Superheroes or Puppets? Local Government Chief Executive Officers in Victoria and Queensland

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Abstract
This article examines the chief executive positions in the Victorian and Queensland local government systems through Mintzberg’s three-dimensional model and Broussine’s capacity model, highlighting the complexities and diversities of these roles. The different approaches to reform taken by the state governments have produced different relationships between chief executives and elected representatives. Of particular interest is the impact of the contract and key performance indicators used by local governments and their ability to facilitate or constrain chief executives in achieving their objectives. The findings suggest that a key challenge for local governments is to establish contractual and performance systems that allow chief executives to achieve their objectives, to deal more effectively with challenges facing communities and contribute to more sustainable local governments.

Keywords
Chief executive officer; local government reform; Victoria; Queensland.

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Introduction

Very little has been written on the role of the Australian local government Chief Executive Officer (CEO). The role has changed considerably over the past two decades largely as a result of the reforms introduced by state governments to their respective local government systems. These reforms have been in keeping with global trends to reduce costs, improve efficiency and productivity, and make the public sector more responsive to the community. Local councils are required to be focused upon cost-effective service provision, corporate and operational planning linked to programme budgeting, optimum human and financial resource management and upon contract management. These management functions require an empowered role of the CEO (Alam & Pacher, 2000, pp. 364-365). The establishment of CEO positions, along with other senior management appointments based upon fixed-term performance contracts with no guarantee or expectancy of renewal, has attempted to reduce the legalism and conservatism of the traditional town clerk and city engineer regime (Pullin & Haidar, 2003, p. 286). CEOs now need to be far more active and dynamic than the traditional town clerks who were more focused on administration and routine matters, ensuring local administrative systems ran smoothly (Jones, 1989, pp. 80-81).

The Victorian and Queensland local government systems make interesting comparisons in terms of the approaches used to introduce reforms aimed at delivering sustainable cost effective services. Victoria was an early mover and probably has gone further than any other jurisdiction in applying highly prescriptive reforms to local government; in fact some have argued Victorian local government has been subjected to more change than any other Australian public sector (Kloot and Goodwin 1997). On the other hand Queensland has been slower to reform, only recently embarking upon one of the most far-reaching and controversial programs of statutory and structural change to local government in Australian history (Dolley, Wallis and Crase, 2007, p. 361). Nevertheless, in both jurisdictions these measures have increased the importance of the CEO's role: There is now considerable emphasis on the skills and experiences of CEOs with a view to them applying a more business-like culture to the local government context. As such, the roles of CEOs have become more ambiguous and complex, warranting further investigation to reveal potential weaknesses, contradictions and consequences.

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1 Both the Melbourne City Council and Brisbane City Council have unique political and administrative arrangements within their respective state systems. The findings of this research do not apply to these examples.
This paper argues that CEOs are required to operate across multiple dimensions simultaneously. The local government reforms introduced in both Victoria and Queensland over the past two decades and the subsequent requirements placed on CEOs will be examined first to establish context. The evidence presented highlights the considerable challenges of the CEO task and the potential political and administrative consequences for local government administration in these states. The paper then critically investigates the nature of contractual arrangements and performance indicators being used to establish conditions for effective performance by CEOs in both jurisdictions. This research is built on a phenomenology-based approach to qualitative analysis using in-depth interviews with key government actors in both jurisdictions. Primary and secondary resources such as relevant policy documents from government and non-government agencies and the Australian and international academic literature have been consulted to support the arguments and conclusions.

The paper is divided into five main parts: Parts two and three provide synoptic accounts of reform processes to Victorian and Queensland local government over the past two decades and their impact upon the role of the CEO in the comparative jurisdictions. Part four focuses on the CEO experience through a theoretical framework based on Mintzberg’s (1998) ‘three edges’ model combined with Broussine’s (2000) notion of ‘capacity’. Part five considers the relevance of contractual requirements and key performance indicators in the context of the reforms and the changed nature of CEO roles.

**Local Government Reforms**

The reform processes contributing to the current shape of Australian local government have been well documented (see, for example, Marshall, 1998; Aulich, 1999; Worthington and Dollery, 2002). Reforms that have impacted on the role of CEOs are those that have transformed local councils into complex, multi-objective organisations (Gerritsen and Whyard, 1998; Worthington et al., 2002). Changes have included the expansion of local government powers to give councils greater flexibility to manage their own affairs, the introduction of new public management (NPM) elements including the application of corporate and operational planning, contract-based employment for senior managers, compulsory competitive tendering, the adjustment of territorial boundaries and the amalgamation of smaller local councils into larger and fewer entities. As part of these reforms, local councils have been required to change the way they manage their operations (Dollery, et al., 2007, p. 361). Local councils have adopted sophisticated management models with leadership and direction being sought.
from highly skilled CEOs holding broad corporate perspectives. CEOs need to be assisted by senior management professionals whose skills span engineering, town planning, environmental health, leadership, community development, social work, human services management, accountancy, law, economics, landscape architecture and information technology.

