



LOOKING FORWARD, LOOKING BACK A LOCAL GOVERNMENT REFLECTION

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Extract from the Conference Program	Graeme will retire from local government in mid 2011 after 35 years in the industry. During this presentation he will reflect on his career in local government and make some observations on what he believes will be the future challenges for the industry.
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Executive Summary	In this paper Graeme explores the premise that local government in its current form is unsustainable and suggests some fundamental reform of the governance structure in this country is necessary and that the climate for change already exists.
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Qualification	The views expressed in this paper are the personal observations of Graeme Kanofski and should not in any way be attributed to his employer past or present.
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THE EARLY YEARS

How time flies when you are having fun! It doesn't seem that long ago that I completed grade twelve at North Rockhampton High and was wondering what the hell I was going to do with my life. The year was 1974.

A neighbour who worked for Rockhampton City Council gave me a copy of an advertisement at Mount Morgan Shire Council for a Cadet Local Government Clerk. This is how I stumbled into a career in local government.

The cadetship was basically a traineeship in local government coupled with formal study to obtain a Local Government Clerk's Certificate which was about 80% of a Bachelor of Business Degree. I have never forgotten this opportunity and have, throughout my career, actively promoted traineeships in all forms. I believe that this will be even more important in the years to come as we face an inevitable workforce shortage.

The mid seventies was the age of the Burrows accounting machine, gestetners, telegrams and the most sophisticated piece of machinery on your desk was a manual adding machine. We were all told that we were looking down the barrel of the computer age where we would have a much shorter working week and miles more leisure time. Little did we know that, bureaucracies and process would be ramped up to fill the void!

I will never forget receipting a cheque whilst I was working for Emerald Shire with a note attached "This cheque is marked 'not negotiable' like the roads in this Shire".

Those were also the days of the harmless prank pulled on new employees. Like sending them next door to the Clerk of the Court's Office for a 'long weight' or an 'underground aerial survey chart'. Some 30 years later Miriam Vale Council had an aerial survey done to identify supplies of underground water. I am not surprised that they didn't find any.

AMALGAMATIONS OF 2007

In every career you have a defining experience or event. I'd have to say mine was the 2007 amalgamations. I moved from CEO of Calliope Shire to Interim CEO and then to CEO of Gladstone Regional Council during this process.

Were the amalgamations the right thing?

From a State Government point of view it has got to have been:-

- It has allowed them to cost shift in a number of areas with the abolition of infrastructure subsidies being the most obvious.
- They increased their payroll tax take from Local Government.
- It got rid of a number of basket case Councils by amalgamating them with their stronger neighbours. The one surprise they got was when they amalgamated a number of basket case Councils to end up with one big basket case Council.
- To finish the process off they then refused to help most Councils with the genuine costs of the imposed amalgamations.

From a process point of view the amalgamations were a disaster. It was:-

- Death by a 1000 cuts.
- Nine months lost in transition.
- Union involvement was a sham.
- The Workforce Code of Practice tied both our hands behind our backs whilst Premier Beattie stated that whole objective of the exercise was to improve the efficiency of local government. An oxymoron if ever I have seen one!

I ended up a convert to the Jeff Kennett Reform Model which I recently discussed with him.

The phrase 'What doesn't kill you makes you stronger' applies here. The positives from amalgamations include:

- Local Government can punch above its weight. The Mayors of Regional Councils have a greater mandate than the local State Member. I note that the State may have seen the error of their ways in this regard and are considering a move away from popularly elected mayors.
- Increased capacity in terms of financial planning, asset management, community planning and regional planning. To me these make the whole exercise worthwhile.

So overall, yes, the amalgamations were the right thing, especially in the longer term. It is also a useful step in a process I will outline later in this paper. The nature of the process was such that, in reality, it was a case of 'embrace the new way or get out of the way'.

SOME LEARNINGS ALONG THE 35 YEAR JOURNEY

1. To have a successful career in local government you must have a fundamental respect for the democratic process. Even if you don't respect some of the Councillors you meet along the way, you must always respect the position they have been elected to.

2. Successful communication is the key to survival in this industry. It involves:
 - Keeping the main thing the main thing [ie. Always acting in the community interest]
 - Attack the issue not the person
 - Set good policy and stick to it
 - It's a team game – be considerate of all views
 - Having a sense of humour is vital.

Terry Coman once said,

“In their deliberations with elected members CEOs need to be able to able to:

**** keep their cool***

**** repeat themselves endlessly***

**** concede unimportant points***

**** And above all, be quietly persistent.”***

3. Show me an efficient and effective Council and undoubtedly you will find elected members and management working in partnership in the best interests of the community.

