for sharing the principles with Local Government members.

2019 Governance Review

A governance review was undertaken in 2019 that led to numerous process changes.

WALGA Stakeholder Engagement Project, Marketforce 2021

105 survey responses and 42 interviews were facilitated across 95 Local Governments.

State Council Performance Assessment, 2020

17 survey responses and comments received from State Councillors.

Second BPGR Steering Committee meeting held

On 8 June 2022, the initial draft of comparator organisations was presented and assessment criteria was identified.

Fourth BPGR Steering Committee meeting held

On 18 July 2022, core principles were decided to guide the BPGR.

Fifth BPGR Steering Committee meeting held

On 10 August 2022, core principles for the BPGR were finalised.



Best Practice Governance Review

2. Jurisdictional Analysis

Analysis: Jurisdictional equivalents to WALGA

[Appendix ORD: 12.1.1A]

Jurisdictional equivalents of WALGA have been analysed according to their size and election methods.

Background

Prior to the BPGR Project commencing in March 2022, work was undertaken to understand governance arrangements in other jurisdictions. The focus of this work was on associations from other Australian states, as well as New Zealand.

The full list of associations are:

- Local Government NSW (LGNSW)
- Municipal Association Victoria (MAV)
- Local Government Association of Tasmania (LGAT)
- Local Government Association of South Australia (LGASA)
- Local Government Association of Queensland (LGAQ)
- Local Government Association of Northern Territory (LGANT)
- Local Government Association of New Zealand (LGNZ)

The assessment of these associations focused on providing insights into the following domains:

- **Size of Board:** How many board members are there in comparison to the 25 WALGA board members?
- **Method of Election of President:** How is the President elected to the board?
- **Method of Election of Board Members:** How are board members elected?

Key Insights

Key insights following the comparison of WALGA to equivalent associations are outlined below:

- **Size of Board** – while WALGA's board (State Council) contains the largest number of representatives, it can be seen that boards of Local Government Associations tend to be relatively large. The average board size (using Queensland's policy executive, not board) is 15.4.
- **Method of Election of President** – WALGA is an outlier: all other Presidents are elected directly by the membership. Perhaps this is a reflection of the prevalence of Council elected Mayors and Presidents in WA.
- **Method of Election of Board Members** – The majority of associations use regional groupings (equivalent to our Zones) to elect board members. The New Zealand hybrid model of electing representatives from geographic zones and sector groups (metro, provincial, rural, regional) is of interest.

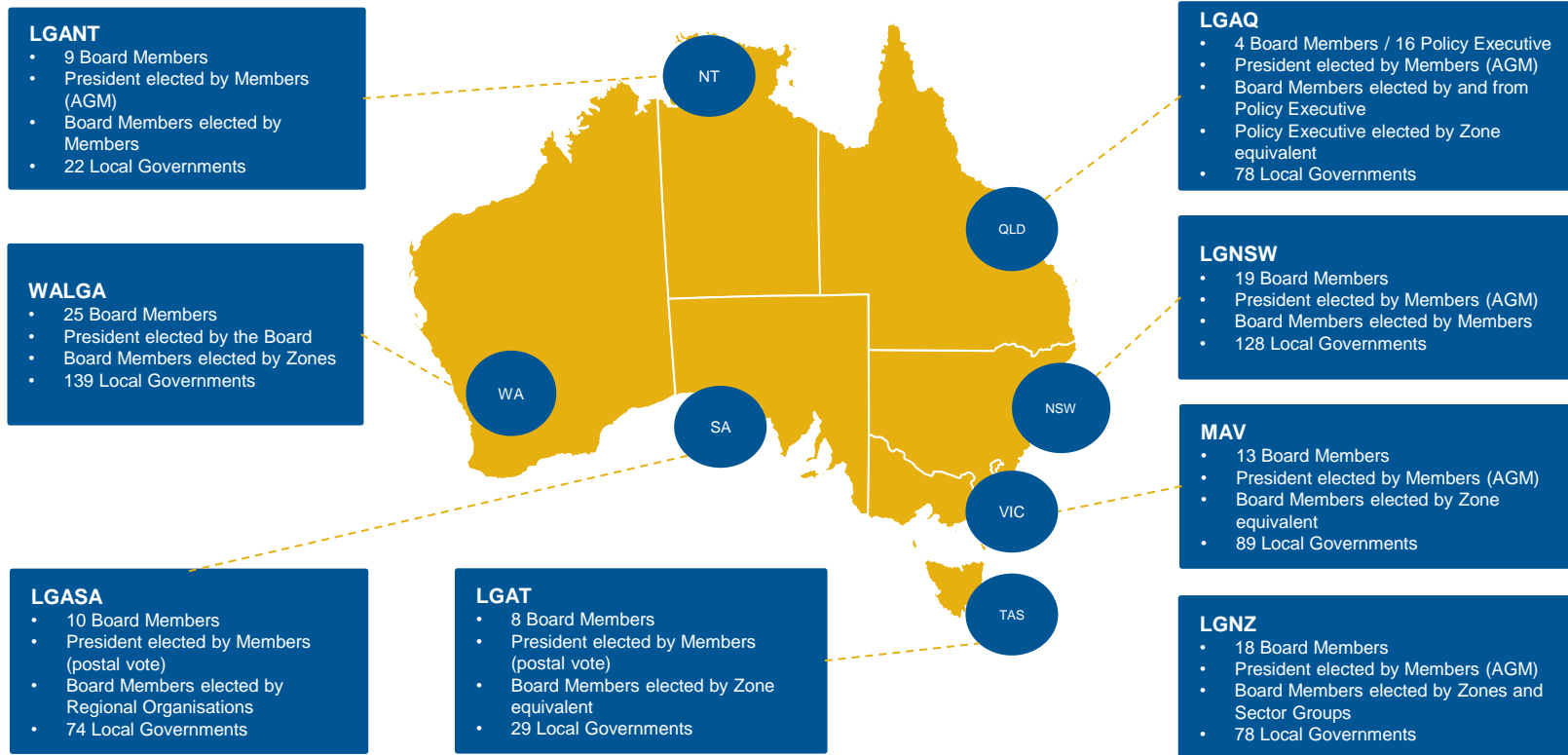
The following slide presents this information for each of the seven associations.