Victorian local governments have been leaders in the reform process, undergoing considerable change and restructuring since the early 1990s. In keeping with the highly prescriptive approach taken by the state government, local governments were required to introduce commercial approaches to their operations, reform their organisational and management structures on the basis of NPM principles, and introduce compulsory competitive tendering. The Victorian State Government undertook to radically change all local governments by dismissing elected councillors, adjusting territorial boundaries and amalgamating most councils, appointing commissioners to manage council operations on private sector principles and strengthening the position of council CEOs. The outcome of these reforms was to ‘marketise and managerialise relationships within the organisation’ (Van Gramberg & Teicher, 2000, p. 489). Following the re-instatement of elected councillors, changes to the Victorian Public Sector Reform Act 1997 also conferred greater personnel and managerial authority on the chief executive officers. Contract rather than tenure became the core principle of public employment at local government level and performance agreements were established as a necessary condition in the appointment of CEOs and senior managers.

The Queensland State Government did not undertake such a comprehensive approach to reform. Historically Queensland state governments have treated local government with a degree of ambivalence by providing them with general competence powers for the good rule and government of their communities (Tucker, 1981). The introduction of NPM elements began in the early 1990s as part of a process to modernise the conservative nature of the Queensland public sector and local government. The objective of the reforms was to encourage local government to be more responsive to political direction and more in tune with contemporary thinking regarding public sector management (Bradley and Parker, 2006, p. 92). The provisions of the Queensland Local Government Act 1993 made corporate planning mandatory and the transfer of the executive function from the mayor to appointed officials. These changes were seen to be ‘sweeping Queensland local government towards increasingly bureaucratised arrangements’ (Tucker, 1994). In 2007, in a relatively uncharacteristic move, the Queensland government ignored the evidence from other jurisdictions questioning the benefits of boundary changes and forced the amalgamation of local councils throughout
the state, reducing the total number of councils from 157 to 73. The dramatic intrusion was justified on the grounds that councils had been too slow in addressing management issues such as the long-term sustainability of local councils, the need to adopt more strategic planning and avoid ‘internally focused parochial mindset[s]; and to reduce the inconsistency of performance and service delivery across the local government sector’ (DLGPS&R, 2007, p. 11). The amalgamations combined with the reforms of the 1990s have jointly contributed to management and leadership challenges and increased the salience of the skills of CEOs in the Queensland local government system.

Both the Victorian and Queensland governments codified the CEO position in local government legislation. In Victoria the role of the Chief Executive Officer as defined in Section 94A of the Local Government Act (1989) is to:

- Establish and maintain an appropriate organisational structure for the Council;
- Ensure that the decisions of the Council are implemented without undue delay;
- Manage Council’s day-to-day operations in accordance with the council plan;
- Develop, adopt and disseminate a code of conduct for Council staff; and
- Provide timely advice to the Council.

In addition, the CEO has responsibility for the appointment and dismissal of all council staff. In an attempt to re-enforce the policy/administration dichotomy, the Victorian Act clearly restricts councillors from interfering in the roles and responsibilities of council staff and the day to day activities of the administration. Councillors are only responsible for the appointment of the CEO, in this regard they negotiate contractual obligations and manage and review CEO performance. According to the Municipal Association of Victoria (MAV) the Act specifies a clear distinction between policy and implementation:

Management accountability is a fundamental responsibility of the elected council. When council has decided on its direction, strategy and policies, it delegates authority to the CEO for implementing these decisions and managing day-to-day operations (MAV, 2010).

The Queensland Government introduced a new Local Government Act (2009) which takes a less prescriptive approach than its predecessor. Under the new Act councils are given discretion in determining appropriate policies for their communities, including the method of choosing a CEO. According to Part 5,
Division 1 of the Act a person is qualified to be the Chief Executive Officer if they have the ability, experience, knowledge and skills that the local councillors consider appropriate. The CEO must be appointed under a contract and meet the performance standards set by the individual council. The remainder of the Act is reasonably brief on the duties of the CEO and does not make a clear distinction between politics and administration:

- The chief executive officer must appoint the local government employees (§196, 2).
- The chief executive officer must consult with the councillors before appointing a senior contract employee (§196, 4).
- The chief executive officer is the only person who may take disciplinary action against a local government employee (§197, 1).

Under the Queensland legislation the way is left open for councillors, the Mayor particularly, to be more involved in the day-to-day management of the council and the work of the CEO. This involvement reflects the Mayor as executive officer tradition characteristic of the Queensland system (Tucker, 1981, p. 394). It also reflects the historic differences between the two state systems where the Victorian Government has been more likely to adopt a much more interventionist and prescriptive approach compared to Queensland in its dealings with local government (Bowman, 1981). This contrast has contributed to the different approaches to the roles and responsibilities of the CEOs in each system.

Both state governments provide little beyond the legislative requirements in the way of the specific elements of contractual arrangements. Victorian councils have tended to adhere to the five key areas of responsibility for CEOs prescribed in the Act as the basis for performance indicators. Local government associations provide some advice for councils in drafting CEO contracts and performance criteria. For example, the MAV offers broad advice:

In order to assess the performance of the CEO, the elected council determines systems for monitoring performance. This can be managed by specifying performance goals, key performance indicators and evaluation methods in the CEO’s contract of employment. The CEO’s performance is reviewed regularly and contracts of employment are signed for three or five year durations (MAV, 2010).

