AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 9 May 2017, 5.30 pm
CITY OF FREMANTLE

NOTICE OF AN AUDIT AND RISK MANAGEMENT COMMITTEE MEETING

Elected Members

An Audit and Risk Management Committee meeting of the City of Fremantle will be held on Tuesday, 9 May 2017 in the Council Chamber, Town Hall Centre, 8 William Street, Fremantle (access via stairs, next to the playground in Kings Square) commencing at 5.30 pm.

Philip St John
CHIEF EXECUTIVE OFFICER

5 May 2017
AUDIT AND RISK MANAGEMENT COMMITTEE
AGENDA

DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

NYOONGAR ACKNOWLEDGEMENT STATEMENT

"We acknowledge this land that we meet on today is part of the traditional lands of the Nyoongar people and that we respect their spiritual relationship with their country. We also acknowledge the Nyoongar people as the custodians of the greater Fremantle/Walyalup area and that their cultural and heritage beliefs are still important to the living Nyoongar people today."

ATTENDANCE

ELECTION OF COMMITTEE CHAIRPERSON

With the recent resignation of Cr Dave Coggin, the position of Chairperson for this Committee is now vacant. The Chief Executive Officer will open the meeting and call for nominations for the position of Chairperson as the first order of business and the Committee will appoint the Chair.

RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

PUBLIC QUESTION TIME

DISCLOSURES OF INTEREST BY MEMBERS

DEPUTATIONS / PRESENTATIONS

CONFIRMATION OF MINUTES

That the minutes of the Audit and Risk Management Committee meeting dated 15 March 2017 be confirmed as a true and accurate record.

TABLED DOCUMENTS
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>SUBJECT</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>REPORTS BY OFFICERS</td>
<td></td>
</tr>
<tr>
<td>ARMC1705-1</td>
<td>OVERDUE DEBTS REPORT</td>
<td>1</td>
</tr>
<tr>
<td>ARMC1705-2</td>
<td>LONG TERM FINANCIAL PLAN 2017-2027</td>
<td>4</td>
</tr>
<tr>
<td>ARMC1705-3</td>
<td>CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW</td>
<td>8</td>
</tr>
<tr>
<td>ARMC1705-4</td>
<td>INFORMATION REPORT - MAY 2017</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>CONFIDENTIAL MATTERS</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>AGENDA ATTACHMENTS</td>
<td>1</td>
</tr>
<tr>
<td>ARMC1705-3</td>
<td>CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW</td>
<td>3</td>
</tr>
</tbody>
</table>
REPORTS BY OFFICERS

ARMC1705-1  OVERDUE DEBTS REPORT

Meeting Date: 9 May 2017
Responsible Officer: Director City Business
Decision Making Authority: Council
Agenda Attachments: Summary of Overdue Debts above Threshold (Confidential attachment under separate cover)

SUMMARY

This report with a confidential attachment is provided to the Audit and Risk Management Committee with details of overdue debts that exceed a threshold value of $10,000.

This report recommends that Council note $158,965.95 of overdue debts that overdue in excess of ninety (90) days and the combined value those debt(s) exceed $10,000 as at 28 February 2017.

BACKGROUND

The report is part of a framework for the write off of bad debts that was endorsed by the Audit and Risk Management Committee on 16 December 2014 and referred to Council who endorsed the framework on 28 January 2015 on how it handles the write off of bad and doubtful debts:-

a. That bi-annually (September and March) a report with a confidential attachment in an agreed format is submitted to the Strategic and General Service’s committee (current Finance, Policy, Operations and Legislation Committee) to receive under delegated details of overdue debts that exceed a threshold value.

b. That the threshold value for items to be reported for each debtor are debts overdue in excess of ninety (90) days and the combined value those debt(s) exceed $10,000. Rates debtors that remain a charge against the property are excluded from the requirement to report.

c. Two months after (i.e., November and May) the report in (a) has been submitted an item be submitted to Council via Strategic and General Services for approval to write off those debts that are considered bad or doubtful.

d. That once a recommendation is received from Department of Attorney General to write off monies referred to the Fines Enforcement Registry (FER) then an item is submitted to council within two months of the receipt of the recommendation.