4. The customer comes second – without motivated and enthusiastic staff you cannot deliver on customer service. I believe that customer service can be

explained in 5 words – Step into the customers shoes, or put another way, if you were the customer how would you like to be told this information.

5. The Local Government Act should be regarded as a framework which needs to be tempered and applied with a good dose of common sense. When it comes down to the grey areas it's more about relationships and partnerships and following the essence rather than the word of the Act.
6. Leadership certainly defines organisational culture or “the way we do things around here”. If you don't think that it does, don't be a CEO.
7. The leader must ‘walk the talk’, lead by example and have a passion for the industry.
8. Integrity must remain the cornerstone of your character. You can be approachable, accountable, demonstrate sound community and regional leadership, display great vision and strategy, but without integrity its all worth zip. I believe that these quotes sum up the issue:-

‘Doing the right thing can sometimes come at a personal cost’.

and

‘If you don't stand for something you will fall for anything’.

9. This philosophy which I developed as I ran up a few dry gullies has always stood me in good stead.

‘Always believe a politician will act as a politician and you will never be disappointed when they do.’

10. I think all senior managers in local government need to pay a lot more attention to getting the work/life balance right. Most of us have spent much of our career on the ‘work’ side of the equation. It may help explain why women have not flocked to management. They simply have more sense!

11. Always view change as an opportunity and not a threat. Throughout my career wise State Governments have been bestowing their wisdom (and legislation) upon local government. I have always tried (and in most cases succeeded) to find the positive opportunity presented by the change. To have done otherwise could have lead to frustration and depression. They are not worthy of such a reaction.
12. Always be a pupil of the school of learning. The best management book I have ever read is by Wayne Bennett in his book '*Don't die with the music in you*'. In Wayne's view that is a life of potential never reached.

'There are no great men only great challenges which ordinary men are forced by circumstances to meet.'

and

'The highest reward for a person's toil is not what they get for it, but what they become by it.'

And some mentoring advice:-

'The problem is many people find their role model and become totally obsessed with them but we must always remain ourselves. Sure take a little piece here and a little bit there and blend them into your own personality but never too many bits, not so that you become a false commodity – someone else.'

And from his latest book 'The Man in the Mirror' Wayne comments on the daily grind:-

'The challenge is to go to work every day and get the best out of yourself. When you are feeling a bit flat, the challenge is not about finding another horse to jump onto. It's about turning up every day and every week and finding ways to keep lifting the standard. Sure, there'll be drudgery and repetition and there'll be people everywhere wanting a piece of you, but it's a soft option to leave. The hard thing is to stay in the game.....'

13. I take my hat off to the ingenuity of our State Government colleagues who have found a very cost effective asset management tool when faced with run down road infrastructure – They lower the speed limit.

LOCAL GOVERNMENT MANAGERS AUSTRALIA [LGMA]

I have witnessed the transition of the LGMA from what could only be described as an ‘old boys club’ to the highly professional organisation it is today. LGMA currently has record membership despite what the naysayers were saying in the lead up to the amalgamations. Congratulations to the current management team.

And what an old boys club it was! I recall a lot of pomp and ceremony to a point where at a conference the secretary of the Institute stood up when the conference bus stopped at a night function and said ‘Please remain seated while the President alights from the bus’.

If one could identify the defining moment when LGMA lost the old image it was when Peter Burrow stitched up the sleeves of the Presidential jacket on Graham Webb at the handover ceremony in Goondiwindi in the 1996.

Anyway, one thing led to another and I ended up on the Executive and had the honour of serving as State President for two years. I recommend that members give consideration to becoming involved at this level sometime during their career. Also get involved in the international manager exchanges. They broaden your horizons.

To me the greatest value of membership of the LGMA is the mentoring opportunities that it presents.

LOCAL GOVERNMENT – CHALLENGES FOR THE FUTURE

Every generation of leaders will have a different set of challenges than its predecessors. I don’t see that changing. I see some exceptional talent in the future leaders in our industry and they will need all of their skills and ingenuity to meet the many challenges ahead.

One trend that I believe all of us need to address is the community perception that once a member of the community gets elected as a Councillor they somehow cross to the 'dark side'. They are no longer seen as a champion of the community or my companion in the Lions Club but one of the bureaucracy or the 'enemy'. This 'us' and 'them' mentality extends to employees who, once appointed to Council, also move to the dark side. Yes, the amalgamations have added to this problem but it is more about 'respect' or lack of it that the community has for people in government. It's becoming embedded in our Australian culture and I think deserves our specific attention.

At the local government level I see little likelihood that we will hold on to functions such as water and sewerage. After all, we are the only State where we still provide these services. The south east corner has moved away from what has been a traditional model for these services albeit in a not so happy marriage with the State.