Summary: Jurisdictional equivalents to WALGA

[Appendix ORD: 12.1.1A]

Summary of jurisdictional analysis of WALGA equivalents in relation to their Board membership, election methods and number of Local Governments.



Best Practice Governance Review

3. Comparator Organisations

Comparator organisations

[Appendix ORD: 12.1.1A]

Comparison of WALGA's governance model to the governance models of five comparator organisations.

Background

The BPGR Steering Committee had its first meeting on the 5 May 2022. There was wide-ranging discussion on WALGA's current governance model, the need to engage broadly with the membership, and opportunities for change.

At the meeting, five comparator organisations were identified to be used in a governance model comparative analysis. The organisations were selected on the basis of their similarity to WALGA as WA member-based peak industry organisations.

The selected organisations were: Australian Medical Association (AMA) WA, Chamber of Commerce and Industry (CCI) WA, Chamber of Minerals and Energy (CME), Australian Hotels Association (AHA) WA and Pharmacy Guild (PG) WA Branch.

Process

WALGA supplied a range of background documents to assist in undertaking the initial desktop comparison. This included the Constitution, Corporate Governance Charter, Corporate Strategy 2020-2025, Standing Orders, Elected Member Prospectus, Flow Chart – WALGA Zone and State Council Process, Final Report – State Councils and Zone Structure and Process Working Group.

The documentation used for the comparator organisations were typically the:

- Constitution – which serves as the instrument for establishment of the association;
- Annual reports – which contains information about an association's performance over a 12-month period; and
- Organisational website – which may outline the structure and current composition of the board, council and the leadership team of the organisations.

Interviews were successfully arranged with three of the five organisations. They were AMA WA, CCI WA and CME WA. The document analysis and interviews provided insights into the size, election methods and recent changes within these organisations.

Key insights

Key insights through the comparison of WALGA to the five comparator organisations are outlined below:

- **Size of Board** – WALGA's board (State Council) was larger than all other comparator organisation's boards.
- **Election methods** – election methods varied across the comparator organisations but many involved election through the membership.
- **Change** – three of the five organisations had recently undergone changes or reviews of their governance structures. There were a range of drivers for this change including: to increase the decision making ability of the board; to use specific working groups to focus on specific topics of interest and to increase representativeness of specific groups (e.g. Aboriginal and Torres Strait Islanders).

The following slide presents summary information on the size and election methods of the five comparator organisations. This is then followed by more detailed background into each organisation, their governance structure and any outcomes from conversations with these organisations.



Summary: Governance structure analysis

WALGA's governance structure was analysed in comparison to five comparator organisations

[Appendix ORD: 12.1.1A]

Organisational Comparisons	Number of Board Members	President Elected by	Board Members elected by
WA Local Government Association (WALGA)	25	The Board	Zones
Australian Medical Association (AMA)	9	AMA WA Members	Members of the Association
Chamber of Commerce and Industry WA (CCIWA)	7 to 10	The Board	<ul style="list-style-type: none"> Up to 12 elected by Members Up to 8 appointed by the Board Up to 8 appointed by the Council
Chamber of Minerals and Energy (CME)	6 to 11	Ordinary Members	Executive Councillors
Australian Hotels Association (AHA) WA	17	The Branch Committee of Management	The Branch Committee of Management
Pharmacy Guild (PG) – WA branch	16 to 22	The Branch	Financial Members from the same region as the Branch

Note: The Council, Branch, or Board chosen from the organisations above were chosen for how appropriate their structure is as a comparison to the WALGA State Council.