However, in both contexts councils are largely free, outside the legislative conditions, to prescribe their own conditions and individual requirements placed upon their CEOs. In both cases individual CEOs are left to negotiate their own
employment conditions including the terms of their contracts and the performance criteria by which the council will assess them on a regular basis.

**Impacts of the Reforms**

The introduction of managerialist requirements of competitive tendering, contracting out and competitive neutrality measures into Victorian and Queensland local governments brought a ‘dramatic change’ to the way CEOs went about their business (Worthington et al., 2002). The requirements introduced in Victoria were the most comprehensive, with all councils required to meet compulsory, competitively neutral pricing principles for tenders by 1997. In Queensland only large local urban governments were required to introduce competitive policy for major business. Assessments of the results of the introduction of the competitive reforms found success was largely derived from the introduction of improvements in the management practices and cultural change of local councils (Industry Commission, 1996). Management initiatives that established changes to work practices, the development of staff skills, the efficient use of capital and the identification of innovative and flexible service delivery methodologies were key factors contributing to CEOs succeeding in achieving savings from the competitive measures.

Evidence of the achievements of the reform process has been mixed and suggests they have not achieved their intended results. Despite the measures imposed by the Victorian government, the operation and culture of local governments remains little changed since the early 1990s. Surveys conducted in the first decade found little evidence to support changes to management practices in keeping with the intention of the reforms (Kloot and Martin, 2002, p. 16). More recent research shows the outcomes in terms of internal culture and leadership style are little changed from those prior to the introduction of the reforms: ‘CEOs in local government are still, by and large, from a public sector background. There has not been a successful injection of private sector expertise at that level’ (Dempsey, 2006, p. 257). The familiar clan-based culture is still overwhelmingly dominant, despite the reforms which were designed to overlay a market-oriented culture on the sector’ (Kloot and Martin, 2007, p. 495). Resistance to the purchaser provider basis for service delivery by both management and staff in Victorian local governments has tended to favour bids by in-house teams over external contractors (O’Flynn and Alford, 2008). A recent Auditor-General’s report found performance management capabilities in local government to be weak: ‘In most cases councillors and council staff are not equipped with the knowledge and skills required to fully understand and develop appropriate performance reports’ (VAG, 2008, p. 2). Not surprisingly, in the highly prescriptive and legalistic relationship
with the state government, Victorian local governments have seen minimum legal requirements as the maximum standard to be achieved.

Reports on the management policies and practices of Queensland local councils suggest many are not fully committed to corporate planning and NPM practices. Surveys have found only 15 of the 73 councils throughout the state could be regarded as having good governance practices in place. Four in five councils failed to implement asset management plans, only 56 per cent of councils’ corporate plans included long-term financial projections, and there has been limited integration between community consultation and policy development across all councils (DIP, 2009). In 2010 the Queensland Auditor-General reported that many councils had poor financial management practices, several councils had failed to reasonably separate the policy and administration functions, with councillors maintaining the discretion to allocate funding to specific projects or grants to community groups. Such poor governance practices, according to the Auditor-General, continued to produce potential for conflicts of interest and threatened the financial sustainability of these councils (QAO, 2009; QAO, 2010). Where councils had effective approaches to governance and financial management they tended to be large and located in metropolitan areas with highly qualified and experienced staff, effective management practices and clearer boundaries between policy and administration.

Despite these weaknesses at the organisational level there has been some evidence from both states to show that performance contracts are taken seriously by senior council staff and that there is commitment to establishing professional approaches to the work undertaken (Haidar and Spooner, 2009; QAO, 2010; DIP, 2009). CEOs in both systems recognise the uniqueness of their positions and tend not to compare themselves and their roles more with private or public sector managers. CEOs interviewed for this research focused more strongly on outcomes rather than on the management of processes; their roles are now firmly in the ‘political bureaucrat’ than ‘classical bureaucrat’ category (Putnam, 1975). This research extends Gerritsen’s (1998) earlier findings that reforms introduced by the state governments have clearly changed the focus of the CEO to approaches with greater emphasis on leadership and entrepreneurial activities.

The general conclusion from Australian and international experience is that embedding reform into an organisational culture is clearly challenging for all parties and requires more than regulation and legislation. The ‘one-size fits all’

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2 Good governance is seen by the Queensland Auditor-General to depend on transparency, accountability and equality in ways that are responsive to the present and future needs of the local government community (QOA, 2010, p. 27).
reform framework fails to recognise many of the difficulties of improving performance in the public sector. There are questions over whether local government performance as a whole can be improved by a central government reform process (Jones 2004; Kuhlmann, 2010). Victoria and Queensland have taken different paths to the way reforms of their local government sectors have been implemented. In both instances, however, there has been an increase in the importance of the role of the CEO to the effectiveness and sustainability of local councils. The performance of individual local councils rests very much on the capacities and performance of the CEO (Pullin and Haidar, 2003). The management of the tension between declining resources and increasing community demands has created substantial management pressures for local government CEOs. CEOs interviewed for this research confirmed that the establishment of employment conditions through effective contracts and performance management criteria can be fundamental to their relationship with the councillors and, as a result, to their success in the role and the overall performance of the organisation.