FINANCIAL IMPLICATIONS

The budget implications can be addressed in two parts:-
1. **Cost of Credit Management.** If an organisation does not have good credit management then it will have negative budgetary impacts as cash will not be collected for the sales of goods and services made. It should be noted that even with good credit management, bad debts can still be incurred, but they normally arise within an environment where the risk and reward factors have been balanced to try and achieve the best outcome for the organisation. It is a requirement for completing annual financial statements that any potential bad debts are provisioned for and that is a cost to the budget in the year in which the provision is made.

2. **Cost to Budget of Writing off Bad Debts.** Generally this is budget neutral as the city provisions for potential bad and unrecoverable debts and the city has been doing so for many years in accordance with accounting standards. As a consequence, approvals to write off bad debts will generally result in the cost being written back against the provision with no net impact to the current budget.

**LEGAL IMPLICATIONS**

Section 6.12 (1) (c) of the Local Government Act 1995 provides authority for the Council to write off outstanding monies.

**CONSULTATION**

Nil

**OFFICER COMMENT**

Compared to the report presented in September 2016, there are no material changes of the numbers of debtors reported in the list and the outstanding balance for overdue debts in excess of ninety (90) days and the combined value those debt(s) exceed $10,000. The total value of outstanding debtors shows an increase of $38K from $121K in the previous report to $159K and the number of debtors increased from seven to eight in the list. $41,267.57 of the outstanding debtors will be submitted to Audit Committee for approval of being written off. The amount of debts to be written-off as a compensation for Fairwave Holdings is to be verified.

The confidential attachment contains comment and background in relation to the debtors listed in the report.

A further report will be provided to Committee in two months’ time for approval to write off those debts that are considered bad or doubtful.

**VOTING AND OTHER SPECIAL REQUIREMENTS**

Simple Majority Required
OFFICER'S RECOMMENDATION

That Council:

1. Note the Overdue Debt report for outstanding debtors exceeding 90 days and $10,000 in value as at 28 February 2017.
ARMC1705-2  LONG TERM FINANCIAL PLAN 2017-2027

Meeting Date: Audit & Risk Committee 9 May, 2017
Responsible Officer: Director City Business
Decision Making Authority: Council
Agenda Attachments: Summary Sheet – Working Draft Plan

SUMMARY

To consider the principles for the development of the draft Long Term Financial Plan 2017-2027. This will update the previous plan (2015-2025) adopted by council in 2015.

The City has been finalising indicative costs for the Kings Square redevelopment project over the past six months since the confirmation of the Agreement for Lease (AFL) being announced in relation to the state government department being the major tenant for Sirona.

These estimates enable the City to finalise the Plan and present to council for consideration as part of the requirement to review the corporate planning process every two years.

A working draft Plan has been developed on the following basis;

- Annual Balanced Budgets
- Improvement in operational costs
- Rate increases kept to current CPI level
- Potential rates uplift from known property developments included
- All debt paid off within 10 years of Kings Square project completion
- Reserves restored over life of the Plan
- Land/Property Asset sales of non or minimal/poor revenue potential only
- Kings Square redevelopment project completed by 2021.

The working draft is provided for feedback and consideration of the principles to guide and complete its development. It is intended that any feedback from the committee will be used in finalising the draft Plan for formal consideration by council and possible public comment.

BACKGROUND

Under the Local Government Act 1995 local government is required to implement an integrated planning framework which includes long term financial planning. This plan is to be reviewed at least every two years to ensure it is current and relevant to the strategic and corporate plans.

The last long term financial plan was adopted by council in 2015. At that time the City was planning for the implementation of the Kings Square project, but much of the planning was around uncertain timing. With the recent announcement and confirmation
with state government signing of a lease, the project scoping has been clarified and final cost estimates sought.