Organisational Analysis: Australian Medical Association (AMA) WA [Appendix ORD-12.1.1A]

With over 5,000 members, the AMA (WA) is the largest independent professional organisation for medical practitioners and medical students in the State. Total revenue and other income for AMA nationally in 2020 was reported as \$21,928,000.

Organisational Information

The AMA (WA) Board was created in 2017 and is comprised of the President, Immediate Past President, two Vice Presidents and five members of Council who are elected to sit on the Board (9 in total).

The AMA (WA) Council consists of four office bearers (President, Immediate Past President, two Vice Presidents). Additionally, there are the Specialty Group Representatives (e.g. General practice, surgery); Practice Group Representatives (e.g. rural doctors, public hospital doctors); Ordinary Council Members; and, Co-opted Council Members. Majority of the representatives and members represent their specialty (e.g. anaesthetics) or group of representative (e.g. medical student society).

The AMA Federal Council meets quarterly and is the AMA's main policy-making body. It is a forum to identify and debate emerging issues of relevance to the membership. The Federal Council's primary role is to: Form the policy of the AMA; Propose changes to existing policy; and Elect representatives to roles and committees. There is one State and one Area nominee from WA on the Federal Council.

The Leadership team consists of seven staff. CEO, CFO, COO, General Manager Training and Recruitment, Operations Manager, General Manager Financial Services and an HR manager.

Governance Structure*

The Board comprises of approximately 9 members.

The Board may increase or decrease the number of Advisory Council members as needed. However, it currently has 4 members.

The Board focuses on governance, managing the Association's conduct and business, and ensuring conformity with the constitution.

The General Council focuses on advocacy, policy making, and representation of the association.

The Board and Council is also supported by Specialty Group Representatives, Practice Group Representatives, Ordinary Council Members, and Co-Opted Council Members.

Outcomes of Organisation Discussion

- **Governance Review:** The 2020 annual report mentions that an organisation-wide review was undertaken with the transformation in the process of being implemented until March 2020 (COVID).
- **Representation:** It is more important to restrict the number of Board members than Councillors. Board members are involved in making policy and governance decisions, requiring a greater decision-making capability; Councillors are more involved in stakeholder engagement and solving specific issues through working groups, therefore Council size has less impact to efficiency and effectiveness of the model.
- **Engagement:** The president is the spokesperson when it comes to policy issues. Councillors represent the views of Specialty Groups, Practice Groups, and the medical profession as a whole.
- **Feedback on the current model:** Board members have previously taken the role because they are passionate, but do not necessarily have the right expertise, resulting in poor governance. Board members who have leadership and governance experience have proven to be effective in the updated model. The Board would benefit from an independent audit partner and increased diversity in specialty, a simplified purpose of the Board and Council Advisory, and a reduced number of meetings each year.

**The AMA WA Constitution does not specify the number of Board or Council members. Member numbers are indicative and have been taken from the current Board & Council.*



Organisational Analysis: Chamber of Commerce and Industry (CCI) WA [Appendix ORD: 12.1.1A]

CCIWA is a not-for-profit member organisation providing information, professional services and support for businesses in Western Australia, with over 2,000 WA members. Total revenue and other income for 2021 was reported as \$34,270,130.

Organisational Information

The CCIWA operates as a company limited by guarantee. This came into effect on 11 January 2019. The change in status means that CCIWA is now incorporated under the *Corporations Act 2001* (Cth) rather than the State legislation covering incorporated associations.

Based on the constitution, the number of board members can be between 9-12 (including President & Vice President). The current board has only 6 members including the President and Vice President.

There is a General Council. The constitution states that Councillors can be up to certain numbers depending on who they were elected by. The resulting effect is a council that does not have consistent numbers of members and does not need to fill all positions. This is unlike WALGA's governance model where representatives are elected by zones.

The Board is responsible for the sound governance of the organisation, whereas the General Council provides input to the organisations policy; provides advice to the Board; acts as a point of interface; elects and appoints Council Elected Directors; and passes resolutions relating to specific handling of assets and raising and borrowing funds.

Governance Structure

The Board comprises of 9 – 12 members.

The Board focuses on strategic priorities, financial performance and compliance issues.

The General Council consists of up to 28 Councillors.

The General Council focuses on developing and being spokespersons on public policy frameworks and positions.

The governance structure is supported by bespoke working groups, formed from Councillors as relevant for specific strategic and policy issues.

Outcomes of Organisation Discussion

- **Governance Review:** CCIWA conducted a review of their 2018 Constitution, resulting in changes contained in the 2021 Constitution, including: The governance model was revised to increase the decision-making capability of the board; The structure of the General Council was determined to be too generic causing low Councillor attendance. After the review, Councillors were split into bespoke working groups for specific policy issues for the upcoming 12-month period. This resulted in higher councillor attendance, than the previous governance model.
- **Representation:** In the new revision of the constitution, two new types of Councillors were included to increase representation for their respective groups. Future Leader Councillors, from members of University business schools; and First Nations Business Councillors, elected from First Nations Members.
- **Feedback on the current model:** In the current governance model, when a board member leaves, a temporary team member is appointed since board members can only be elected in general meetings.



