Australian Local Government **CEO Index 2026**

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This is more than research.

It is the collective experience of Australia's local government leaders. Use these insights to benchmark your thinking, test your priorities and strengthen the decisions that will shape your organisation and community. The strongest communities are built by leaders who never stop learning from one another.

Australian Local Government CEO Index 2026

Digital transformation is now firmly embedded in day-to-day operations. The focus on business continuity has eased from its pandemic peak.

Welcome

by Jacqui Wightman
Davidson CEO

Few leadership roles are as closely connected to the everyday life of a community as that of a local government CEO.

The decisions CEOs make shape the places people call home, the services they rely on and the confidence communities have in their future.

That responsibility is significant. Community expectations continue to rise, resources are stretched, wellbeing pressures are growing and decisions are made in full public view. It is demanding work, but it is also deeply purposeful.

For more than 35 years, Davidson has worked alongside local government leaders as they navigate this complex and rewarding environment. Through that work, we have developed a deep respect for the role local government plays in building strong, connected and resilient communities.

Even in a sector built around community, the CEO role can feel isolating. CEOs balance the expectations of their community, elected members, workforces and stakeholders, while making difficult trade-offs and continuing to plan for the future within constrained budgets.

Access to the experiences and perspectives of peers matters. It enables leaders to test their thinking, learn from practical examples and recognise that they are not facing these pressures alone.

That is why Davidson's Australian Local Government CEO Index exists.

The Index gives local government leaders a clearer view of what their peers are experiencing, where priorities are shifting and how councils across the country are responding.

We launched the Index during one of the most disruptive periods the sector had faced. The pandemic created an urgent need to ask the right questions, listen carefully, bring shared lessons together and help leaders learn from one another.

Six years on, the Index has become a valued source of insight for CEOs. Its value extends beyond the data. It is in the honest conversations it encourages and the opportunity it creates for leaders to share what is working, where challenges remain and where new thinking is needed.

This year's Index tells a story of both a sector managing significant changes while finding ways to continue providing the services communities rely on.

Digital transformation is now firmly embedded in day-to-day operations. Business continuity has eased from its pandemic peak. Cyber security remains high on leadership agendas while AI is advancing quickly even as organisational capability, confidence and governance continue to mature.

Yet the priorities CEOs return to again and again remain deeply human: leadership capability, community resilience, workforce wellbeing and organisational culture.

Across Davidson's work with local government, we see how closely these issues are connected. Whether we are helping councils review revenue, services and assets, deliver transformation, provide assurance through periods of change, attract and retain specialist leaders or build organisational capability for technology change, we see the same challenges emerge time and time again.

That experience has reinforced a clear view for me: local government needs leaders who bring together public purpose and commercial judgement, local understanding and fresh thinking, with the confidence to make difficult decisions and bring people with them.

Technical capability matters, but it is not enough.

The leaders who stand out are those who understand the character and complexity of the communities they serve. They listen, build trust, make difficult decisions and keep sight of the long-term impact those decisions have on their communities.

What I continue to hear from local government CEOs is that they are expected to manage today's pressures while preparing their organisations for what comes next. That balance is not easy, which is why opportunities to learn from one another matter.

I see the Index as more than a research report. It is an opportunity to step back from the day-to-day demands of the role, compare perspectives and take confidence from a sector that continues to learn and move forward together.

I hope this year's Index gives you a clearer sense of where the sector is heading, practical ideas to take back to your council and reassurance that other CEOs are working through many of the same challenges.

If it helps you to start a useful conversation or feel better equipped for the next decision in front of you, it will have served its purpose.

Jacqui Wightman

Highest ranking priorities across local government

01 Leadership capability

02 People leadership and organisational culture

03 Service redesign and improvements

04 Community resilience and wellbeing

05 Talent attraction / retention

Key themes

112 CEOs contributed to this year's Index, sharing their perspectives on the most pressing leadership, operational and transformation challenges facing local government.

The 2026 Index focuses on seven key themes:

1. Leadership and talent
2. Financial sustainability
3. Performance and operations
4. AI and technology
5. Shared services
6. ESG and climate change
7. Wellbeing

Key findings

Across these themes, a few standout insights emerged:

- **Leadership capability remains critical to performance in local government, but the talent pipeline remains under strain.** 91% of CEOs are concerned about leadership gaps and difficulties employing the right skills, with engineers and senior executives the most frequently cited capability concerns.
- **Rising financial pressure is forcing Councils to rethink how they operate.** 80% of CEOs report a negative impact on financial sustainability from economic conditions (up from 69% in 2025), while only 5% report a positive impact. This is driving greater focus on service redesign, asset renewal, procurement discipline and new revenue.
- **Performance uplift has become the sector's central priority, with 92% of CEOs agreeing it is a key priority.** The leading areas for improvement are containing costs and maximising revenue, leadership capability, service reviews and digital transformation.
- **Once seen as innovation, technology is now perceived as core to both performance and risk.** For instance, 80% of CEOs rate AI's expected productivity impact at six out of 10 or higher, yet only 21% say their organisation is prepared or very prepared for its future impacts.
- **Shared services are well established in some operational areas but remain limited in technology.** 52% of councils currently share non-technology services, compared with only 17% using shared technology services. A further 30% intend to pursue technology sharing in the future.
- **ESG readiness is improving, but levels of maturity vary across the sector.** Approximately 46% of CEOs say their Council is prepared, very prepared or extremely prepared for new ESG reporting obligations, up from 40% in 2025.
- **Wellbeing pressures are closely linked to governance and operating conditions.** Councillor behaviour remains the leading issue keeping CEOs awake at night, cited by 50%, followed by sustainability and cyber threats.

Australian Local Government CEO Index comparative analysis (2021–2026)

by Luke Heine
National Senior Partner | Strategy & Performance | Davidson

Our CEOs are navigating a tougher operating environment than ever seen before.

While this has been the case over the past six years of the CEO Index, the last 12 months have applied an extra layer of pressure on our local government leaders.

CEOs tell me they have tighter budgets, gaps in leadership capability and higher expectations around service delivery.

There is also the personal impact of carrying the responsibilities of the role.

In this environment, they are having to show their mettle and think differently about where best to invest for the highest return for their communities.

The responses to this year's Davidson Australian Local Government CEO Index survey show growing strain in almost every area.

80% of local government leaders now report being under financial strain. This is up from 69% just a year ago and 51% in 2022.

There are several factors driving this. The rising cost of living, fuel and broader supply chain pressures are the macroeconomic conditions.

At the same time, many councils are experiencing 'scope creep' with the services they are expected to deliver. They have limited ability to raise revenue compared with State and Federal governments and are getting a reduced share of funding. Rate increases alone are not sustainable, so they are turning to service redesign or outsourcing non-essential services.

Performance and operations

In this Index, nearly all CEOs say they will look to contain costs and maximise revenue to make services more efficient.

However, this does not have to result in ruthless cutting of key services for the community.

A good example was found in a recent service review Davidson carried out for an outer Melbourne Council.

The service review identified an animal management service was operating from an older facility building and had high operating costs. A nearby non-government organisation (NGO) was providing a similar and more efficient service from a newer facility.

By outsourcing the service to the NGO, the Council could free up a costly older asset while supporting the community's animal management needs.

CEOs will often face pushback when cutting old or optional services. This example shows the value of service planning and reviews.

Technology and shared services

Cybersecurity also remains a top concern for CEOs across Australia, with data breaches and cyber-attacks an ever-present threat.

At the same time, they are prioritising digital transformation, and many see AI presenting new opportunities for shared services across local government.

Through our work with councils, we're supporting them to plan, govern and independently assure their digital transformation programs.

Our conversations with CEOs increasingly include how AI can be adopted safely, with councils exploring common policies, governance frameworks and priority use cases that can be adapted across multiple organisations.

This year's Index reveals CEOs are increasingly looking to AI, which entered their top three technology priorities for the first time.

The majority expect it to eventually have a meaningful impact on productivity. For the late adopters, there may be opportunities to learn from those who have already experimented with AI implementation or share knowledge on policies and procedures.