FINANCIAL IMPLICATIONS

The working draft Plan proposes the continuation of balanced budgets for the term of the plan. In doing so the working draft takes into consideration elements considered by the Audit and Risk Committee over the past eighteen months.

The Audit and Risk Committee has recently received and considered two reports on the financial performance of the City. The first was received at the end of 2015 which considered the outcomes of the City’s financial position post the local government reform period. This report essentially identified that the City’s operating and asset performance would have resulted in the financial capacity rating of 66 provided through the reform process. The report also considered alternative financial analysis based on the Victorian State Government assessment of local government and developed further criteria to compare the City against other regional centres, rather than the current comparison with suburban focussed local governments. When using these alternative criteria the report identified that the City meets or exceeds the target range for these ratios, exceeding in the area of current assets and within the standard range in the area of asset management.

The second report received was the annual audit report for the 2015/16 financial year. This reviewed the criteria and benchmarks for Western Australian local government and identified operational and asset renewal assessment at below its benchmark levels.

The working draft Long Term Financial Plan 2017-2027 works on improving the operational position of the City and strengthening the discretionary funds available to place into asset renewal and new projects.

Over the ten year period of the draft Plan it is proposed the City has the capacity to improve the operating position from a base cash surplus of $8.5m to an operating cash surplus position of $15.9m. This would see the Operating Surplus ratio move from 12% to 17%. The current state government benchmark for this ratio is 15% or greater.

Funds available for asset renewal over the period improve from $3.35m in the first year of the Kings Square project to $11.4m in the last year of the Plan. Further work will be required in updating asset management plans to ensure this level of funding will support requirements, but the working draft Plan places council in a strong position to action renewal needs, restore reserves and pay down debt post the completion of the Kings Square project.

LEGAL IMPLICATIONS

The draft Long Term Financial Plan 2017-2027 is a requirement of the Local Government Act, 1995.
CONSULTATION

At this time the working draft Plan is presented for committee and council input. Council may consider further consultation on the draft once it has been formally considered by council.

OFFICER COMMENT

The draft Long Term Financial Plan 2017-2027 is a key document to assist Council in ensuring the financial capacity to deliver services and projects for the Fremantle community over the term of the Plan. It is developed in the current context and will be reviewed going forward to ensure assumptions and considerations remain current and any new considerations are adapted into the Plan. It does not bind any future council but provides the framework for consideration when adopting annual budgets and informs the community of potential services and projects being considered by council into the future.

This draft Plan will take into consideration the implementation of the Kings Square redevelopment project over the short term, the proposed improvement in rates from current known significant development, the debt structure needed for Kings Square, possible sale of non-performing land and the reserve fund structures. Other outcomes are held to current CPI.

The draft Plan demonstrates the capacity of the City to deliver the Kings Square project while maintaining rate increases to CPI and paying down debt within 10 years. Council may choose to modify some of the parameters used to develop the draft Plan. Modifying the parameters may vary the bottom line outcomes over the life of the Plan.

VOTING AND OTHER SPECIAL REQUIREMENTS

Simple Majority Required

OFFICER'S RECOMMENDATION

Council:

1. Develop the draft Long Term Financial Plan 2017-2027 based on the following principles;

   a) Balanced Budgets
   b) Continued improvement to operating position
   c) Rate increases to be no greater than CPI
   d) Include potential rates uplift from anticipated property developments
   e) Elimination of all debt within 10 years of completion of Kings Square
   f) Sales of non-performing land as per decision of April, 2017.
   g) Restoration of Reserves over life of the Plan
   h) Implementation of Kings Square Project by 2021
   i) Improvement in Asset Renewal outcomes
2. Requests the completed draft Long Term financial Plan 2017-2027 is brought back to the July 2017 round of meetings for consideration of the Plan and to release for public comment.
ARMC1705-3  CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW

Meeting Date: Council
Responsible Officer: Chief Executive Officer
Decision Making Authority: CouncilCommittee
Agenda Attachments: Example of services provided by independent consultant

SUMMARY

This report outlines a suggested process for the performance review of the Chief Executive Officer (CEO). It recommends the establishment of a CEO Performance Review Committee and the engagement of an independent consultant to assist the committee.