Organisational Analysis: The Chamber of Minerals and Energy (CME) WA

[Appendix ORD: 12.1.1A]

CME WA is the peak resources sector representative body in Western Australia whose member companies generate 95% of all mineral and energy production and employ 80% of the sector's workforce in the State.

Organisational Information

The Corporate Governance Charter (Charter) provides guidance on the respective roles, responsibilities and authorities of members of the Executive Council (Executive Councillors) and members of the Advisory Board (Advisory Board Members) in setting the direction, management and control.

The number of Vice Presidents is determined by the Executive Council, the constitution contains no limit on the number of Vice Presidents and so the number of Vice Presidents is excluded from the diagram to the right.

Executive Councillors are elected by Ordinary Members, and there can be no less than 10.

The Role of the Advisory Board is to act as a traditional board providing strategic oversight on behalf of the Chamber. Key interface with the Executive Management Team on organisational matters, including strategy, operating accounts, governance and risk.

Governance Structure

Advisory Board comprises of 5-10 members.

The Advisory Board provides strategic oversight and acts as the key interface with the Executive Management team on strategy, operating accounts, governance and risk.

Executive Council (10+ members).

The Executive Council most senior interface to guide and prioritise the agenda of the Chamber and its respective committees and holds final decision-making authority re: annual financial reports/statements.

The governance structure is supported by committees including bespoke working groups, appointed by Executive Council as relevant for specific strategic and policy issues.

Outcomes of Organisation Discussion

- **Governance Review:** CME recently engaged in a governance review. In April 2020, CME put in place a governance charter. This codified processes and structures, clarified lines of accountability and included a director's code of conduct.
- **Representation:** Members who express an interest, get a seat at the table for the Executive Council. There are approximately 60 ordinary members with 16-20 regularly attending council meetings. This group is intended to provide a litmus check that the broader membership needs are being met.
- **Engagement:** Although the board is strongly engaged in the work and responsibilities it holds, there is the varying engagement of the executive council – this is broadly because due to the large array of issues it covers – the organisation would love to see stronger engagement in this area.
- **Feedback on the current model:** Based on the age of the organisation, the current pyramid structure works. This is successful largely due to the governance charter which provides clarity in role and structure for the organisation.



Organisational Analysis: Australian Hotels Association (WA) [Appendix ORD: 12.1.1A]

The Australian Hotels Association (AHA) represents more than 5,000 members across Australia serviced by a network of branches based in every state and territory, plus a Canberra-based National Office. Total revenue and other income for AMA nationally in 2020 was reported as \$2,257,963.

Organisational Information

AHA was founded in 1892 and now represents more than 80% of the Western Australian hotel and hospitality industry.

The organisation has a branch in each state and territory, including a division in each branch known as the National Accommodation Hotels Division. The organisation and each of its branches have their own set of rules by which they are governed. However, ultimate authority is deferred to the National Board of the organisation.

All issues and opportunities are addressed by The Branch Committee of Management (The Branch). Consisting of six ordinary members, elected by members of the branch, and the president from each of the Territorial and Non-Territorial Divisions of the Branch. This includes a President, Senior Vice President, Vice President, Treasurer, Accommodation President and Country Representative. The President, Senior Vice President (SVP) and Vice President (VP) are elected by The Branch.

AHA developed a subsidiary known as 'Tourism Accommodation Australia (TAA)'. TAA publicly represents and lobbies specifically for accommodation hotels separately from the AHA's general hospitality members. However, membership to both AHA and TAA is granted to accommodation properties. There are 11 Divisional Presidents – 7 represent different Areas/Regions and 4 represent different membership groups.

Governance Structure*

Branch Committee of Management has 6 Ordinary members & the president of each Territory/Non-Territory Division (11).

Focuses on staff remuneration/conditions, branch transactions, disbursements, funds and resolves delegated Commonwealth industrial disputes.

There is no council or other governing entity to provide support to the Branch Committee of Management.

Relevance to WALGA BPGR

AHA was contacted to schedule an interview; however, there was no response following multiple requests. The following insights have been made by research on their publicly available governance information and documentation.

- **Composition:** Similar to WALGA's State Council, the AHA Governance structure only has one governing entity, The Branch Committee of Management. The number of branch members (17) is smaller than WALGA (25).
- **Responsibilities:** The AHA Branch Committee of Management is responsible for financial activities; however, the Rules document does not mention that they are responsible for activities that other comparator organisations governing entities are, such as policy creation or ensuring compliance.
- **Lack of compliance with constitution:** The Rules of the AHA WA Branch document acts as the Association's constitution. However, there are many conflicts between the governance structure in the Branch Rules document, and the governance structure depicted on AHA WA's website. For example, in the document the supreme governing body of the Branch is the Branch Committee of Management, whereas on the website it is the Executive Management team. Additionally, there is no mention of a board in the Rules document, but there is a Board of Management on the website.