Conceptualising the CEO Experience

Reforms introduced into local government systems have resulted in increased and conflicting demands on those responsible for managing, organising and delivering local government services (Ahmad and Broussine, 2007). Increased areas of local government responsibility, a more competitive environment, a more demanding community, and restricted financial resources combined with contractual performance requirements in the often volatile world of local politics merge to produce a unique, complex and challenging environment for management and leadership.

Understanding the uniqueness of the CEO experience in local government will help to identify key capacities relevant to successfully undertaking the role. For guidance in considering the significance of the challenges in the role of local government CEOs, we can use the seminal work of Mintzberg’s (1998) three ‘edge’ model for public sector leaders as a frame of reference. In this model the CEO needs to provide leadership at the ‘operating edge’, where they connect with their managers and staff to bring about action from within the organisation. The CEO also needs to connect with the ‘stakeholder edge’; namely all the outside players that bring tangible pressures to bear especially on them. Finally, CEOs need to connect with the ‘political edge’; the politicians that are linked with the organisation and its operation. Each edge has considerable demands in its own right. Having the skills and experiences to manage and provide effective
leadership at each of the edges simultaneously requires a rare ability; in fact Mintzberg (1998) argues it is virtually impossible.

We can use the work of Broussine (2000) to support Mintzberg’s (1998) analysis in terms of the CEO’s personal capacities to manage the issues at each of the edges. Broussine (2000) has argued that it is the ‘capacity’ of CEOs rather than their competence that determines their ability to manage the interconnected, dynamic and paradoxical elements to their work. An examination of the role of the CEO in the context of the three edges will identify a particular set of circumstances and characteristics that assist in understanding the demands of the position and the important aspects of contractual and performance measures.

Information presented is derived from confidential semi-structured personal interviews with chief executives from large metropolitan local governments in Victoria and Queensland and non-government organisations in each state with special interest in municipal issues. A series of interview questions was developed, largely based on the current local government leadership literature, to guide each interview session but interviewees were given opportunities to expand on their own interpretations and analysis of the CEO role. These independent views provided an insight into the idiosyncrasies and complexities of the role of the CEO in each situation and contributed to refinements to the conceptual approach. Primary and secondary sources have been reviewed to support the conclusions reached.

**The Operating Edge**

According to Jones (1989, p. 81) the new public management and managerialist requirements of competitive tendering, contracting out and competitive neutrality measures have increased the skills required of the CEO in terms of managing the operations and long-term directions of local councils. The reforms affecting local government were intended to result in providing a more business-like framework to the local government management context. The intention of the reforms was for CEOs to take a strategic view of the council and its future, and not become involved in day-to-day routine. They were urged to manage by exception, to be skilled delegators, be interested in coordination, and would often spend time negotiating with other local councils, central government departments and private corporations with an influence in the area (Jones, 1989, p. 81).

A key aspect of the CEO role is the horizontal management of initiatives across the organisation. Siegel (2010, pp. 145-47) points to local governments’
challenges in dealing with ‘wicked problems’ that do not sit within specific local government functions. This expansion of activities has presented considerable management challenges, as CEOs are required to provide leadership across the spectrum of activities. For example, CEOs of large urban councils are required to deliver on council commitments for improved transport, quality urban environments, community services, council facilities, economic development, open governance and environmental leadership (SCC, 2006). CEOs interviewed for this research argued that it was critical to work with their elected members to identify clear and achievable outcomes in these areas when establishing key performance indicators for both themselves and their senior managers. Most important for these CEOs was the need to clarify the boundaries of politics and administration. The greatest disparities between councils were in Queensland, where small rural and remote councils exhibited the greatest levels of interference by councillors in the day-to-day running of the council. This is exacerbated by the fact that Queensland councillors are paid a full-time salary and tend to treat their roles as a job. In some instances CEOs needed to educate councillors and develop guidelines on their legal obligations in their dealings with professional staff.

Other factors such as managerial resistance, financial constraints, inexperience of existing council managers, and tensions between managerialism and the governance functions of local government have all contributed to the difficulties experienced by Victorian CEOs along Mintzberg’s (1998) ‘operating edge’ (Van Gramberg et al., 2000). To be successful in this organisational context, CEOs need the capacity to ‘lead, change and develop the organisation’ (Broussine, 2000, p. 503). CEOs interviewed for this research argued there are a number of dimensions at play here as they manage the critical aspects of their role. In order to be effective these CEOs argued they need to maintain consistency in their approach which includes being a champion of the values of the organisation, yet being adaptable to changed circumstances, and developing open and community-oriented approaches. CEOs need to ensure a balance between the achievement of measurable and reportable objectives and the pursuit of strategic long-term visionary objectives. In this regard CEOs in both Victoria and Queensland need to establish trust-based relationships with their councils that give them confidence the long-term interests of the community are being served by the actions of the organisation.