This is being led by organisations such as LG Pro and the Municipal Association of Victoria (MAV). Both are working on knowledge sharing and developing use cases, which will be key to the safe adoption of the technology.

Only 17% of CEOs said they share technology services, compared with 52% who share services in other areas. However, with a further 30% indicating an intention to share technology services in the future, this gap could begin to close in the years ahead.

Some CEOs are calling for investment in shared systems and infrastructure to be mandated, which would deliver savings as well as contribute to performance uplift.

Leadership and skills gaps

Engineers and senior executives are the roles most in demand, and hardest to fill.

91% of CEOs are concerned about gaps in leadership talent and are finding it difficult to find senior people with the right technical and soft skills.

Leadership capability was the top employee wellbeing priority for CEOs this year, followed by retaining high performers and flexible working arrangements.

Councils need leaders who can make tough service decisions to cut, redesign, or outsource services, when necessary, but making these difficult calls is only part of the skillset required. The same leaders need to be able to communicate why these changes are necessary while bringing staff and the wider community on the change journey with them.

Our Executive and Talent team has recently placed several local government CEOs and senior executives with experience gained from outside the sector. Leadership qualities such as commercial acumen, a willingness to challenge the status quo and an openness to change are increasingly driving recruitment decisions. Leaders looking to make the jump into local government often seek our coaching and leadership support to navigate the sector's unique challenges.

Innovating and adapting

Across the board, there is a strong focus on reshaping legacy services or stepping back from directly delivering them.

Compared with 2025, service redesign is now seen as necessary rather than optional in response to economic conditions.

Funding reforms would help many councils, but there is still a need to find savings where they can.

This year's Index highlights the future potential for councils to reduce costs and improve their overall operations through shared services and infrastructure.

There is also the opportunity for local government CEOs to work more closely together to share practical solutions to help make their councils sustainable for the future.

Councils need leaders who can make tough service decisions while bringing staff and the wider community on the change journey with them.

Leadership capability is the smartest investment councils can make

by Luke Henningsen
National Senior Partner | Executive & Talent | Davidson

In executive search, the conversation is rarely about filling a vacancy. CEOs are thinking more broadly about the leadership capability their organisation will need for what comes next.

In today's environment, they require leaders who bring strong financial capability, experience leading significant change, the ability to build trust and the political judgement to advocate effectively in increasingly constrained environments.

These conversations reflect what Davidson is seeing across the sector. Local government CEOs are being asked to lead through a level of complexity not many anticipated even a few years ago.

Financial sustainability. Community expectations. Workforce capability. Technology. Governance. None of these challenges exist in isolation and every decision affects another.

This year's Australian Local Government CEO Index reflects that reality. 92% of CEOs identified improving organisational performance and community outcomes as a key priority. At the same time, 91% are concerned about leadership talent gaps and their ability to access the skills they will need over the next 12 months.

Combining these two key findings tells us councils are no longer simply trying to do more with less. They're completely redesigning how they perform while the operating environment continues to tighten.

Having worked in executive search and leadership advisory for many years, I've learnt talent conversations rarely stay focused on recruitment for long. They quickly become conversations about leadership, succession and organisational capability. Increasingly, these conversations are becoming more about the style of leaders councils will need as the operating environment becomes more complex.

For years, workforce conversations in local government focused on attracting specialist skills. Engineers, planners and senior executives remain some of the sector's hardest roles to fill. Today, the conversation has broadened. Increasingly, councils are looking for leaders who can work across different directorates and environments, rather than relying solely on deep subject matter expertise.

To me, leadership capability sits under almost every priority that councils are trying to deliver.

The expectations of our leaders have changed

Today's CEOs are making decisions in an environment where uncertainty has become the norm.

Economic conditions continue to place pressure on financial sustainability, with 80% of CEOs reporting a negative impact. At the same time, councils are having to invest in service redesign, leadership capability, digital transformation and culture to improve organisational performance.

Artificial intelligence has rapidly become one of the sector's highest technology priorities, yet only 21% of CEOs believe their organisation is prepared, or very prepared, for its future impact.

These pressures are reshaping leadership itself. Financial constraint, technology risk, increasing public scrutiny and growing community expectations are making executive roles more demanding than ever. They're also making it harder for councils to attract and retain experienced leaders who can thrive in this environment. Leadership capability gives organisations the confidence to respond, even when every answer isn't yet clear.

The strongest councils aren't necessarily those with the fewest vacancies. They're the ones investing in succession planning, developing future leaders and creating environments where talented people choose to stay.

Building capability takes a longer view

Increasingly, we're seeing councils look beyond traditional local government career paths. There's a stronger appetite for leaders with blended public and private sector experience, as well as aspiring and first-time CEOs who bring fresh thinking, commercial acumen and contemporary approaches.

Our work with councils consistently reinforces that recruitment is only one part of the picture.

The strongest councils aren't necessarily those with the fewest vacancies. They're the ones investing in succession planning, developing future leaders and creating environments where talented people choose to stay.

Davidson's CEO Index reinforces that point.

Leadership capability emerged not only as a priority for organisational performance, but also as the highest employee wellbeing priority identified by CEOs. To me, that's one of the most important findings in this year's research.

It tells us leadership influences far more than workforce planning. It shapes resilience, culture, wellbeing and an organisation's capacity to adapt as circumstances change.

Looking ahead

As the pressures facing local government continue to evolve, so will the capabilities leaders need.

> **Perhaps the question councils need to ask is no longer, 'Where will we find our next CEO?' Instead, it may be, 'How are we attracting, developing and supporting the leaders our organisations will need next?'**

From where I sit, that's one of the most important conversations the sector can be having.

Leadership capability isn't simply another item on the priority list. It's the catalyst that makes every other priority possible.

Leadership and talent

Key findings

- **Leadership capability** remains one of the sector's most important performance levers and one of its most persistent constraints.
- **91% of CEOs agree they are concerned about leadership talent gaps over the next 12 months.** This result is identical to the elevated concern recorded in 2025.
- **The capability challenge now extends well beyond hard-to-fill technical roles.** Engineers and senior executives were the equal most frequently selected skill areas of concern (both 38%), followed by building surveyors and inspectors (35%), statutory planners (31%) and project management professionals (29%).
- **Leadership capability is also the highest-ranked employee wellbeing priority,** with psychosocial safety and retaining high performers also ranking high, reinforcing the close relationship between leadership quality, workforce stability and organisational performance.
- **CEOs generally feel well supported inside their organisations.** 66% feel supported by their executive team to a great degree, and 30% feel supported to some degree while just 4% say they receive low levels of support. Council support is also positive, although less consistent: 87% feel supported to some or a great degree, while 13% report minor or no support.
- **Formal CEO development remains inconsistent.** On the one hand, annual performance reviews are widespread, with 77% of CEOs participating during the previous year. On the other hand, 45% describe the process either as only okay, or not well conducted. Peer support networks are used more frequently than coaching, mentoring, professional training or short courses.

CEOs identified their top skills shortages and leadership talent gaps

01	Engineers
02	Senior executives
03	Building surveyors and inspectors
04	Statutory planners
05	Project management
06	Finance and payroll
07	Artificial intelligence
08	Governance
09	Strategic planners
10	Technology

EXPERT COMMENTARY

Talent retention, attraction & leadership capability

by Roslyn Wai
CEO, City of Melton, VIC

Having been a Shire Council for more than a century, the City of Melton, in the outer west of metropolitan Melbourne, has only been a City Council for 14 years. It is one of the youngest cities in the country and one of the fastest growing. Its population forecast for 2026 is 254,482 and is expected to grow to 455,980 by 2046.

When I joined Council in early 2022, I walked into one of the most exciting workplace transformation and city growth opportunities in local government. With its established roots as a shire, and the pace of city growth gathering momentum, Council was committed to change for the benefit of the community. What excited me was a governing group that was ambitious but appropriately measured. They understood the need to invest inwardly to better serve a growing and diverse community and to advance our workplace.

This inward focus included considering whether our structures, systems and ways of working still served us as they once had. The appetite for change across the workforce was high.