I believe that we have to look at alternative models of providing water and sewerage services. In regional Australia the greatest challenge is the economy of scale issue. One only has to look just to the north of us where private companies such as Manilla Water have a private public partnership (PPP) with the government. Their KPIs are very impressive eg. water losses down to 10%.

The recent LGAQ workforce census must ring alarm bells for all of us. 49.7% of the local government workforce is now over 45 years of age up from 44% in 2007. This compares to 37% across all industries. I believe this more than anything else will move us towards the contracting out of services into the future. The tight rein on industrial relations on local government by the unions does not assist either. **The fact remains that if local government's day labour workforce cannot undertake a service as efficiently as private enterprise, it has no future in that service.** The challenge in regions with enormous growth on the back of the mining boom will only exacerbate this move to contracting out of services.

Most of the senior managers in local government I talk to believe with the advent of the larger Councils the tenure of CEOs will become shorter. I think this will be the case but more through fatigue and failure to maintain the work life balance than through the growing politicisation of local government. At the State level we still see Director-Generals of

Departments who survive a change in government. The same will apply in local government. Leadership ability can still transcend the political divide.

The development industry is currently getting the ear of the State Government in respect to infrastructure charges. It is gaining momentum from the community as well. It is an enormous con job based on reliance on the assumption that input costs determine the ultimate price of a block of land. Let me illustrate by referring to land cost data from Gladstone.

The median residential allotment in 2002 cost \$58,000. Eight years later that same allotment now sells for \$180,000 which is an increase of 210%. Total headworks charges in that period have moved from \$7,800 a lot to \$18,500 which is a 137% increase. The fact is that the sale price of an allotment has very little to do with the cost of providing it. **Developers charge what the market will bear.** It is a message that we must sell to our community. If we lower the headworks charge, the developers will simply pocket more profit and the local government taxpayer will have to pick up the difference. More cost shifting!

I mentioned at the start of this paper that bureaucracy and process filled up all the spare time created by the technology revolution.

We have, as a society, become obsessed with process, process, and more process. The outcome is something that just might dribble out at the end of a long process. The recent Privacy Act is a classic example. How does it improve the outcome?

Just picture a Councillor dealing with a concerned ratepayer and saying "Provided you give your consent I can refer the matter to the relevant officers but they won't be able to give you any feedback as this would constitute a breach of the Privacy Act".

Governments keep trying to legislate for honesty when it simply can't be legislated. After all the processes that have bogged down all tiers of government, we still see Government Ministers being locked up.

Principle based legislation is a concept to be applauded but then they go into great detail setting up processes to achieve it. We have got to stop trying to hamstring outcomes by

setting up enormous processes to catch the minority of dishonest people out there. Just lock the offenders up and let the rest of us get on with the job of producing sustainable outcomes.

I will give another couple of examples of process gone mad.

The Department of Environment and Resource Management (DERM) pressured the former Miriam Vale Shire Council, and subsequently the Gladstone Regional Council to put in a water and sewerage service to the town of Seventeen Seventy because septic water was infiltrating bores used for drinking. As part of the new service Gladstone Regional Council has to put a reservoir on top of the hill overlooking the town. We have a reserve there for just this purpose. We planned to partially cut the reservoir into the hill so that it would only be visible by about 1.5 metres on the seaward side.

As with all reservoirs, its height was determined by the reticulation network it is designed to service. Being a heritage site (Captain Cook etc etc) DERM said no, no, no it can't be visible basically from any direction. Being unfamiliar with the reservoir site, I took a drive down to see what all the fuss was about. I expected to see a ridge in a pristine condition. But alas, what I saw was:

- An ugly donger on the eastern end of the ridge immediately in front of the reservoir site with aerials sticking out of it everywhere. The local Volunteer Marine Rescue building.



- Right along the whole ridgeline is a 20 metre wide clearing with a line of electric light poles visible from 360 degrees.



We are going to compromise our service standards to residents by lowering the reservoir size and height in order to comply with this ridiculous requirement. I wonder who the resident will go to when the fire brigade cannot get enough pressure to put their house fire out!

The Department of Emergency Management Qld has provided Council with 100% funding under the National Disaster Mitigation Program to a project to mitigate downstream flooding in a local creek. We are now up to 6 levels of State approvals which will delay the project by 12 months. Does anyone care about the potential downstream flooding this wet season? Of course not, it's all about the process!

The Nature Conservation Act is the real humdinger example. To comply strictly with the Act we have got to get a permit to prune or remove natural vegetation irrespective if it is even dead or alive. So a dead tree overhanging a road and causing a safety hazard will have to stay there for 40 days while we get a permit. When we do get a permit we will need to provide an offset in another area of similar vegetation. Does this mean we have to plant another dead tree, or two or three? To strictly comply with the Act it is my understanding that we even need a permit to mow natural grass in a reserve.