**The governance structure has been taken from the Rules of the AHA WA Branch document instead of the current governance structure depicted on the website, due to conflicting information.*



Organisational Analysis: Pharmacy Guild (WA Branch) [Appendix ORD: 12.1.1A]

Pharmacy Guild supports over 5,800 pharmacies across Australia. It is broken up into Territory Branches with more than 600 pharmacies as members in WA (est. 2017).

Organisational Information

The Pharmacy Guild's WA Branch's Annual Report can only be viewed by Members of the Organisation.

The Branch consists of the Branch Executive, and the Branch Committee. Where the Branch Executive consists of the Branch President, Branch Vice President(s) and the National Councillor(s). Additionally, in the Branch Executive, the position of Branch President and Vice President can also be held by a National Councillor, resulting in different numbers of Branch Executives between states.

The National council has the power to determine and direct policy, settle disputes, control the national fund, appoint an auditor and other activities relating to being the supreme governing entity.

The constitution does not specify who exactly elects the Branch President, or the Branch Vice Presidents, only that they are elected from the Branch. Whereas Branch Committee Members are elected by financial members in that region.

The Branch and the National Council shall appoint their own auditor. Resulting in potential conflicts of interest, as hypothetically the Branch and the National Council can appoint an auditor who audits in their favour.

Governance Structure*

Branch Executive consists of 2 – 6 Executive Members.

All powers and functions of the Branch Committee between meetings of the Branch Committee.

Branch Committee consists of 7 - 14 committee members (excluding the Branch executive).

Control the Branch fund, decide the agenda for and attend special meetings.

There is only one governing entity in WA for Pharmacy Guild, however the WA Branch consists of National Councillors, from the National Council which is the supreme governing body for the Pharmacy Guild. However, the Branch Committee can create subcommittees to carry out particular functions.

Relevance to WALGA BPGR

Pharmacy Guild WA was contacted to schedule an interview; however, they responded that they do not have time to discuss their governance model. The following insights have been made by research on their publicly available governance information and documentation.

- **Representation:** The interests of members are represented by the Branch Committee Members who are elected by the financial members of the same regions. Additionally, the interests of the National Council are represented in Branches by the National Councillors appointed in each Branch.
- **Composition:** The governance structure of the Branches of the Pharmacy Guild is adaptable to the needs of the Branch. Since the Branch Committee members can decide the number of Committee members needed in their branch, they can do so based on the needs of the Branch at any point in time, making the composition and size of the Branch adaptable to emerging needs. Also, the creation of additional branches and amalgamations of current branches is up to the decision of the National Council, enabling the National Council to alter the composition of the governance model nation-wide as needed. Branches can also create subcommittees as needed.

**Since the number of members in governance entities is mentioned in the Constitution, the numbers have been estimated based on the current membership as per the Guild's website.*



Best Practice Governance Review

4. Governance Principles

Development of Governance Principles

[Appendix ORD: 12.1.1A]

BPGR Steering Committee (SC) meetings and how they lead to the development of the proposed governance principles.

BPGR Steering Committee meetings

The BPGR Steering Committee (SC) was established by State Council to guide the review. SC Meetings 2 through to 5 acted as key inputs into the development of the Governance Model principles. The focus of SC Meetings two through to five led to the development of the governance principles.

SC Meeting 2 - On 8 June 2022, the initial draft of the comparator organisations and their governance structures was presented. The SC identified four assessment criteria for the purposes of assessing potential governance models. The assessment criteria were: (1) representation, (2) efficiency, (3) contemporary, and (4) sustainable. An Options Paper was then developed, using the assessment criteria against two governance model options.

SC Meeting 3 - On 28 June 2022, a discussion of the DRAFT Options Paper took place. The SC decided that a workshop was required to take a step back and develop the core governance principles (rather than assessment criteria) that needed to underpin any future governance model for WALGA.

SC Meeting 4 - On 18 July 2022, the SC discussed the principles and identified four principles that should guide WALGA's governance. They were Representative, Responsive, Results Oriented and Renewal. Renewal was the principle that some SC members deemed as optional and is not included as a separate principle. Some elements of renewal are incorporated into the other three principles.

SC Meeting 5 - On 10 August 2022, the SC discussed and finalised the proposed principles. Discussion focused on the principle components and their likely governance implications. Several activities also occurred around this SC meeting. This include an update to State Council at the Information Forum on 3 August 2022, finalisation of principles on 17 August 2022 to inform AGM Item and finalisation of Agenda Item for 2022 AGM, including approval by State Council.