Given the many potential paths we could take, staff were invited to participate in an all-organisation review, while leaders led accelerated service planning. It was clear that our highly engaged workforce wanted change, but genuine transformational change was unfamiliar to many. We also needed to invest in our people, so they were change-ready and resilient. The development of the Workplace Transformation Plan was staff-driven, giving our people ownership of our 'why'.

My early focus was on understanding and respecting the past, delivering quick wins to build workplace confidence, and driving value for the community. We have stayed true to making sound business decisions, not popular decisions.

An engaged workforce leading the change they want to see has been the secret ingredient. We have focused on retaining corporate knowledge and experience while moving the organisation forward, where possible, with existing talent supported by new talent from both within and outside the sector.

In that first year, we developed our employee-led Workplace Transformation Plan with four pillars: People, Customer, Technology, and Growth. The Growth pillar was about growing our workforce with a sustainability mindset. As part of implementing the plan, we had a period of necessary workforce growth. While our turnover has remained below the sector average, more than half the workforce has joined us within the past three years.

The plan has been intentional about organising our workforce to ensure we have the right people, capability, skills and teams for now and the future. Maintaining a high level of operating efficiency has been a priority, while investing now in the revenue streams of the future.

While Council provided the authorising environment for workplace change, its expectation was that we would also increase momentum on capital delivery and add value for the community. **Our capital delivery has grown five-fold since 2021/22 and is $258.7 million for 2026/27.** Council also had a non-negotiable focus on continuous improvement in customer experience across more than 100 services supporting the community.

Another Council priority is generating alternative revenue. We established a commercial team, identified more than 60 opportunities to explore, and began with low-effort, high-value initiatives, including an investment portfolio.

For some years, Council has had a joint venture with a developer. The development is called Atherstone, a master-planned estate in Cobblebank that will ultimately be home to 4,500 dwellings and 15,000 residents. Revenue from this joint venture has enabled Council to invest in the five-storey Cobblebank Community Hub, which will be tenanted by much-needed community services, and a new regional-level aquatic centre in Fraser Rise, set to open in 2028.

> **As competition for talent is real, a sense of excitement, buy-in and a culture of respect have been important. This year's CEO Index indicates these challenges are a nationwide phenomenon.**

The Index shows that 91% of CEOs either agree or strongly agree that they are concerned about leadership talent gaps in the next 12 months and have struggled in some areas to employ the right skills.

The largest skill concerns identified by the Index include engineers, senior executives, building surveyors and inspectors, and statutory planners. This is no surprise to me, as skills shortages in some professions, competition from other sectors and locations mean a new job proposition must be compelling. Our employee benefits, change agenda and genuine career opportunities have helped us attract new talent.

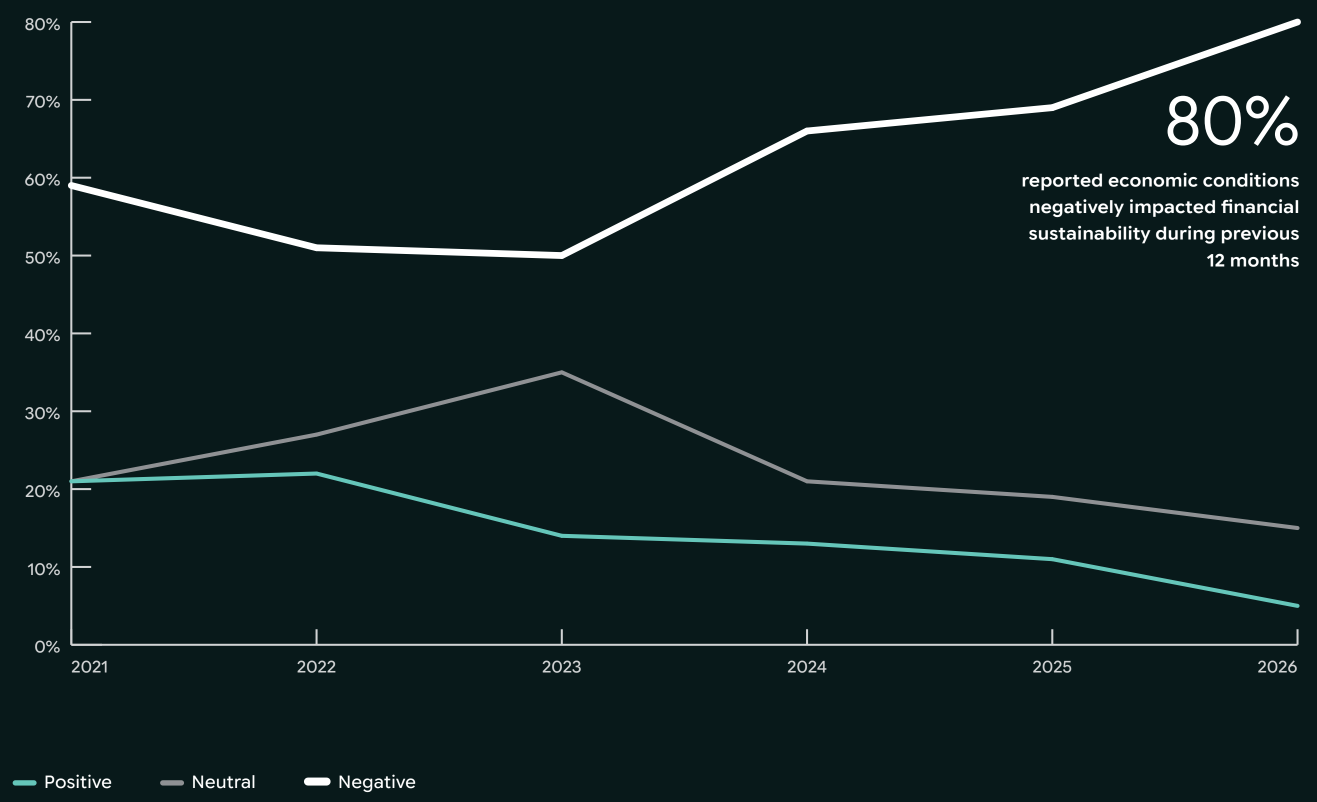
Through commercial activity, and the positive economic flow-on effects of our initiatives, our actions as a council help boost our local economy despite any headwinds that may arise. This provides a source of stability and further growth that we hope will continue to attract talented professionals to our area.

Financial sustainability

Key findings

- **80% of CEOs report economic conditions negatively affected their Council's financial sustainability during the previous 12 months, up from 69% in 2025.** Only 5% report a positive impact, down from 11% in 2025.
- **The negative impact of economic conditions on community engagement and employee wellbeing peaked during the pandemic.** However, negative views on financial sustainability are at their highest level since the CEO Index began.
- **CEOs are concentrating on the levers they can control.** Service redesign and improvement is the highest-ranked financial sustainability priority, followed by asset management in second. Procurement and the cost of goods and services, and new revenue opportunities, sit at an equal third priority.
- **Contingency planning and public-private partnerships remain among the lowest-ranked financial levers.** This may suggest that CEOs are currently focused more heavily on internal reform, asset decisions, and procurement discipline than on alternative financing structures.
- **CEOs repeatedly call for changes to funding arrangements, rate settings, cost shifting, untied grants and infrastructure support.** They also call for local government to be treated as a delivery partner rather than an administrative extension of other tiers of government.

What impact has current economic conditions had on your organisation's financial sustainability over the previous 12 months (24/25) compared with previous years?



EXPERT COMMENTARY

Financial sustainability

by Scott Osmon
CEO, Douglas Shire Council, QLD

A concerning 80% of local government CEOs report economic conditions are negatively affecting their organisations' financial sustainability, which is up from 69% in 2025.

I'm sure this datapoint will come as no surprise to those reading this Index. Across the board, most Councils are experiencing a challenging confluence of inflationary pressure and cost shifting from other levels of government.

Local government is not immune to the economic pressures now facing businesses and households across Australia. Inflation has increased the cost of delivering essential community services, while fuel costs and global instability have also flowed through to Council budgets.