Your honour, I rest my case. We have simply got to stop this rot but I fear that it is going to get a whole lot worse before it gets any better. It is the prime reason why my job satisfaction level has decreased to a point where I don't want to play the game any more.

My apologies to Wayne Bennett for not following his advice but I point out that he did leave the Bronco's.

I sense a growing unrest within the community at all levels of government. Local government in its current form is unsustainable. We cannot keep rate increases to CPI as it is irrelevant to the services we provide yet it remains a key KPI on our performance in the eyes of our community. I believe that we are on the verge of a rate revolt in this country similar to what occurred in America in the 1970s. I don't believe that a quick fix like they used in their Proposition 13 to limit property taxes will cut the mustard here. Our problems are more fundamental than that.

We have two opposing forces at play in modern society. A want, want, want mentality without the corresponding want to pay more taxes.

At the present time, local government collects 3% of all government taxes but is responsible for 11% of public sector expenditure and manages 35% of government assets. Clearly, this is not sustainable. These statistics come from the federal LGMA August journal in an article by the CEO John Ravlic.

On top of this, Australia has an ageing population which means we will have a lot less people who will need to pay a lot more taxes into the future to pay a ballooning medical and aged care bill. Do you think that the "me" generation is going to accept this? At the local government level our asset management plans are telling us that most of our infrastructure is being run down.

In addition, I ask, how long can we sustain a situation where the wealth of our nation comes from digging holes in the ground which one day will run dry? We may dodge the bullet for a while, but the day of reckoning awaits our future generations. Are we to be the next Greece or Portugal?

We are over-governed in this country. Three levels of government for a nation of just over 20 million people is not sustainable. The sooner we face this fact as a nation the better. We need some fundamental reform.

Yeah, I can all hear your minds ticking over! The constitution is almost impossible to change! Certainly the pollies are not going to vote themselves out of a job any time soon. The only way they will move is with a groundswell of grass roots action. Consider:-

- The States are all on the nose electorally at the moment.
- Local Government property taxes are increasing to the point of open revolt. Rate notices get in our constituents faces whereas income tax and the GST largely fly under the personal radar.
- The senate is not a State's house it is just another political platform.
- The Woollies and Coles style of government by the political parties is wearing thin with the electorate who now look to the independents or IGA's (especially the greens isle) as an alternative.
- Dissatisfaction with an election system that is still counting votes a fortnight after the election.

What I am suggesting here is that the climate for some fundamental reform to our governance structure in this county is warming if it isn't hot already. It is not surprising that a governance structure which has largely remained unchanged since the horse and buggy days of 1900 has little relevance to modern society.

Imagine the electoral interest in a two tier Federal / Regional structure promoted under the banner of 'we will abolish property taxes (general taxes) under this model.' After all, whilst it is the most visible tax it only makes up 3% of the nations tax take anyway! The options are as wide as the imagination. Consider for a moment:-

- Full electronic voting. Why not, they do it for lotto and sports betting throughout the country!
- Regional government providing the membership of the Federal Government. This would ensure collaboration between the two levels.

- Party political election commitments must be delivered otherwise they can only be changed by referendum which is quite simple with electronic voting. We have got to devise methods to get some integrity and elector respect back into our political system.
- Get rid of the Senate in favour of say a 66% consensus vote for legislation. That's 100 of the 150 seats in our federal parliament. This would restore some power back to the local MP's and make the parties collaborate in the same way as we have to in local government land to reach consensus.
- A federal/regional governance model would see a shift of government services away from our capital cities. Who knows it may even assist traffic congestion in our larger cities!

We need to get the smartest minds of our country working on concepts such as these and then demand action from the politicians.

'Remember if you always do what you've always done, you will always get what you always got.'

My objective in floating some of these radical concepts is to provoke your thought process and maybe engender some meaningful debate on the subject. It is a cause that I could easily get passionate about after July next year.

I have thoroughly enjoyed my career in local government but my time to move on has come. I can assure you that I intend to hit the finish line with the same passion and commitment to our great industry with which I joined in 1975. The community I serve deserves nothing less.

I leave you with my model for the future governance of this great nation, but one which is so over governed that it is not sustainable into the future:-

Two Tiers of Government – FEDERAL & REGIONAL

FEDERAL GOVERNMENT THAT LOOKS AFTER:	REGIONAL GOVERNMENTS THAT LOOK AFTER:
<p>Immigration Police Education Child Safety Hospitals / Ambulance Environment Defence Industrial Relations International Relations</p>	<p>Current LG Roles Economic Development Tourism All Roads Arts and Culture Recreation and Sport Fire Services Land Management (DNR)</p>