Key outcomes

The SC agreed on the proposed governance model principles, their component parts and the implications of these principles. Specifically:

- **Principle definition** – the definition of each of the three principles.
- **Principle component** – the key component parts of each principle.
- **Principle component description** – a description of each principle component.
- **Governance implications** – the governance implications of each of the principle components.

The following slide presents the principles, their components and a description and their governance implications.



Endorsed Governance Principles

The principles for assessing WALGA's governance model options and governance implications

[Appendix ORD: 12.1.1A]

	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.

Thank you

For more information, visit our [website](#) or contact Tim Lane,
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Best Practice Governance Review

Consultation Paper – Model Options

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Best Practice Governance Review

1. Introduction

Background

The Western Australian Local Government Association (WALGA) developed its 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.

Best Practice Governance Review

2. Governance Principles

Governance Principles

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

[Appendix ORD: 12.1.1B]

Representative

Responsive

Results
Oriented

Principle	Principle component	Component description	Governance implications
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.
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.
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.

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
<div data-bbox="85 423 162 497"></div> <div data-bbox="189 408 343 539"> <p>Board (11 members) 8 elected from Policy Council, incl. Board elected President Up to 3 independents</p> </div> <hr/> <div data-bbox="85 598 162 672"></div> <div data-bbox="189 587 343 709"> <p>Policy Council (25 members) 24 members plus President</p> </div> <hr/> <div data-bbox="85 779 162 853"></div> <div data-bbox="189 779 314 863"> <p>Zones (5 metro, 12 country)</p> </div>	<div data-bbox="428 423 506 497"></div> <div data-bbox="533 401 687 552"> <p>Board (11 members) 8 elected from Regional Bodies, incl. Board elected President Up to 3 independents</p> </div> <hr/> <div data-bbox="428 598 506 672"></div> <div data-bbox="533 594 643 706"> <p>Regional Bodies (4 metro, 4 country)</p> </div> <hr/> <div data-bbox="428 779 506 853"></div> <div data-bbox="533 779 681 863"> <p>Policy Teams / Forums / Committees</p> </div>	<div data-bbox="784 430 861 504"></div> <div data-bbox="888 408 1043 541"> <p>Board (15 members) 12 elected from Zones, incl. Board elected President Up to 2 independents</p> </div> <hr/> <div data-bbox="784 598 861 672"></div> <div data-bbox="888 604 998 691"> <p>Zones (6 metro, 6 country)</p> </div> <hr/> <div data-bbox="784 779 861 853"></div> <div data-bbox="888 779 1037 863"> <p>Policy Teams / Forums / Committees</p> </div>	<div data-bbox="1132 430 1209 504"></div> <div data-bbox="1236 408 1391 541"> <p>Board (11 members) 8 elected via direct election, incl. Board elected President Up to 3 independents</p> </div> <hr/> <div data-bbox="1132 598 1209 672"></div> <div data-bbox="1236 604 1391 687"> <p>Policy Teams / Forums / Committees</p> </div> <hr/> <div data-bbox="1132 779 1209 853"></div> <div data-bbox="1236 792 1346 848"> <p>Regional Groups</p> </div>	<div data-bbox="1487 430 1564 504"></div> <div data-bbox="1591 426 1746 521"> <p>State Council (25 members) 24 State Councillors 1 President</p> </div> <hr/> <div data-bbox="1487 598 1564 672"></div> <div data-bbox="1591 590 1721 674"> <p>Zones (5 metro, 12 country)</p> </div> <hr/> <div data-bbox="1487 779 1564 853"></div> <div data-bbox="1591 764 1746 848"> <p>Policy Teams / Forums / Committees</p> </div>

Option 1 – Two Tier Model, Existing Zones




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

Governance Body	Structure	Role
 Board	<p>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.</p>	<p>Meet 6 times per year. Responsible for governance of WALGA including strategy, financial oversight, policy development and endorsement, advocacy priorities, employment of CEO, etc.</p>
 Policy Council	<p>24 members plus President. Members elected by and from the Zones (12 from 5 Metro Zones, 12 from 12 Country Zones).</p>	<p>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.</p>
 Zones	<p>5 Metro, 12 Country.</p>	<p>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.</p>






Option 2 – Board, Regional Bodies

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

Governance Body	Structure	Role
 Board	<p>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.</p>	<p>Meet 6 times per year responsible for governance of WALGA including strategy, financial oversight, policy development, advocacy priorities, employment of CEO, etc.</p>
 Regional Bodies	<p>Metro: North, South, East and Central.</p> <p>Country: Mining & Pastoral, Agricultural, Peel/South West/Great Southern, Regional Capitals.</p> <p><i>Note: Local Governments can nominate their preferred regional body, with membership of the regional bodies to be determined by the board.</i></p>	<p>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).</p>
 Policy Teams / Forums / Committees	<p>Membership drawn from the Board and Regional Bodies with some independent members.</p>	<p>Responsible for specific functions – such as policy development – as determined by the Board.</p>