BACKGROUND

Each year the Council is required to review the performance of the CEO. The priorities set for the CEO upon commencement in May 2016 was based on informal an agreement with Councillors and were intended to be an interim arrangement. Therefore, it is recommended that a formal performance management framework be established by Council to ensure an appropriate performance review process is undertaken each year.

To initiate this process the Audit and Risk Management Committee at its last meeting in March 2017, moved the following recommendation, which was then adopted by Council at its ordinary meeting held 15 March 2017.

2. A proposed framework and process for the Chief Executive Officer performance will be brought back to the Audit and Risk Management Committee at the May 2017 meeting.

This report is prepared to fulfil this resolution.

FINANCIAL IMPLICATIONS

Costs associated with engaging an independent consultant to assist Committee when undertaking the CEO performance review, will be presented to Council for consideration.

LEGAL IMPLICATIONS

Pursuant to section 5.38 of the Local Government Act 1995, the performance of the CEO is to be reviewed at least once every year. Regulation 18D of the Local Government (Administration) Regulations 1996, outlines the requirement for Council to consider the outcome of the review and either accept, with or without modification, or reject the review.

CONSULTATION

Nil
OFFICER COMMENT

It is common practice for a local government to establish a CEO performance review committee under Section 5.8 of the Act, to manage the CEO performance appraisal responsibilities. It is recommended that such a Committee be established to assist Council to achieve a consistent and transparent approach to the CEO performance review each year.

The following content is recommended to be considered in the terms of reference for the Committee.

3.0 Objectives

The purpose of the CEO Performance Review Committee is to coordinate and undertake the performance review of the CEO on behalf of Council and report findings and recommendations to Council for consideration in accordance with the Local Government Act 1995.

The Committee is to provide advice and recommendations to Council in relation to the following matters;
- Appointment of an independent facilitator to assist Committee to undertake the CEO performance review;
- Develop and review Key Performance Indicators to be achieved by the CEO;
- Annual review of the CEO’s performance in accordance with the CEO’s Key Performance Indicators;
- Quarterly informal review of the CEO’s performance in accordance with the CEO’s Key Performance Indicators;
- Review of the CEO’s remuneration package;

The Committee can comprise of some or all Elected Members and include the participation of a suitably qualified independent external consultant to guide the review process, to ensure compliance with relevant legislation and ensure procedural fairness. It is intended that the Committee will have no powers under the Local Government Act and is to advise and make recommendations to Council only.

Many management consultancies offer services to local governments to advise the Council in respect of CEO performance and remuneration matters. Engaging an external consultant provides Councillors with an independent process and minimises the risk for conflict of interest. An example of services provided by one such consultant (with the name of the consultant removed) is attached for information.

Subject to Council approval, the City will undertake an expression of interest process to seek suitably qualified consultants. A report containing the submissions received will be brought back to Committee for consideration.
It will be the responsibility of the consultant to work with the Committee to prepare and recommend appropriate Key Performance Indicators (KPI’s) for the CEO. However it is recommended that the principles for these KPI’s be determined by Council to provide some basis for this. It is suggested that the KPI’s be based on the following principles:

- qualitative indicators to reflect the CEO’s performance in in terms of the statutory obligations of the CEO as contained within Section 5.41 of the Local Government Act 1995.
- high level qualitative indicators to reflect the progress in relation to some of the key priorities as identified in the Community Strategic Plan.
- quantitative indicators relating to the financial performance and the customer service performance, of the City.
- quantitative indicators relating to specific outcomes desired by the Council, to be reviewed annually.
- qualitative indicators to reflect the CEO’s personal performance and responsiveness to the Council.