These dimensions are central elements of a transformational leadership style (for example raises followers’ consciousness about idealised goals and encourages followers to transcend their own self-interest for the sake of larger goals) that suits a value-based context perceived as necessary to harness the commitment and
motivation of staff with public sector motivations (Paarlberg and Lavigna, 2010). CEOs interviewed in this study confirmed the difficulties of maintaining these strategic elements of their role in the context of continual change. Election cycles contributed to this difficulty, with decisions by each state to change the frequency of elections from every 3 to every 4 years. Of particular concern in the Victorian context was the restriction of strategic planning due to the changing prescriptions of the state government. Queensland local governments, with their general competence powers should provide an environment where the CEO can exercise their capacity in this area. However, a number of Queensland CEOs argued the constant changes brought about through changes to state government legislation placed considerable controls and impositions on their performance in the role.

CEOs argued that they needed to work with uncertainty, ambiguity, and the inevitability of change. Broussine (2000, p. 503) has discussed the need to develop ‘appropriate’ power relationships between manager and staff which entail taking a team-based approach including both delegating where required and empowering staff to bring forward new ideas and innovations. In managing this ‘edge’ effectively CEOs also need the capacity to maintain focus on strategic and long-term issues. This dimension requires CEOs to effectively set and communicate the vision, develop the relevant organisational culture and keep the focus on the broad picture while also being cognisant of the limitations and potential of the organisation to achieve the vision. The strategies employed by CEOs in both Queensland and Victoria to bring about success in this dimension were based on a combination of previous experience and their individual capacities. Each interviewee indicated that they had a strong commitment to the value of their own ability to undertake this element of their role. They agreed that the terms and conditions under which they were prepared to be assessed needed to be established early in their employment negotiations. Performance indicators with which they believed their role could be measured sat comfortably with the outcomes-focus of managerialism introduced by the reform process. Performance measures were largely related to quantitative aspects along this ‘edge’ such as capital expenditure, service improvements and customer satisfaction levels. The more substantial difficulties of performance measurement related to the other dimensions of their roles along the political and stakeholder edges.

**The Political Edge**

CEOs interviewed for this research saw their effectiveness being directly related to the relationship they had with the elected representatives. Unlike their state and federal public sector counterparts, CEOs are not responsible to a single political
authority, such as a Minister. CEOs really have a unique situation in that they are responsible to each of their elected representatives. While the relationship between the Mayor and the CEO is critical, CEOs need to report and respond to all councillors. Siegel (2010, p. 152) regarded this as the most difficult task for the local government CEO. Being able to manage the political edge requires the strongest leadership skills of a CEO as they are often required to ‘lead up’: ‘Leading up involves the very subtle ability to work with a diverse and sometimes divided group of councillors to further the interests of the municipality and its residents’ (Seigel, 2010, p. 155). Surveys of Victorian CEOs have demonstrated that they rely on their personal value systems and sound judgments to deal with the political dimension of their work. The political dimension often raised ethical dilemmas and concerns, in particular clashes between the council administration and elected representatives (Dempsey, 2006; p. 278).

Other research findings have emphasised the difficulties of working along the political edge. A survey by Broussine, (2000, p. 506) identified the political dimension as the most ‘challenging and problematic’ aspect of successfully undertaking the CEO role, concluding that failure to recognise the need for balance between what is rational and what is political will contribute to an inability to work in this dimension. Self’s (1972) ‘junction’ of the political and administrative is an idea familiar to the CEOs interviewed for this research. Being able to realise the ideas of local councillors was still identified as a key skill of the successful CEO. There is no guiding central policy or mandate for local councils, so CEOs can be called upon to mediate in disputes over policy directions. Influencing directions, dealing with changing councillor expectations, spotting political trouble and being able to work well with the Mayor were all critical to success in the role. CEOs that had established ground rules about their relationships with the Mayor and councillors very early in their contracts argued this was a critical element to successfully undertaking their roles. A lack of clarity surrounding the council’s expectations about CEO roles and in particular concerning the boundaries between their respective roles only contributed to difficulties over time.

Other surveys have suggested that elected councillors have a significant impact on the career development and experience of Council CEOs. Interviewees discussed the often short-term nature of the role and the need to recognise their use-by date as political focus changes or new opportunities emerge elsewhere. Some suggest the onus is on the CEO to adapt to the managerial style of the Mayor. The ability to be flexible and change is what ultimately determines long-term success for individual CEOs (Martin and Simons, 2002; p. 74). Broussine (2010) discussed the need for CEOs to be ‘streetwise’ in terms of their ability to predict trouble and
manoeuvre through political ‘bear-traps’. Diamond (2007, ii) argued that for Victorian CEOs performance is not the major determinant of success; rather the capacity to engage councillors was identified as the most crucial issue in gaining successful outcomes. Queensland CEOs have also emphasised the importance of this balancing act. For example, one CEO claimed the success of working the politics/administration junction became a career highlight: ‘I think creating a level of stability within the organisation was probably one of my greatest achievements’ (Moore, 2010). Such activities can be time consuming, distracting and exhausting when, arguably, focus ought to be on broader issues and strategic directions. If the CEO is unable to establish stability early in their contract period it can be disruptive to council operations and the community.