Option 3 – Board, Amalgamated Zones

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

Governance Body	Structure	Role
 Board	<p>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.</p>	<p>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.</p>
 Zones	<p>Metro/Peel:</p> <ul style="list-style-type: none"> • Central Metropolitan • East Metropolitan • North Metropolitan • South Metropolitan • South East Metropolitan • Peel <p>Country*:</p> <ul style="list-style-type: none"> • Wheatbelt South • Wheatbelt North • Mid West / Murchison / Gascoyne • Pilbara / Kimberley • South West / Great Southern • Goldfields / Esperance <p><i>*indicative, re-drawing required</i></p>	<p>Meet at least 2 times per year to contribute to policy development and advocacy, and to elect Board members.</p>
 Policy Teams / Forums / Committees	<p>Membership drawn from Board with some independent members.</p>	<p>Responsible for specific functions – such as policy development – as determined by the Board.</p>

Option 4 – Member Elected Board, Regional Groups




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

Governance Body	Structure	Role
 Board	<p>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.</p>	<p>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.</p>
 Policy Teams / Forums / Committees	<p>Membership drawn from Board with some independent members.</p>	<p>Meet at least 2 times per year. Responsible for specific functions – such as contributing to policy development – as determined by the Board.</p>
 Regional Groups	<p>Determined by members to suit needs. E.g. Regional Capitals, GAPP, VROCs, CEO Group, existing Zones.</p>	<p>Feed into policy development processes and undertake advocacy and projects as determined by the groups.</p>



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.

Best Practice Governance Review

4. Alignment to Principles

Option 1 – Two Tier Model, Existing Zones

[Appendix ORD: 12.1.1B]

Option 1 and its alignment to the principles

Option 1 – Two tier model, existing Zones

	Board (11 members) 8 elected from Policy Council, incl. Board elected President Up to 3 independents
	Policy Council (25 members) 24 members plus President
	Zones (5 metro, 12 country)




	Principle & component	Principle alignment (Meets, partial, does not meet)	Discussion points
Representative	Composition	Meets	<ul style="list-style-type: none"> Board will have equal metropolitan and country membership
	Size	Meets	<ul style="list-style-type: none"> Board is smaller
	Diversity	Meets	<ul style="list-style-type: none"> Consideration of appointment processes for independent members
	Election Process	Meets	<ul style="list-style-type: none"> Board to be elected from Policy Council
Responsive	Timely Decision Making	Meets	<ul style="list-style-type: none"> Meeting frequency aligned to governing body roles
	Engaged Decision Making	Meets	<ul style="list-style-type: none"> Board meetings are not dependent on other governing body meetings
	Agility	Partial	<ul style="list-style-type: none"> Board is future-proofed from external changes Zone structures still underpin Council
	Focus	Partial	<ul style="list-style-type: none"> Prioritisation and focus may be a challenge
Results Oriented	Value Added Decision Making	Meets	<ul style="list-style-type: none"> Best practice board approaches will be adopted
	Continuous Improvement	Meets	<ul style="list-style-type: none"> Board would be responsible for ongoing reviews of governance body roles in consultation with members

Option 2 – Board, Regional Bodies

Option 2 and its alignment to the principles

[Appendix ORD: 12.1.1B]

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	<ul style="list-style-type: none"> Board will have equal metropolitan and country membership How to establish regional body membership is a consideration
	Size	Partial	<ul style="list-style-type: none"> Board is smaller Number of regional bodies is a consideration
	Diversity	Meets	<ul style="list-style-type: none"> Consideration of appointment processes for independent members
	Election Process	Meets	<ul style="list-style-type: none"> Board election from regional bodies
Responsive	Timely Decision Making	Meets	<ul style="list-style-type: none"> Meeting frequency aligned to governing body roles
	Engaged Decision Making	Meets	<ul style="list-style-type: none"> Board meetings are not dependent on regional body meetings
	Agility	Meets	<ul style="list-style-type: none"> Board and regional bodies are future proofed from external changes
	Focus	Partial	<ul style="list-style-type: none"> There may be challenges defining accountabilities and responsibilities of regional bodies
Results Oriented	Value Added Decision Making	Meets	<ul style="list-style-type: none"> Best practice board approaches will be adopted
	Continuous Improvement	Meets	<ul style="list-style-type: none"> Board will be responsible for ongoing reviews of governing body roles in consultation with members






Option 3 – Board, Amalgamated Zones

Option 3 and its alignment to the principles

[Appendix ORD: 12.1.1B]