The process outlined in this report and officer’s recommendation is intended to provide Council with a consistent and transparent approach to undertaking the CEO performance reviews.

**VOTING AND OTHER SPECIAL REQUIREMENTS**

Absolute Majority Required

**OFFICER’S RECOMMENDATION**

Council:

1. Establish the Chief Executive Officer Performance Review Committee in accordance with Section 5.8(2)(a) of the Local Government Act;

2. Appoint the following Elected Members to the Committee:
   - Mayor, Brad Pettitt (ex-officio)
   - Cr__________
   - Cr__________
   - Cr__________

3. Engage a suitably qualified external consultant as an independent facilitator to assist the Committee and Council in accordance with the Terms of Reference.
4. The CEO Key Performance Indicators be based on the following principles;
   - qualitative indicators to reflect the CEO’s performance in terms of the statutory obligations of the CEO as contained within Section 5.41 of the Local Government Act 1995.
   - high level qualitative indicators to reflect the progress in relation to some of the key priorities as identified in the Community Strategic Plan.
   - quantitative indicators relating to the financial performance and the customer service performance, of the City.
   - quantitative indicators relating to specific outcomes desired by the Council, to be reviewed annually.
   - qualitative indicators to reflect the CEO’s personal performance and responsiveness to the Council.

5. Adopt the following terms of reference:

   City of Fremantle
   
   Chief Executive Officer Performance Review Committee
   
   TERMS OF REFERENCE

1.0 INTRODUCTION
The Council of the City of Fremantle (the "Council") establishes this committee under the powers given in Section 5.8 of the Local Government Act 1995 and the committee will be known as the Chief Executive Officer Performance Review Committee, (the "Committee").

The Council appoints to the Committee the members as outlined in Section 4.0. Membership of the Committee shall, unless otherwise specified, be for a term ceasing on the first Saturday in October of the Local Governments ordinary election year, after which time the Council may appoint members for a further term.

The Committee shall act in accordance with the provisions of the Local Government Act 1995, the Local Government (Administration) Regulations 1996 and the City of Fremantle local laws and policies.

2.0 NAME
The name of the Committee shall be the Chief Executive Officer Performance Review Committee.

3.0 OBJECTIVES
The purpose of the Committee is to coordinate and undertake the performance review of the CEO on behalf of Council, and report findings and recommendations to Council for consideration in accordance with the Local Government Act 1995.
The Committee is to provide advice and recommendations to Council in relation to the following matters;
- Appointment of an independent facilitator to assist Committee to undertake the CEO performance review;
- Develop and review Key Performance Indicators to be achieved by the CEO;
- Annual review of the CEO's performance in accordance with the CEO’s Key Performance Indicators;
- Quarterly informal review of the CEO's performance in accordance with the CEO’s Key Performance Indicators;
- Review of the CEO's remuneration package;

4.0 MEMBERSHIP
The committee shall be made up of the following members:
  a) Mayor (as ex-officio)
  b) Councillors to be appointed by Council

Members of the Committee are appointed by Council.

5.0 PRESIDING MEMBER
The Committee shall appoint a Presiding Member and Deputy Presiding Member to conduct its business. The Presiding Member shall ensure that minutes of the proceedings are kept and that business is conducted in accordance with the City of Fremantle Standing Orders.

6.0 MEETINGS
6.1 The Committee shall meet quarterly or as required.

6.2 Notice of meetings including an agenda shall be given to members at least 3 days prior to each meeting.

6.3 The Presiding member shall ensure that detailed minutes of all meetings are kept and shall, not later than 5 days after each meeting, provide the members and Council with a copy of such minutes.

6.4 All members of the Committee shall have one vote. If the vote of the members present are equally divided, the person presiding can cast a second vote.

7.0 QUORUM
Quorum for a meeting shall be at least 50% of the number of offices, whether vacant or not. A decision of the Committee does not have effect unless it has been made by a simple majority.