Earlier this year, the fuel crisis drove significant increases in the cost of bitumen, concrete and other petroleum-based materials that Councils rely on every day to maintain roads, footpaths and public infrastructure. For a remote council, such as ours in Far North Queensland, there are extensive assets across a geographically dispersed area. That has meant the cost increases have been substantial and difficult to absorb, despite having increased the burden on our ratepayers.

Inflation is only part of the story. Increasingly, local governments are bearing responsibilities and costs that were once funded or managed by other levels of government. This cost shifting places further strain on already stretched budgets.

In Douglas Shire, examples range from pest management and environmental issues through to providing facilities and services that support visitors to national parks. While these services are very important to our communities and visitors, they often fall outside traditional local government responsibilities and come without corresponding funding.

For remote and regional councils, one of the most significant emerging concerns is the proposed change to disaster recovery funding arrangements. This issue has the potential to fundamentally alter the financial position of Councils operating in disaster-prone areas. Current proposals see a reduction in the Federal Government's recovery contribution while substantially increasing the threshold Councils must meet before receiving assistance.

The implications for Douglas Shire are profound. We are still recovering from Tropical Cyclone Jasper, which cost hundreds of millions worth of damage in Far North Queensland. Assistance from the Federal Government has formerly been activated after a Council contribution of $137,498. At the time of writing, a $2.7 million threshold is being proposed. For a Council with an annual operating budget around $58 million, absorbing even a fraction of this cost would have major consequences for service delivery, asset renewal and ratepayer affordability.

In regions that regularly experience severe weather events, disaster funding is central to our ability to rebuild, recover and maintain community resilience.

In response to the current economic squeeze, the Index shows CEOs are prioritising service redesign and improvements, alongside asset management and renewal.

At Douglas Shire, service redesign is high on our agenda. We are undertaking a gradual review of the services we provide, examining service levels, delivery models and costs. The objective is not just to cut expenditure.

> **We still need to align our services with reasonable community expectations. We need to ask difficult, but necessary questions: Are we delivering the right services? Are we delivering them at the right level? And are there more efficient ways to achieve the same outcomes?**

Asset management is equally critical. Local governments are custodians of billions of dollars' worth of infrastructure that communities rely on every day. While Councils can generally plan for routine renewals such as roads, playgrounds and footpaths, the challenge lies in funding major asset replacements. Water treatment plants, sewerage infrastructure and other essential facilities often require investments beyond the capacity of Councils to fund independently. These assets are critical for community health, economic activity and liveability. Ensuring they remain fit for purpose will require continued support and partnership from State and Federal governments.

In addition to watching expenditure, **Councils need to be open to new ways of strengthening their financial position.** As one of Australia's premier tourism destinations, there is an opportunity for us to optimise existing assets while exploring sustainable revenue streams.

For example, facilities such as the Port Douglas Sugar Wharf are valuable community assets that could generate greater returns while continuing to deliver public benefit. The wharf was built by Council in 1904, and its heritage-listed building is now a high-end function and events venue with potential for additional revenue.

We are also advocating for the opportunity to trial sustainable tourism funding. This levy of a few dollars per night on the cost of accommodation is commonplace internationally. For destinations such as Douglas Shire, the revenue generated could be reinvested into maintaining public spaces, improving visitor experiences and protecting the natural assets that attract people to our region in the first place.

Federal and State Government support will remain essential. Local governments receive only a small proportion of overall tax revenue, yet they continue to deliver an expanding range of services and infrastructure to their communities. Increasing Financial Assistance Grants to 1% would be transformational for Councils like ours, providing greater certainty and enabling long-term investment in infrastructure and community outcomes.

There is also an opportunity to redefine the relationship between local government and other tiers of government.

Councils are not simply administrators of policy. We bring a practical understanding of community needs because we are embedded in the places we serve.

Earlier engagement, stronger collaboration and a greater recognition of local government as a delivery partner would lead to better outcomes for communities and more effective use of public resources.

Performance and operations

Key findings

- **Performance uplift has become the sector's central priority.** 92% of CEOs agree or strongly agree that improving performance and the delivery of community outcomes is a key priority.
- **In performance and operations, the most frequently nominated uplift areas** are containing costs and maximising revenue (53%), leadership capability (52%), service reviews (47%), and digital transformation (45%).
- **Service reviews are becoming a central mechanism for balancing financial sustainability, service quality and community outcomes, but maturity remains inconsistent.** 27% of respondents report undertaking reviews on an ad hoc basis, and 16% have no consistent framework. While just under half (48%) report some form of repeatable methodology, only 6% report systematically tracking benefits.
- **When CEOs consider optimising service planning and delivery, the strongest focus is on cost reduction and financial sustainability.** However, service quality, customer and community experience, alignment with community need, and productivity improvement also feature prominently in terms of priority.
- **People leadership and organisational culture is the clear operational excellence priority across the sector.** It ranks first in every Australian state and territory. Metropolitan and regional councils also show near-identical priorities, indicating that leadership and culture challenges are shared, regardless of council type.

The national priorities for operational excellence

01 People leadership and organisational culture
02 Building a high performance culture
03 Customer experience
04 Service capability
05 Asset management
06 Systems and processes
07 Workforce planning
08 Organisational design
09 Supply chain management
10 Brand resilience

EXPERT COMMENTARY

Performance and operations

by Kerrie Freeman
CEO, Brisbane City Council, QLD

There's something I've observed: performance isn't always born from abundance. Sometimes it's the pressure of constraint that sharpens focus, builds character, and ultimately brings out the best in an organisation.

Brisbane is growing fast, the fastest of any city in Australia. We're seeing economic strength, increased attention on our city, and a wave of internal migration that will only build as we move toward hosting the Games in 2032. There's real energy here, and it's something to be really excited about.

Yet, like every Council across the country, the people we serve are feeling the weight of cost-of-living pressures. Global volatility is real. Supply chains are strained. Contracts are returning at higher costs as suppliers factor in increased risk. As the largest Council in Australia, those input cost increases ripple across our $3.9 billion operation in ways that are hard to absorb quietly.

But here's what we know: we can't simply pass that burden back to the communities we serve. We've made a deliberate choice to keep rate increases to a minimum, delivering on the Lord Mayor's commitment to maintain the lowest minimum general rates in South East Queensland, with a below-inflation increase for 2026/27.

That discipline hasn't come without effort. It's required us to look honestly at how we operate, and to ask harder questions than we might have in easier times.

The books have to balance. And so our path to better performance runs through efficiency and productivity, not just additional revenue.

We're not alone in this thinking. The latest CEO Index tells us that 92% of leaders today see improving performance and community outcomes as a priority, even as financial conditions tighten. The focus areas they name — cost containment, leadership capability, service reviews, digital transformation and culture — are exactly the conversations we're having here.

There's also a broader tension that every Council leader knows well. We receive a fraction of the funding that State and Federal governments do, yet the expectations placed on us grow every year. That gap doesn't close itself.

Our response has been to focus on maintaining a modest surplus and managing debt carefully, including reaching a position of no borrowings last year or this year. This isn't just about fiscal prudence. It's about being ready. Ready for the disaster events that South-East Queensland knows all too well: floods, storms, bushfires. And ready for the major infrastructure investments our growing city will need in the future.

We're also working with the Federal Government on a series of business cases for significant infrastructure uplift, including the iconic Story Bridge, now 85 years old and entering its next century of life, a metro bus extension, and a new bridge to better connect our River City.

Alongside all of this, **we've had to be honest about something else: we can't be all things to all people.** Strong performance starts with discipline, by delivering core services exceptionally well, and resisting the pull to spread ourselves too thin.

I think back to my time in health. When the system was under pressure, and during the pandemic it was under extraordinary pressure, stepping back was never an option. You had to find a way, and you did. That same resolve lives in local government.

We're being asked to innovate and transform with less. And we are. Through smarter use of technology, including AI. Through rethinking processes to make sure they are still fit for purpose. This builds on success but also responds to the changing context.

But our greatest advantage, and the one I come back to again and again, is our people. Every single day, our staff show up for the communities they serve. They see the opportunities. They know where the efficiencies are. They care about getting it right.

