KINGBOROUGH RATEPAYERS ASSOCIATION INC.

21st August 2022

Chair and members of the Local Government Board
c/- Division of Local Government
Department of Premier and Cabinet
GPO Box 123, HOBART
Tasmania 7001
email: lgboard@dpac.tas.gov.au
[redacted]

Dear Ms Smith and members of the Board,

KRAI Submission to Future of Local Government Review 2022 (FoLGR): Stage I Interim Report
Evidence in support of code-of-conduct legislation for local government employees to be revisited in Stage 2

Thank you for the opportunity of providing this submission with respect to the Stage I Interim Report on the FoLGR: a 'fair and equitable' review that was to be based on evidence. The Association brings your attention to a matter inadequately addressed to date, that of overlooked evidence[1] to support a requirement for legislated minimum standards of behaviour for local government employees.

The evidence was provided to the Office of Local Government on 7/4/2020 and copied to all members of the Local Government Board (LGB) on 7/4/2022. Our report documents recent history of misfeasance, and even malfeasance, by senior council employees. This conduct falls within that alluded to as "breaches of legislative requirements and/or issues of serious or systemic underperformance," as described by the (then) Minister for Local Government.[2]

Changing roles and functions of local government in future will require more collaboration with federal and state governments, both of which have legislated code-of-conducts for public sector employees.

It is acknowledged that an agreed reform of the Local Government Legislation Review is to establish principles for all council staff that set minimum standards of behaviour. However, no evidence exists that establishing "principles on minimum standards of behaviour" will bring local government in line with other jurisdictions, other levels of government, and community expectations for public officer behaviour.

Improprieties exposed in our *Oversight – Governance and Accountability Submission* to the Kingborough Council Audit Panel[3] (OGA) report were not borne from needs of administrative efficiency or expedience, they were enabled by a lack of accountability and oversight by the General Manager and an inability of elected representatives to intervene in operational matters. They have caused considerable financial and psychological harm to a significant number of community members. Allegations made in OGA have subsequently neither been denied nor discounted by the General Manager. Control of local government employees by a self-regulation code-of-conduct is an anathema to acceptable community standards.

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[1] Evidence contained in KRAI's submission to Kingborough Council, *Oversight – Governance and Accountability Submission* 2020.
[2] Letter to KRAI from Minister for Local Government, Mark Shelton MHA, 1/10/2020.
[3] Subsequently directed to Council: Kingborough Council Meeting Agenda 26/10/2020

Irrespective of KC having an endorsed Administrative Code-of-Conduct Policy, and being credited as one of the better performing local governments in Tasmania (from demonstrated management capacity[4] and strategic perspectives[5]) the behaviour, actions and professionalism of its employees has not produced standards expected the community.

KRAI posits that the only barrier to more evidence of a similar nature being disclosed, is the limited resources of ratepayer groups to produce it. That does not mean this issue is insignificant. If ratepayer groups were funded $1.5 million per annum – the same amount as ratepayers fund LGAT – undoubtedly more evidence of a similar ilk would be forthcoming.

The local government sector currently employs close to 3,500 full-time equivalent employees with a total operating revenues of about $900m; revenues funded by the public purse, and predominantly by ratepayers.

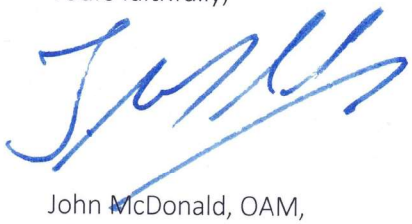
LGAT and the State Government have a social responsibility to demonstrate to the community that standards of local government employee behaviour and actions will in future be equal to standards legislated for federal and state sector employees. The LGB has a community-service obligation to do similarly. It is unquestionably unfair for local government elected representatives in Tasmania to be held to account by a legislated code-of-conduct, but employees in the same sector are not.

Local government governance in Tasmania is based on an outdated corporate model. In recent years the Royal Commission into Misconduct in the Financial Services Sector[6] has influenced significance changes associated with corporate governance. Boards are becoming increasingly responsible for conduct within their organisations. As local government is moving towards a more service-oriented future, testimony in the Royal Commission's Final Report exposes why – in service sector organisations - good governance and culture require constant and ongoing investment of time and effort: they are not matters boards can 'set and forget.'

On 29/7/2022 the LGB invited me to attend a series of Focus Group activities, associated with Local Representation and Good Governance, commencing early in September. It is noted that the Focus Groups will ensure valid information is available to provide advice, and respond to preliminary evidence, including research and data, which will inform the development of the Board's shortlist of feasible reform options.

I hope that you will ensure that valid evidence, including that provided by KRAI in OGA, will be discussed in informing the LGB's shortlist of feasible legislative reform options.

Yours faithfully,



John McDonald, OAM,
PRESIDENT
[redacted]

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[4] "Within the local government sector in Tasmania, KC is recognised as a leader in some areas. In 2019 it won the Tasmanian Division of the Australian Local Government Management Challenge. With strategic values that include 'accountability, respect, excellence and inclusiveness,' and management that 'strives to improve Council's services and programs by engaging with the community ensuring good governance,' KC has demonstrated management capability and espoused administrative rigour to support its leadership role." *Oversight: Governance and Accountability*, KRAI, 2020, p.4

[5] KRAI also recognises the strategic attributes of elected members whose vision: 'Our community is at the heart of everything we do'[5] elegantly articulates the functions of the Local Government Act 1993, S1 (a), (b) and (c) and its commitment to the community.

[6] *Royal Commission into Misconduct in the Banking, Superannuation and Insurance Services Industry: Final Report*, Commonwealth of Australia, 2019,