(Note – Council may, at the request of the Committee, agree to set the quorum at a lesser number. However in such circumstances any recommendation on expenditure of monies or on forming policy positions that is being made to
Council or the CEO, the committee must have at least 50% of the members present to make a valid recommendation/s.)

8.0 DELEGATED POWERS

The Committee has no delegated authority from Council and no powers under the Local Government Act 1995 and may only make recommendations to Council for consideration.

9.0 TERMINATION OF COMMITTEE

Termination of the Committee shall be:
9.1 in accordance with the Local Government Act 1995; or
9.2 at the direction of Council.

10.0 AMENDMENT TO THE INSTRUMENT OF APPOINTMENT AND DELEGATION

This document may be altered at any time by the Council on the recommendation of the Committee, or after giving 14 days notice to the Committee.
The Audit and Risk Management Committee at its meeting held 15 March 2017 moved the following recommendation which was subsequently adopted by Council;

3. The Chief Executive Officer provides a report to the next Audit and Risk Management Committee meeting to evaluate the performance of the Committee.

The City is currently in the process of preparing an appropriate performance evaluation process to be brought back to the next Audit and Risk Management Committee meeting for consideration.

OFFICER’S RECOMMENDATION

The information report for May 2017 be received.
CONFIDENTIAL MATTERS

Nil.
Summary Guide to Citizen Participation and Consultation

The City values community engagement and recognises the benefits that can flow to the quality of decision-making and the level of community satisfaction.

Effective community engagement requires total clarity so that Elected Members, Council officers and citizens fully understand their respective rights and responsibilities as well as the limits of their involvement in relation to any decision to be made by the City.