That's what gives me confidence. Not just in this year, but in Brisbane's future.

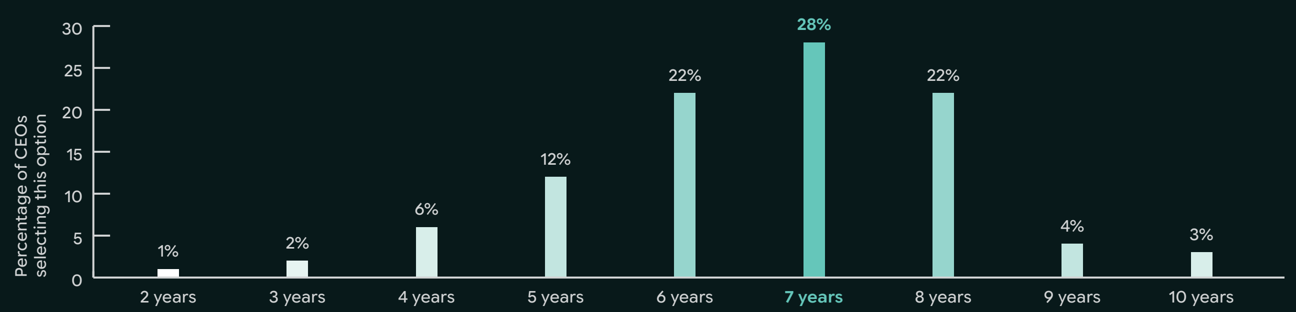
> We receive a fraction of the funding that State and Federal governments do, yet the expectations placed on us grow every year. That gap doesn't close itself.

AI and technology

Key findings

- **Despite the rise of AI as a priority for technology, CEOs still think it will take several years for AI's impact to be realised,** and cyber security remains the sector's highest technology priority.
- **AI readiness has improved substantially since 2025 but remains limited.** 19% of CEOs say their organisation is not at all prepared for the future impacts of AI, down from 47% in 2025. A further 60% say they are only somewhat prepared, while 21% describe their organisation as prepared or very prepared.
- **Expectations for AI's productivity impact are high.** 80% of respondents rate the expected impact at six out of 10 or higher, with seven out of 10 the most common response. In considering preparedness for AI, there is clear tension between the scale of the expected benefit and the maturity of current capability and governance.
- **AI use remains uneven, with most CEOs describing their organisation as leveraging it only slightly or moderately.** Privacy and data protection is the most prominent AI governance concern, followed by cyber exposure, policy clarity and limited internal capability.
- **CEOs identify vendor lock-in, internal capability and capacity, data migration and quality and integration complexity as significant risks** in current or future core-system strategies.
- **Major technology and ERP transformation programs are considered critical to future performance: 69% rate their significance at eight out of 10 or higher.** More than 40% primarily deliver their major transformation initiatives with an internal team supported by delivery partners.

Number of years in which CEOs expect AI and other emerging technologies will impact their organisation's current ways of working.



National priorities for technology

01 Cyber security

02 Digital transformation

03 Artificial intelligence

04 CRM

05 Data analytics and insights

06 Property and rates

07 Payroll and HR

08 Social media

09 Automation

EXPERT COMMENTARY

AI and technology

by Simon McMillan
CEO, Whitehorse City Council, VIC

If staff are already using AI at home and in their everyday lives, why not bring that curiosity into local government in a way that can benefit both our workforce and community?

This is a question we have asked at Whitehorse City Council, where an enthusiasm to experiment from our team members has undoubtedly been the biggest driver of AI adoption.

Seeing the potential of AI, I have embraced the opportunity for generational change within our Council. It has been tremendous to see staff challenge me, the executive and managers to explore new tools and use cases, all with the common goal of working smarter, more effectively and more efficiently.

Likewise, we are also seeing a growing network of staff who want to advocate for responsible AI use in their technical fields and share their learnings across the sector.

That proactivity is encouraging, and I know we are not alone in experiencing this. But it also highlights the larger question facing my peers across Australia: **how do we turn individual interest and experimentation into responsible, organisation-wide adoption?**

AI was one of the top three technology priorities in the CEO Index. Yet only 21% of CEOs said they were prepared or very prepared for AI impacts. This is still a low percentage; however, it's a major improvement on the level of 6% in the 2025 edition of the Index. It's a striking rate of change that demonstrates how much this technology is being addressed by local government.

In my view, this is where the real leadership challenge sits. There is a high degree of willingness and openness to AI across our organisation, but preparedness requires more than enthusiasm.

For us at Whitehorse, preparedness means working through two immediate realities. The first is the complexity of legacy systems across different parts of Council. Some can incorporate AI more easily than others — many off-the-shelf tools are not designed around the systems already embedded in our operations.

The second is the need to establish guardrails and checks and balances as the technology itself continues to evolve. We need to maintain clear standards around privacy, governance and compliance, while avoiding unnecessary barriers to proactive experimentation. It is important people feel safe to use the technology and know how to use it in a way that complies with all relevant laws and internal protocols.

Finding this balance is familiar territory for those of us in local government. In my 30 years in the sector, I have seen multiple waves of technological change, and the organisations that benefit most are rarely those that move without consideration. They are the ones that remain clear about the purpose of the technology and the community outcomes it is meant to support.

For us, that purpose is improving the way we understand performance, make informed decisions and deliver services for the community.

A key point of focus at Whitehorse City Council is data gathering, particularly regarding our performance. Several of our legacy systems were unable to provide the level of information we ideally required for thorough analysis and audits of our systems and processes.

We've recently gone through an enterprise review of data, from community service through to planning approvals, gauging how these areas are tracking and the related financial impact. This has not been completed yet, but AI has already helped us better formulate how we will interrogate our systems from now on, and importantly, how and where we can improve.

We have also allocated resources to trial and examine the technology offering in local government, particularly in the customer service arena where AI can work to the advantage of our communities.

Customer service is a clear example of where AI can add value, not by removing the human element, but by helping our people respond faster, understand needs more clearly and focus their time where judgement and empathy matter most.

To be clear, AI is not seen as a replacement for our team members. Rather, it is an element of support to ensure we continue to operate as effectively as possible for the community we proudly serve. Human oversight, and person-to-person connection within the community, will always be vital to the work we do.

This is why collaboration across the sector matters.

> **One of the strengths of local government is that we do not have to solve these questions and challenges in isolation.**

The issues we are working through at Whitehorse City Council are the same issues being considered by Councils across the country. Sharing knowledge, resources and lessons learned will help all of us move from interest to preparedness more quickly and responsibly.

For me, that is the real opportunity in front of us. If our people are already curious about AI, our role as leaders is to give that curiosity direction: to encourage experimentation, put the right guardrails in place, and keep the focus firmly on better outcomes for the community.

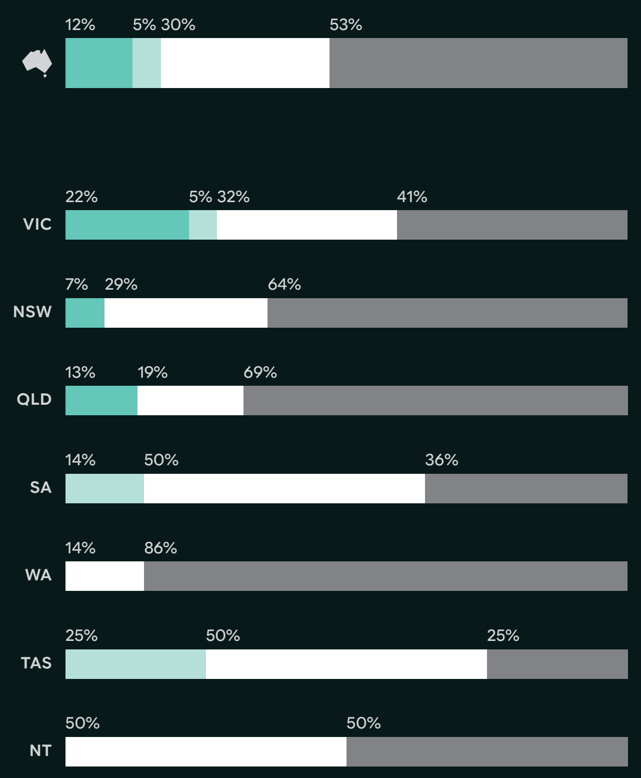
It is a given that AI will continue to change the way our communities live, work and interact with Council. Our responsibility is to ensure we learn quickly, share openly and use the technology in ways that strengthen, rather than replace, the human connection at the heart of local government.