Local government CEOs in Queensland and Victoria can be seen to comply with the responsive administrator model developed by Golden (2000). In this model, elected officials have final authority over major policy decisions models, they set the course and shape the terms of the relationship with administrators. Elected officials may be activists committed to a political agenda or may be authorised by the formal structure to fill a dominant leadership role over administrators. The model recognises a questioning and resistant approach by CEOs, even if there is eventually responsiveness to political goals. Loyalty can be based on either questioning compliance to directions, which is more characteristic of the separate roles model, or acceptance of political goals, which reflects the responsive administrator model. This model is based on the presumption that politicians are looking for politically responsive competence from administrators and that CEOs find it to be in their interests to provide it (Svara, 2006, p. 960).

Being effective along the political edge can mark the difference between success and failure for a CEO. Perhaps the most challenging aspect is to incorporate performance indicators into a contract. Most CEOs argued that this is impossible and therefore irrelevant to the contractual arrangements. The subjectivity of ‘getting on with the Mayor’ was perceived as a key element, yet is difficult if not impossible to measure. Shifting with the political tide also raises the possibility of the CEO looking weak to senior managers and staff who may find constant change in policy emphasis disruptive and de-motivating. This is where the CEO needs to draw on their capacity to mix their own ideas with particular political circumstance and to balance what is rational with what is political (Broussine, 2000, p. 502). The CEO must be policy-oriented but not political (Siegal, 2010, p. 157). Without this balance there can be serious consequences. Several empirical studies have suggested that political disputes can be a significant cause of CEO turnover contributing to resignation prior to contract completions (see, for example, McCabe, Feiock, Clingermayer, 2003; Boyne, James, John, &
Petrovsky, 2010). Changes in these key areas are unsettling to the organisation and impact on policy outcomes.

The Stakeholder Edge

As a result of the local government reforms CEOs in Victoria and Queensland are directly involved in a broad range of issues under each area of council activity. Taking a lead role in complex multi-stakeholder negotiations entails that the CEO needs skills to resolve matters in a way that is simultaneously administratively and politically feasible. CEOs now deal with a wide range of stakeholders, including representatives from the local community, government agencies from both national and state governments, other councils in their region, the media, clients and contractors. NPM reforms in both Queensland and Victoria have resulted in CEOs being required to broaden their outlook in terms of service delivery alongside looking for entrepreneurial opportunities. Most of the CEOs interviewed for this research argued that they now spend more time dealing with stakeholders and clients than they do with the Mayor and councillors.

Victorian local governments have been required to consult with their communities since the late 1990s. Under Section 7 of the *Local Government Act 1989* a local government is required to ‘develop a program of regular consultation with its community in relation to the services it provides’. Councils develop community plans that reflect the state government’s requirements to consult with relevant groups. Demands for community consultation require considerable demands on organisational and management skills of the CEO and senior managers. Policies established need to strike a balance between the seemingly conflicting demands for administrative efficiency and open, accountable, democratic decision-making processes. One example is the Darebin City Council’s Community Consultation Policy, which established commitments including providing opportunities for direct community involvement in decision-making, ensured governance processes are equitable and provided effective access to all members of the community (City of Darebin, 2002, p. 9). The ability to undertake such commitments emphasises the management skills of the CEO and their importance to both the council and the community. As an example Victoria’s Portland Shire Council recognises the importance of the connectedness of the CEO to community development. Without a CEO who can build strong relationships with key stakeholders, the council argues ‘nothing much gets done in Portland’ (Meldrum, 2010). Surveys reveal that the majority of Victorian senior local government officers actively persuade local councillors to adopt policy decisions that are in the interest of the broader community (Haidar et al., 2009, p. 92).
In 2007 the Queensland government introduced measures encouraging councils to establish governance and community engagement policies. Such measures have increased the need for councils to undertake community consultation processes and integrate them with all other aspects of council planning. Initial research has found that early responses to community engagement have been mixed. While 98% of Queensland local councils have some form of community engagement activity there is some difficulty in transferring this engagement into governance practices. The key management issue of integrating community engagement into the planning processes of councils has only been undertaken by one third of councils (DIP, 2009).

Broussine, (2003) has observed several trends as a result of the introduction of many NPM reforms. Local government CEOs are now required to represent the interest of the community as a whole in decision-making in a multi-stakeholder environment and alongside ensuring that the council operates within the law. Resisting political pressure from those responsible for framing CEOs’ employment contracts can place considerable pressure on neutrality and public service integrity. CEOs are thus inevitably drawn into the policy process through their negotiations with representatives from local associations, surrounding local councils, and the general community. CEOs also have to be able to initiate concerted action, not only within their own organisations but among a set of stakeholders with different and competing interests. Since the emergence of regional approaches to local government issues (see, for example, Marshall, Dollery and Witherby, 2003) other councils have also formed part of the ‘stakeholder edge’. The re-emphasis on Regional Organisations of Councils (ROCs) in the 1990s has witnessed the importance of regional cooperation in terms of government funding and development planning. Managing this range of sometimes competing interests is a challenging aspect of the CEO’s responsibilities. CEOs described the need for personal qualities of courage, passion and resilience in many situations they face along the stakeholder edge.