<table>
<thead>
<tr>
<th>How consultative processes work at the City of Fremantle</th>
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<tbody>
<tr>
<td><strong>The City’s decision makers</strong></td>
</tr>
<tr>
<td>1. The Council, comprised of Elected Members, makes policy, budgetary and key strategic decisions while the CEO, sometimes via on-delegation to other City officers, makes operational decisions.</td>
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<tr>
<td><strong>Various participation opportunities</strong></td>
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<td>2. The City provides opportunities for participation in the decision-making process by citizens via its council appointed working groups, its community precinct system, and targeted community engagement processes in relation to specific issues or decisions.</td>
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<tr>
<td><strong>Objective processes also used</strong></td>
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<td>3. The City also seeks to understand the needs and views of the community via scientific and objective processes such as its biennial community survey.</td>
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<tr>
<td><strong>All decisions are made by Council or the CEO</strong></td>
</tr>
<tr>
<td>4. These opportunities afforded to citizens to participate in the decision-making process do not include the capacity to make the decision. Decisions are ultimately always made by Council or the CEO (or his/her delegated nominee).</td>
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<tr>
<td><strong>Precinct focus is primarily local, but also city-wide</strong></td>
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<td>5. The community precinct system establishes units of geographic community of interest, but provides for input in relation to individual geographic areas as well as on city-wide issues.</td>
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<tr>
<td><strong>All input is of equal value</strong></td>
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<tr>
<td>6. No source of advice or input is more valuable or given more weight by the decision-makers than any other. The relevance and rationality of the advice counts in influencing the views of decision-makers.</td>
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<tr>
<td><strong>Decisions will not necessarily reflect the majority view received</strong></td>
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<tr>
<td>7. Local Government in WA is a representative democracy. Elected Members and the CEO are charged under the Local Government Act with the responsibility to make decisions based on fact and the merits of the issue without fear or favour and are accountable for their actions and decisions under law. Elected Members are accountable to the people via periodic elections. As it is a representative democracy, decisions may not be made in favour of the majority view expressed via consultative processes. Decisions must also be made in accordance with any statute that applies or within the parameters of budgetary considerations. All consultations will clearly outline from the outset any constraints or limitations associated with the issue.</td>
</tr>
<tr>
<td>How consultative processes work at the City of Fremantle</td>
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<td>--------------------------------------------------------</td>
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<tr>
<td><strong>Decisions made for the overall good of Fremantle</strong></td>
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<td>8. The Local Government Act requires decision-makers to make decisions in the interests of “the good government of the district”. This means that decision-makers must exercise their judgment about the best interests of Fremantle as a whole as well as about the interests of the immediately affected neighbourhood. This responsibility from time to time puts decision-makers at odds with the expressed views of citizens from the local neighbourhood who may understandably take a narrower view of considerations at hand.</td>
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<tr>
<td><strong>Diversity of view on most issues</strong></td>
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<tr>
<td>9. The City is wary of claiming to speak for the ‘community’ and wary of those who claim to do so. The City recognises how difficult it is to understand what such a diverse community with such a variety of stakeholders thinks about an issue. The City recognises that, on most significant issues, diverse views exist that need to be respected and taken into account by the decision-makers.</td>
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<tr>
<td><strong>City officers must be impartial</strong></td>
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<tr>
<td>10. City officers are charged with the responsibility of being objective, non-political and unbiased. It is the responsibility of the management of the City to ensure that this is the case. It is also recognised that City officers can find themselves unfairly accused of bias or incompetence by protagonists on certain issues and in these cases it is the responsibility of the City’s management to defend those City officers.</td>
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<tr>
<td><strong>City officers must follow policy and procedures</strong></td>
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<tr>
<td>11. The City’s community engagement policy identifies nine principles that apply to all community engagement processes, including a commitment to be clear, transparent, responsive, inclusive, accountable and timely. City officers are responsible for ensuring that the policy and any other relevant procedure is fully complied with so that citizens are not deprived of their rights to be heard.</td>
</tr>
<tr>
<td><strong>Community engagement processes have cut-off dates that will be adhered to.</strong></td>
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<tr>
<td>12. As City officers have the responsibility to provide objective, professional advice to decision-makers, they are entitled to an appropriate period of time and resource base to undertake the analysis required and to prepare reports. As a consequence, community engagement processes need to have defined and rigorously observed cut-off dates, after which date officers will not include ‘late’ input in their analysis. In such circumstances, the existence of ‘late’ input will be made known to decision-makers. In most cases where community input is involved, the Council is the decision-maker and this affords community members the opportunity to make input after the cut-off date via personal representations to individual Elected Members and via presentations to Committee and Council Meetings.</td>
</tr>
<tr>
<td>How consultative processes work at the City of Fremantle</td>
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<td>---------------------------------------------------------</td>
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<tr>
<td><strong>Citizens need to check for any changes to decision making arrangements made</strong></td>
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<tr>
<td><strong>Citizens are entitled to know how their input has been assessed</strong></td>
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<td><strong>Reasons for decisions must be transparent</strong></td>
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<tr>
<td><strong>Decisions posted on the City’s website</strong></td>
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</table>
Section 5.23 of the new Local Government Act 1995, Meetings generally open to the public, states:

1. Subject to subsection (2), the following are to be open to members of the public -
   a) all council meetings; and
   b) all meetings of any committee to which a local government power or duty has been delegated.

2. If a meeting is being held by a council or by a committee referred to in subsection (1) (b), the council or committee may close to members of the public the meeting, or part of the meeting, if the meeting or the part of the meeting deals with any of the following:
   a) a matter affecting an employee or employees;
   b) the personal affairs of any person;
   c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting;
   d) legal advice obtained, or which may be obtained, by the local government and which relates to a matter to be discussed at the meeting;
   e) a matter that if disclosed, would reveal –
      i) a trade secret;
      ii) information that has a commercial value to a person; or
      iii) information about the business, professional, commercial or financial affairs of a person.
      Where the trade secret or information is held by, or is about, a person other than the local government.
   f) a matter that if disclosed, could be reasonably expected to -
      i) impair the effectiveness of any lawful method or procedure for preventing, detecting, investigating or dealing with any contravention or possible contravention of the law;
      ii) endanger the security of the local government’s property; or
      iii) prejudice the maintenance or enforcement of a lawful measure for protecting public safety.
   g) information which is the subject of a direction given under section 23 (Ia) of the Parliamentary Commissioner Act 1971; and
   h) such other matters as may be prescribed.