Shared services

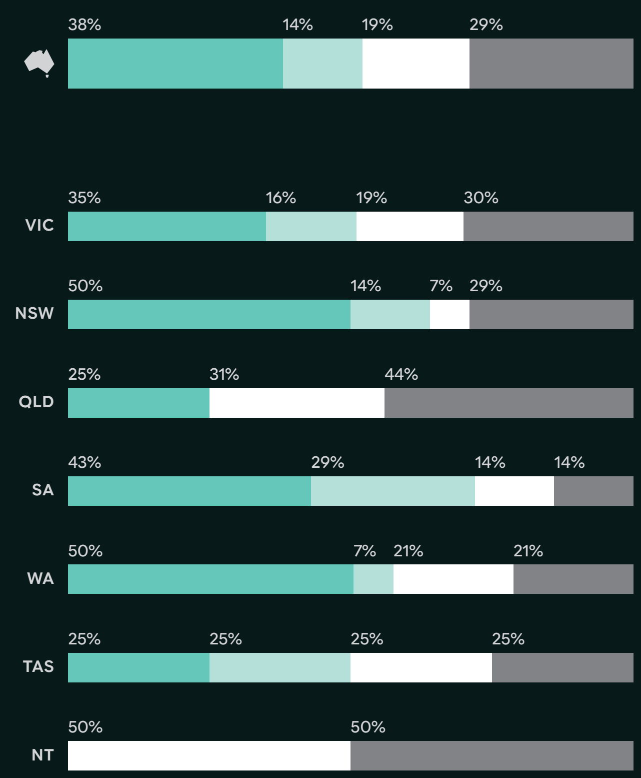
Key findings

- **Only 17% of respondents say their Council currently shares technology services with other Councils.** 12% do so with more than one Council and 5% with just one other Council. A further 30% intend to pursue technology sharing, while 53% have no intention to share any technology services.
- **The picture outside technology is markedly different.** More than half (52%) currently share non-technology services, including 38% that collaborate with more than one Council. A further 19% intend to establish shared arrangements. Existing shared-service activity is most commonly across legal, risk and compliance; environmental health; and planning.
- **Regional councils are leading shared service adoption, particularly outside technology.** Almost six in 10 regional councils use non-technology shared services, compared with one-third of metropolitan councils. Technology sharing remains comparatively limited, with 20% of regional councils and just 9% of metropolitan councils using shared technology services. Meanwhile, 65% of metropolitan councils report no intention to pursue technology sharing, compared with 49% of regional councils.

My council is using shared services **in technology** with other LGAs



My council is using shared services **other than technology** with other LGAs



- Yes, with more than one other council
- Yes, with one other council
- No we are not, however we intend to
- No we are not and we don't intend to

EXPERT COMMENTARY

Shared services: the opportunity is collaboration, not consolidation

by Justin Hanney
former CEO, City of Melbourne, Yarra City Council and Rural City of Wangaratta

Local government CEOs are being asked to solve an increasingly difficult equation.

Communities rightly expect high-quality services, while financial pressure continues to intensify. Councils are redesigning services, responding to growing technology risks, addressing workforce shortages and delivering more with constrained resources. It's little wonder that shared services continue to be part of the conversation.

This year's Australian Local Government CEO Index reflects that reality. 80% of CEOs say current economic conditions are having a negative impact on financial sustainability, while service redesign has emerged as the sector's highest financial sustainability priority. At the same time, 92% say improving organisational performance and community outcomes remains a key focus.

Against that backdrop, collaboration deserves renewed attention. Not because it is a new idea, but because the environment has changed.

Over the past three decades, both as a local government CEO and more recently working alongside councils across Australia, I have seen shared services return to the agenda many times. Some initiatives have delivered real value. Others have struggled to move beyond good intentions. The difference has rarely been the concept itself. More often, it has been how the opportunity was approached.

One of the most valuable experiences for me was working with a group of Victorian councils through the Local Government Centre of Excellence to explore where collaboration could genuinely improve outcomes. Rather than beginning with a predetermined solution, CEOs and executive teams identified almost 90 potential opportunities before progressively narrowing the field to three areas for feasibility assessment: debt collection, customer service and cyber security.

That process reinforced an important lesson.

Successful collaboration starts with a clearly defined problem, not a predetermined structure.

When councils begin by asking, **"What are we trying to solve together?"** the conversation quickly shifts away from organisational boundaries and towards community outcomes. It also creates a far more practical discussion about where shared capability can genuinely add value.

Another lesson was that the greatest benefits were rarely limited to cost.

Certainly, financial sustainability matters. Every CEO understands that. However, the most compelling opportunities were those that strengthened capability, improved consistency, reduced organisational risk and provided access to expertise that individual councils often struggle to build alone. Better financial outcomes were important, but they were the result of better ways of working rather than the sole objective.

Interestingly, this year's CEO Index tells a similar story.

More than half of councils already participate in shared services outside technology, yet only 17% currently share technology services with other LGAs, despite cyber security remaining the sector's highest technology priority. A further 30% intend to pursue shared technology services, suggesting the appetite exists even if implementation remains challenging.

To me, that doesn't suggest councils are reluctant to collaborate.

It suggests they understand that some forms of collaboration are inherently more complex than others.

Technology shared services require common governance, compatible systems, agreed risk management and long-term commitment. Those foundations take time to establish, but they also determine whether collaboration delivers lasting value.

One final observation from both the Centre of Excellence work and my time in local government is that even well-supported opportunities compete with other organisational priorities. Several of the feasibility studies demonstrated genuine potential, yet they were ultimately overtaken by the immediate pressures facing participating councils. Every CEO understands that reality. Leadership is often as much about choosing what cannot be pursued today as it is about deciding what should.

One lesson I learnt during my time as a CEO was that councils rarely lack good ideas. The challenge is creating enough organisational capacity to pursue them. Day-to-day operational demands naturally consume leadership attention, leaving little time to explore new ways of working.

During periods of significant reform, such as amalgamations and compulsory competitive tendering, innovation accelerated because Councils were forced to think differently. While today's challenges are different, financial sustainability, workforce shortages, growing community expectations and the rapid emergence of technologies such as AI create a similarly compelling case to rethink how councils work together.

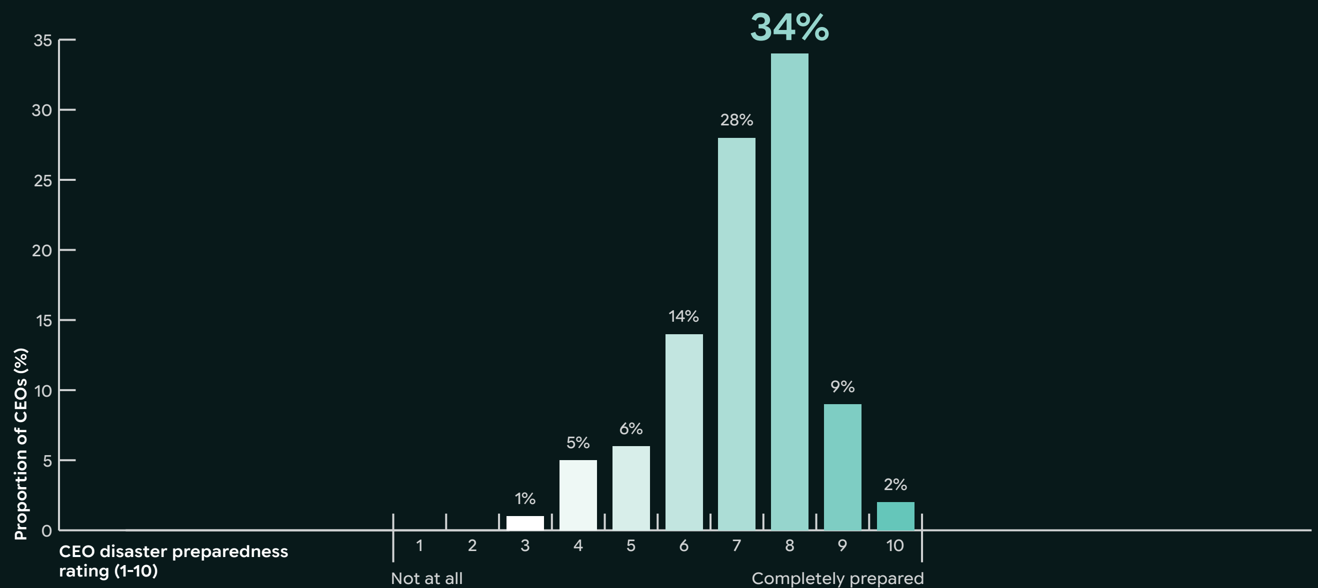
This is why I believe collaboration is more important than ever. Increasingly, the opportunity will be less about sharing services and more about sharing capability, leadership and expertise to achieve better outcomes for communities.