The local government reforms in both Queensland and Victoria have seen CEOs increasingly drawn into the political process resulting in a certain degree of ambiguity in the role. This requires strong leadership skills to manage appropriately. With no clear political mandate at the local level, elected representatives are free to pursue their own agenda. Policy skills are generally weak for part-time councillors in Victoria and for councillors in regional and remote areas in the Queensland system. CEOs need to take a strong leadership role with these councillors by educating and developing guidelines for appropriate actions in terms of strategy and policy development. It is in such circumstances
that Siegel (2010) sees the need for CEOs to have the skills of ‘managing up’. The reality of councillors representing the community as a whole can become questionable, particularly in division-based or multi-ward systems, where candidates are elected by a specific geographic area rather than by the broader council jurisdiction. Particular interests can benefit from fielding their own candidates and placing pressure on others to support specific proposals. In such circumstances, CEOs can become the voice of the community in the policy process as they are exposed to broader issues through managing along the stakeholder dimension.

Managing relationships with state and federal agencies has become a significant element of the CEO’s role. National governments have become increasingly involved in local government issues as they see local councils as effective partners in the delivery of programmes and services. Councils need to negotiate with these agencies and help ensure these programmes reflect the needs of their communities. The capacity to work with other agencies as an important corollary of ‘joined up government’, and one that contributes to achieving local government objectives. For Broussine (2003) the chief executive occupies a role at the boundary of the internal and external worlds of the organisation. CEOs argue the requirements of government agencies often place time consuming and conflicting demands upon them as they need to adjust council processes to the amendments to legislation and ensure national and state policy objectives fit with community needs and expectations. One example has been the amendments to planning legislation in Queensland in 2009. Queensland CEOs argue these amendments have been poorly managed by state government agencies as they have been imposed without consultation, without consideration of the implications for council resources, and without crucial consideration of the views of local communities.

Siegel (2010) observed that when working along the ‘stakeholder edge’ the CEO can become both broker and a diplomat. In some cases the CEO needs to take the lead role in pursuing opportunities for the local area simply because they have the required skills and knowledge. Opportunities for joint ventures that require considerable investment and contractual obligations by the council can see the CEO in delicate negotiations where they make significant decisions of a complex nature. Yet the CEO also needs to be aware of not going too far outside the policy objectives of the council and the needs of the community. Without these capacities in their CEO, local governments can miss opportunities for improvements and development within their community. But there is a need for balance as councils consider the extent of freedom they delegate to their CEO in pursuing such opportunities along the stakeholder edge. CEOs also need to
balance their legal and political obligations with the demands for more entrepreneurial approaches to the projects they undertake.

**CEO Contracts and Performance**

The contractual and performance arrangements established by the elected councillors can considerably impact on a CEO’s ability to successfully undertake their role. Despite the legislative attempts through the reform process to separate the political and administrative functions, there continues to be considerable scope for political interference. CEOs interviewed for this research argued their contracts played a minor role in determining their day-to-day performance. But they did agree that the initial negotiations over their contracts required high-level negotiation skills on their behalf to establish the conditions under which they were prepared to work. Their performance indicators served as the basis for the performance of senior managers and the organisation as a whole. There have been continuing calls for contractual arrangements for CEOs to be more specific in terms of clarifying roles and providing clear guidance for performance measures (Jones, 2004; Gerritsen et al., 1998). Councillors, particularly those in smaller, non-metropolitan councils, tend to lack expertise in developing precise performance criteria when drafting CEO contracts. Adding to the difficulties are the results of recent reports which show that the employment relationships in many local councils continue to be politicised (Haidar et al., 2009). These factors can be critical in the local government context under new contractual employment arrangements with poor job security and lack of tenure.

Despite these limitations CEOs have been shown to be highly professional and committed to fair and equitable performance evaluation processes, however in circumstances of *unclear* and *unwritten* performance measures there is a tendency to adopt a ‘more mobile attitude to their employment’ (Pullin & Haidar, 2003). Such circumstances, if coupled with poor performance appraisal systems, have been shown to affect the psychological contract between the employer and employee and contribute to a lack of engagement with the work, a reduced level of motivation in developing new ideas and innovation, reduced job satisfaction and organisational commitment (Ghorpade, Chen and Caggiano 1995; Blau, 1999: Kavanah, Benson and Brown, 2007).