3. A decision to close a meeting or part of a meeting and the reason for the decision are to be recorded in the minutes of the meeting.
AGENDA ATTACHMENTS

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 9 May 2017, 5.30 pm
Local Government CEO Performance and Remuneration Reviews

CEO Performance Reviews

Communities expect their Councils to function effectively and a key player in delivering these expectations is the CEO, who provides leadership and direction to achieve Council directions. Aside from a need to comply with the Act, Councils therefore have solid business reasons for undertaking CEO performance reviews. These reviews can bring great benefits that include:

- aligning the strategic direction set by the Council with the CEO’s responsibilities and Key Performance Indicators (KPIs);
- encouraging the CEO’s personal development;
- promoting better Council and CEO working relations;
- providing an early warning system for possible problems; and
- improving the overall performance and governance of the organisation.

Local Government CEOs typically manage large workforces and are responsible for day-to-day legislative and fiscal governance, and accordingly it is appropriate to undertake a rigorous evaluation process.

Remuneration Reviews

Undertakes a market review of CEO remuneration to allow Councils to have greater objectivity about CEO remuneration decisions.

Without significant research, it can be difficult for Councils to ensure that they are “comparing apples with apples.” Remuneration reviews need to take into account:

- CEO remuneration from similarly-sized Councils (metro or regional);
- the Salaries and Allowances Tribunal’s determination;
- the CEO's performance; and
- other environmental data, including economic indicators and major local issues.
**PROCESS AND OUTCOMES**

Our Consultants focus on delivering the following key outcomes:

- **Establish expectations**
  - Council agrees expectations and performance criteria for the CEO
  - Negotiated with CEO

- **Guide performance**
  - Ongoing advice and monitoring, particularly from the Mayor

- **Assess performance**
  - The Mayor or Committee undertakes a detailed review using objective and subjective measures
  - Formal appraisal meeting with CEO
  - Performance assessment process formally reviewed at Council meeting

- **Review remuneration**
  - Typically undertaken in conjunction with performance review
  - Report presented to Mayor/Committee
  - Formal negotiation with CEO
  - Formally endorsed at Council meeting

**CEO OUTCOMES:**

- minimal impact on CEO's schedule;
- objective review of leadership performance;
- an opportunity to discuss issues and seek alignment and support;
- identification of development opportunities; and
- discussion of career aspirations and succession planning.

**COUNCIL OUTCOMES:**

- a well-run process designed to deliver to Council's needs and calendar;
- endorse the CEO's performance for the review period;
- determine appropriate Key Performance Indicators (KPIs) for the next 12 months;
- determine the CEO's remuneration for the next 12 months, if required; and
- the extension or renewal of the CEO's contract.

***OUR SERVICES***

Improving Productivity and Performance

- Strategic & business planning
- Change management
- HR & workforce planning & policy
- Organisational review & development
- Restructures, job design & work evaluation
- Business & performance reviews
- Employer branding
- Attraction & retention strategies
- Recruitment & executive search
- Training and facilitation
- Recruitment & selection
- Facilitation, workshops & training
- Employee relations

WA owned and operated, has been providing management and human resource consulting services to government, corporate and private organisations for over 17 years. One of our areas of speciality is individual and organisational performance improvement.

We are committed to helping organisations achieve greater results and success through effective strategic and HR management. Our aim is to develop a strong partnership with you so we can understand your organisation and provide cost-effective and innovative solutions that meet your unique needs.

We have a team of highly skilled and experienced Consultants who bring their knowledge and passion for their work into your organisation. We carefully match Consultants to work assignments so that you will have the benefit of dealing with an industry expert – no matter how large or small your team, you will be treated like a ‘big fish in a small pond’.