ESG and climate change

Key findings

- **ESG preparedness is improving, albeit gradually. The proportion reporting that their Council is not prepared to meet ESG reporting obligations has fallen from 30% to 23%, while the proportion describing it as prepared has risen from 26% to 32%.** Nevertheless, more than half (53%) remain either not prepared or only somewhat prepared.
- **ESG and sustainability are increasingly embedded in strategic discussion.** 63% say these considerations are being addressed to some or a great degree, including 19% to a great degree, up from 12% in 2025.
- **52% say their local government has assessed climate-related risks and opportunities to some degree,** but only 17% report doing so to a great degree. This indicates that assessment activity is reasonably widespread.
- **More than half of respondents (56%) report that their local government has published a climate emergency action plan, climate-risk adaptation plan or sustainability report.** This has increased from 53% in 2025, however 44% have not yet published one.
- **These results across ESG suggest some Councils are progressing from awareness to strategy, reporting and operational plans,** while others remain at an early compliance stage.
- **Survey results show CEOs rate their disaster and emergency preparedness in the mid-to-high range.** More than a quarter (28%) of CEOs rate their preparedness as seven out of 10 and 34% of CEOs give their Councils an eight out of 10 for preparedness.

How prepared do you feel to deal with disaster and emergency management?



EXPERT COMMENTARY

ESG, climate change and sustainability

by Monica Barone
CEO, City of Sydney, NSW

As climate impacts intensify, local government leaders need to be on the frontline of building communities that are ready, resilient and sustainable. A long-term approach to planning is critical, as is working with our communities and adapting with the limited resources we have.

Climate resilience is one of the biggest challenges facing our communities. We saw this in action earlier this year as Europe endured an intense heatwave. The impacts were felt at many levels — people dying and being hospitalised, transport infrastructure coming to a complete standstill and buildings not designed for such high temperatures.

In Australia, the projected future climate impacts are continued warming, a longer fire season, and more intense short-term heavy rainfall events, according to the Bureau of Meteorology. More frequent extreme sea levels and coast flooding is also predicted, due to coastal inundation and erosion.

We are seeing this here in Sydney, where our coastal communities are grappling with the increasing encroachment of tidal surges. And our summers are becoming hotter. According to a new global climate study by the University of British Columbia released earlier this year, Sydney's summers have increased in length by nearly 50 days since 1990.

> **We can't hold back the ocean or dial down the sun. Our communities expect us to be proactive in mitigating climate risks.**

They also expect us to make smart decisions that show we're being fiscally responsible as well as environmentally and socially aware.

The reality we are facing means sustainability — environmental, social, cultural and economic — needs to be the driving force behind our planning priorities and budget decisions.

And I'm not alone in this viewpoint. This year's CEO Index shows that sustainability maturity is improving. 63% of CEOs say sustainability is a strategic priority to some or a great degree, and 69% have assessed climate-related risks and opportunities to some or a great degree. A further 46% of CEOs reported being prepared/very/extremely prepared for ESG reporting and 56% have published a climate or sustainability report or plan.

For over two decades this has been the bedrock of the City of Sydney's plan. First adopted in 2007 and revised a few years ago our overarching plan is called 'Sustainable Sydney'. Sustainability also underlies our resilience planning. Our Resilient Sydney Strategy 2025–2030 was developed with the 33 local Councils of Greater Sydney. It focuses on greening and cooling, protecting nature, tackling the waste crisis, and driving the shift to a net zero economy. It also calls for climate-ready infrastructure to reduce disaster impact.

I adopted a sustainability focus from my first days as City of Sydney CEO back in 2006. We started with environmental modelling to understand the future impacts. One model predicted rainfall frequency and intensity which has informed how we build resilience into our drainage infrastructure.

One method we have also used to alleviate the impacts of future flooding is absorption. This involves replacing hard surfaces with plants to effectively soak up the water that would otherwise overwhelm the drainage system.

Recently, we've also seen the benefits of our long-term sustainability planning when things break down. During the recent fuel crisis Sydneysiders could access the city's extensive cycle network, which we began installing two decades ago.

Of course, long-term planning means spending money now. It means hard budget decisions. Financial constraints are real and the cost of building resilience and renewal into our infrastructure is high.

I recognise that we have been fortunate at City of Sydney to be able to invest in renewal and in sustainability-led projects.

However, we can't ignore what's in front of us. The ability of our communities to adapt, survive and thrive depends on looking ahead and planning accordingly. We need to keep pushing forward and invest where there is the most community need.

Likewise, our communities should be part of the solution. In planning for sustainable and resilient communities, we shore up our social licence to operate. It is good governance in action.

There is also a role for our State Governments to play in working with us to plan for the management of our assets around the needs of our communities.

Our Resilient Sydney Strategy has action pathways for collaboration between the NSW government and City of Sydney on several initiatives. These include improving green and blue places through the metropolitan greenspace program, increasing canopy, delivering a waste infrastructure implementation plan that solves landfill challenges and planning for active transport.

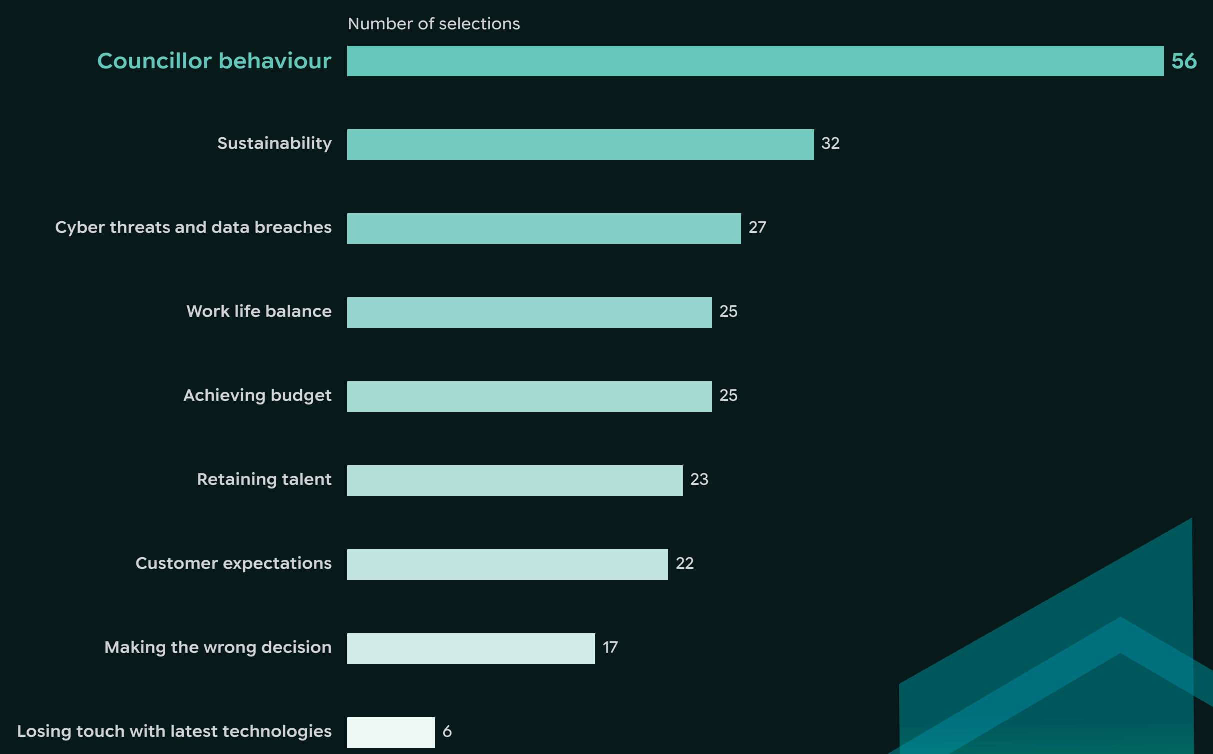
While there is a lot about the future that is uncertain, serving our communities means taking a long-term perspective of sustainability in delivering our infrastructure and services. There is a cost to this. However, the more we can plan and invest now, the greater the payoff will be.