Experience in Queensland has shown costly disputes, organisational instability and poor performance can emerge between a council and its CEO resulting from poorly articulated and disputed performance criteria (Maeseele, 2010; Chambers, 2009). Some research has suggested that turnover of CEOs has flow-on effects contributing to senior management turnover following a chief executive
succession (Boyne, James, John, and Petrovsky, 2010). Concurrently, other evidence suggests that local councils which perform well have lower numbers of CEO successions (Boyne, John and Petrovsky, 2008: Ashworth, Boyne, and Entwistle, 2010). The uniqueness of the local government context renders inherent difficulties in establishing measurable organisational and individual performance goals and targets which can accommodate the need for flexibility and balance when dealing with the dynamism of political and community demands. The paradox is one of the requirements for accuracy in reflecting the nature of the CEO’s role alongside the demand of fairness in applying the specifics of performance measures. The application of Mintzberg’s (1998) framework has provided an insight into the demands of the CEO role in the local government context and the requirement that CEOs must operate along the three edges at the same time.

It is largely because of this uniqueness that the majority of CEOs are reluctant to subscribe to the value of any particular management theory. ‘The experience of being a leader in local government is more complex and contradictory than conventional management textbooks would allow’ (Dempsey, 2006, p. 278). Such findings are in keeping with Broussine’s (2000) argument that CEOs are defined by their capacity rather than by a specific list of competencies that emphasise a legislatively mandated approach to the management context. The key competencies required of a CEO are the ability to hold complexity, ambiguity and paradox in order to be effective (Broussine, 2000, p. 501). These were the findings of Dempsey (2006) in her examination of CEOs in Victoria and were reinforced in the findings of this research examining both Victorian and Queensland local government CEOs. CEOs discussed the need for courage, resilience and strength of character as being critical capacities to achieving their objectives. The challenge for councils is to recognise this uniqueness in their recruitment and selection of candidates for the CEO position. Bozionelas (2005) found that sometimes the best person for the job was not selected; rather, panel members chose the person most like themselves; the one they felt comfortable with, with a view to building relationships with the new person, thereby strengthening their own power base (Dempsey & Diamond, 2006). Such practices contribute to slow rates of change to local government performance. Local government managers associations in both Victoria and Queensland have been working towards redressing this by offering advisory services, model contracts and performance indicators for councils seeking to appoint a new CEO. Queensland councils tend to work on their own throughout the appointment process preferring to negotiate contracts and performance measures directly with the chosen candidate. For small councils, this process contributes to poor performance figures identified in the Ombudsman and Auditor-General’s reports.
Victorian CEOs also prefer the presence of third parties, primarily legal advisers or HR consultants, throughout the performance assessment process to ensure councils do not make unprecedented or unconfirmed demands. In this context councils are reluctant to pursue strategies outside those prescribed in legislation. Many CEOs are constrained by the conservatism of this approach and are reluctant to pursue the more entrepreneurial strategic opportunities encouraged by the reforms.

**Conclusion**

The reforms introduced by the Queensland and Victorian governments since the 1980s have increased the range and complexity of responsibilities of local governments. These reforms have contributed to the uniqueness of the management and leadership role of local council CEOs. The need to manage and lead simultaneously along the three ‘edges’ identified by Mintzberg (1998) entails that the local government CEO faces considerable challenges generally not required by other CEOs in the public or private sectors.

The Victorian reforms have not produced consistency in local council performance despite the highly prescriptive nature of the local government legislation. There is still sufficient room for individual discretion by councils to restrict improvements to management practices either through political interference or an inability to take a strategic focus. Prescription promotes a highly legalistic approach to CEO contractual arrangements which can contribute to a reduced focus on the full potential of the CEO’s role and responsibilities. The prescriptive basis to the Victorian system entails CEOs often have difficulty getting councils to consider initiatives beyond the requirements of the legislation or beyond a limited number of quantitative measurable performance indicators.

Queensland CEOs argued they had greater potential to achieve an entrepreneurial focus than their Victorian counterparts. The *Queensland Local Government Act (2009)* general competence approach provides less prescription and allows greater potential for CEOs and councils to negotiate broader qualitative performance indicators. In most cases the opportunity to pursue higher level strategic goals can be determined by the willingness of the Mayor and the council and the negotiating skills and capacities of the CEO. For example, one CEO discussed his initiative to pursue an opportunity to guide a major redevelopment of the CBD through initiating joint venture agreements. By setting the boundaries early in the contractual arrangements supported by appropriate and relevant performance indicators, Queensland CEOs argued they can lead organisational change,
improve performance and sustainability and move councils beyond what one CEO called ‘pothole politics’.

In both states effective managers and CEOs that are given management discretion with little political interference from councillors guided the better performing councils. Poor performing councils are politically fractious where CEOs tend to maintain the traditional town clerk approach to management with the Mayor maintaining strong executive control.

Research suggests that CEOs can be a significant catalyst for change within the local government system. Successful CEOs share several common characteristics which reflect the ability to effectively manage their councils along the three edges. These CEOs tend to possess transformational, charismatic and almost superhuman qualities. Their ability to manage along the political edge by separating themselves from electoral politics while remaining politically sensitive is the most common factor contributing to their ability to successfully do their job. A key challenge for councils is to establish contractual and performance management systems that allow these superheroes to achieve their objectives, to deal more effectively with challenges facing our communities and contribute to more sustainable local governments.
References


SCC (Sydney City Council). (2006), ‘Item 3.2 Appointment of Chief Executive Officer’, Minute by the Mayor, 7 August.