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	<ul style="list-style-type: none"> Board will have equal metropolitan and country membership There may be composition challenges for amalgamated zones
	Size	Partial	<ul style="list-style-type: none"> Board is smaller Amalgamation of zones to 12 in total
	Diversity	Meets	<ul style="list-style-type: none"> Consideration of appointment processes for independent members
	Election Process	Meets	<ul style="list-style-type: none"> Board election from zones
Responsive	Timely Decision Making	Meets	<ul style="list-style-type: none"> Meeting frequency aligned to governing body roles
	Engaged Decision Making	Meets	<ul style="list-style-type: none"> Board meetings are aligned to zone meetings
	Agility	Meets	<ul style="list-style-type: none"> Board is future proofed from external changes
Results Oriented	Focus	Partial	<ul style="list-style-type: none"> Prioritisation and focus may be a challenge
	Value Added Decision Making	Meets	<ul style="list-style-type: none"> Best practice board approaches will be adopted
	Continuous Improvement	Meets	<ul style="list-style-type: none"> The Board would be responsible for ongoing reviews of governance body roles in consultation with members



Option 4 – Member Elected Board, Regional Groups [Appendix ORD: 12.1.1B]

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	<ul style="list-style-type: none"> Board will have equal metropolitan and country membership Membership of regional groups dynamic and ad hoc
	Size	Partial	<ul style="list-style-type: none"> Board is smaller
	Diversity	Meets	<ul style="list-style-type: none"> Consideration of appointment processes for independent members
	Election Process	Meets	<ul style="list-style-type: none"> Board election from a general meeting
Responsive	Timely Decision Making	Meets	<ul style="list-style-type: none"> Meeting frequency aligned to governing body roles
	Engaged Decision Making	Meets	<ul style="list-style-type: none"> Board meetings are not dependent on policy teams / regional group meetings
	Agility	Meets	<ul style="list-style-type: none"> Board is future-proofed from external changes
Results Oriented	Focus	Partial	<ul style="list-style-type: none"> Policy teams / Regional Group meetings to influence priorities
	Value Added Decision Making	Meets	<ul style="list-style-type: none"> Best practice board approaches will be adopted
	Continuous Improvement	Meets	<ul style="list-style-type: none"> Board would be responsible for ongoing reviews of governing body roles in consultation with members



Option 5 – Current Model

Current model and its alignment to the principles

[Appendix ORD: 12.1.1B]

Option 5 – Current Model		Principle & component	Principle alignment (Meets, partial, does not meet)	Discussion points
 <p>State Council (25 members) 24 State Councillors 1 President</p>	Representative	Composition	Meets	<ul style="list-style-type: none"> State Council has equal metropolitan and country membership
		Size	Partial	<ul style="list-style-type: none"> State Council will retain 25 members
		Diversity	Partial	<ul style="list-style-type: none"> No control of diversity of State Council
		Election Process	Meets	<ul style="list-style-type: none"> State Council election from zones
 <p>Zones (5 metro, 12 country)</p>	Responsive	Timely Decision Making	Partial	<ul style="list-style-type: none"> Meeting frequency aligned to governing body roles
		Engaged Decision Making	Meets	<ul style="list-style-type: none"> State Council meetings are aligned to zone meetings
		Agility	Partial	<ul style="list-style-type: none"> State Council is not future proofed from external changes
 <p>Policy Teams / Forums / Committees</p>	Results Oriented	Focus	Partial	<ul style="list-style-type: none"> Prioritisation and focus may remain a challenge
		Value Added Decision Making	Partial	<ul style="list-style-type: none"> Best practice board approaches will not be adopted
		Continuous Improvement	Meets	<ul style="list-style-type: none"> State Council would continue to be responsible for ongoing reviews of governance body roles in consultation with members



Best Practice Governance Review

5. Consultation Process and Next Steps

WALGA Best Practice Governance Review

Consultation Process and Next Steps

[Appendix ORD: 12.1.1B]

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.

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.

[Appendix ORD: 12.1.1C]

RISK ASSESSMENT TOOL								
OVERALL RISK EVENT: Feedback - WALGA Best Practice Governance Review RISK THEME PROFILE: 3 - Failure to Fulfil Compliance Requirements (Statutory, Regulatory) RISK ASSESSMENT CONTEXT: Strategic								
CONSEQUENCE CATEGORY	RISK EVENT	PRIOR TO TREATMENT OR CONTROL			RISK ACTION PLAN (Treatment or controls proposed)	AFTER TREATMENT OR CONTROL		
		CONSEQUENCE	LIKELIHOOD	INHERENT RISK RATING		CONSEQUENCE	LIKELIHOOD	RESIDUAL RISK RATING
HEALTH	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
FINANCIAL IMPACT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
SERVICE INTERRUPTION	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
LEGAL AND COMPLIANCE	WALGA provides a representative and united voice for local government along with valuable governance support. Supporting WALGA benefits the Shire of Dardanup.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.
REPUTATIONAL	Not supporting WALGA as a member Council would damage the reputation of the Shire of Dardanup.	Moderate (3)	Possible (3)	Moderate (5 - 11)	Not required.	Not required.	Not required.	Not required.
ENVIRONMENT	No risk event identified for this category.	Not Required - No Risk Identified	N/A	N/A	Not required.	Not required.	Not required.	Not required.