Wellbeing

Key findings

- **Councillor behaviour is once again the most frequently selected issue keeping CEOs awake at night (56 CEO selections).** This shows most concerns of councillor behaviour are about persistent governance and role-pressure issues rather than isolated interpersonal issues. This has been the consistent top result since 2024.
- **The remaining concerns form a cluster of organisational and system pressures:** sustainability (32 selections), cyber threats and data breaches (27 selections), work-life balance and achieving budget (25 selections), and retaining talent (23 selections).
- **Priorities in the employee wellbeing section of Davidson's survey reinforce the importance of organisational capability.** Leadership capability was ranked first, followed by psychosocial safety, retaining high performers and flexible working arrangements.
- **Hybrid work appears to have settled into a mixed-presence model.** Three days in the office is now the most common arrangement (29%), followed by five days (25%) and four days (22%). Relatively few respondents report one- or two-day office models.
- **Most CEOs feel supported by their leadership environment, particularly by their executive teams.** However, strong support does not remove the cumulative pressure created by governance dynamics, financial constraints, cyber risk, community expectations and workforce shortages.
- **Annual performance processes remain a potential weakness.** While reviews are common, 11% say the process is not conducted well and a further 34% say it is only okay.

Top issues keeping CEOs awake at night



EXPERT COMMENTARY

Wellbeing

by Phu Nguyen
CEO, Hobsons Bay City Council, VIC

Making a difference to people's daily lives is what drives and sustains me in my local government career.

I love solving a high-level problem for the community, as well as building facilities and infrastructure that improve the way people live, work and connect.

Of course, being in a leadership role in this sector inevitably has its challenges, and many of which were reflected in the wellbeing section of this year's survey.

As in previous years, the number one concern in 2026 that "keeps CEOs awake at night" is councillor behaviour.

When you step into local government, whether as a Councillor or a CEO, you are signing up to work within a democratic system. The community chooses its representatives for Council, and as CEO my role is to work alongside the Mayor to bring that group together around a shared vision for the future.

As CEO, you are both a mediator and an educator. Councillors arrive with different backgrounds, priorities and perspectives, and often do not know each other well. The more time we invest upfront in building a common understanding of what we are trying to achieve for the community, the easier it becomes to make decisions together.

One of the most important lessons I have learned is the value of role clarity. New Councillors often come into the position with enormous energy and a genuine desire to make a difference, which is as it should be. The challenge is understanding where the role of elected members ends and where the role of administration begins.

Councillors are there to set strategy, policy and direction, while the CEO and Council administration are responsible for delivering on those decisions. When everyone respects that distinction, it reduces frustration, avoids unnecessary tension and allows each part of the organisation to focus on what it does best.

It also comes down to remembering that decisions are made collectively, not individually. A Councillor's ability to create change comes through working with colleagues to find common ground and make decisions on behalf of the whole community. From my experience, the most effective Councils are those where elected members and administration maintain a constructive, respectful working relationship.

Our job as administrators is to provide sound advice, robust information and meaningful engagement, while Councillors provide the policy direction. When that partnership is working well, the community benefits. When conflict and division dominate, it inevitably reduces what we can achieve and makes the job more stressful for everyone involved.

In this year's Index, local government CEOs have also identified sustainability, cyber risk, work-life balance, budgets and retaining talent as areas of concern. These are often treated as separate pressures, but they are actually connected.

In my experience, wellbeing starts with the quality of the system and the culture around you.

At Hobsons Bay, we are measuring staff culture and engagement and refreshing our values. The Council has a completely new executive. We are on a real transformation journey, focused on reshaping culture. I want everyone to have an opportunity to have a say in the culture that they want, and to take ownership in it.

I'm keenly aware from my work in several Councils that culture is also built through connection. People want to see their leaders, understand their priorities and know the reason behind decisions. That is why visibility has been important to me.

One of the internal channels I use with staff is something they have dubbed "Phu-tube". Through it, staff hear directly from me. They can see what I am doing, understand my priorities and hear the "why" behind what I am asking of them. I also learn more about them, because each edition features a different staff member.

The same principle applies externally. I am a big believer in listening directly to the community and supporting Councillors to do the same. Our Council has recently introduced a mobile Listening Post, where Councillors, supported by council staff, can hear directly from the community and feed those insights back into the organisation.

A Council's success rests on its ability to bring people together, listen, and stay focused through conflict. These same principles also protect the wellbeing of those we are entrusted to support.

> In my experience, wellbeing starts with the quality of the system and the culture around you.

Then to now: six years of the CEO Index

Over the past six years, the Australian Local Government CEO Index has tracked a clear shift in the challenges facing those working in the sector. The immediate disruption of the pandemic has given way to sustained structural and financial pressures.

Today's CEOs are less focused on responding to short-term events and instead are now coming to grips with long-term financial constraints, strengthening leadership capability and improving organisational performance.

The most significant shift is financial sustainability. In 2021, 59% of CEOs reported that economic conditions were negatively affecting their organisation's financial sustainability. By 2026, that figure has risen to 80%, the highest level recorded since the Index began.

This environment is also changing how Councils approach performance improvement. Service redesign is now the sector's highest financial sustainability priority, followed by asset management, procurement discipline and new revenue opportunities. The focus has moved beyond finding efficiencies. Increasingly, CEOs are asking more fundamental questions about whether some services should be delivered at all. They're also asking **how** services should be delivered and how they can remain financially sustainable while continuing to meet community expectations.

Technology has evolved in a different way. In the early years of the Index, digital transformation dominated the technology agenda as Councils adapted to new ways of working and accelerated investment in digital services. While digital transformation remains important, it now sits alongside a broader set of priorities that include cyber security, artificial intelligence, enterprise systems and data capability.

Artificial intelligence represents the most significant technology change. Largely absent from the conversation in the early years of the Index, AI has quickly become a strategic leadership issue. Readiness has improved substantially. The proportion of CEOs reporting that their Councils are not at all prepared for AI has fallen from 51% in 2024 to 19% in 2026. Even so, 60% still describe their organisation as being only somewhat prepared.

The changing technology priorities also reflect a broader shift in executive attention. Automation and data analytics have become less prominent than they were earlier in the decade. This does not mean they are perceived as inherently less important but it more likely reflects displacement by more urgent priorities, such as cyber security and AI governance.

Unlike the ebb and flow seen in many other CEO priorities, leadership capability has remained consistently important throughout the life of the Index. Since 2023, people leadership and organisational culture have also ranked among the highest operational excellence priorities. These findings reinforce a consistent message that strong organisational performance depends on leaders who can build trust, navigate complexity, retain talent, and guide organisations through change.

Workforce wellbeing has followed a similar pattern. Although the specific priorities have shifted, workforce and leadership pressure remains evident across the Index. Flexible working has gradually become less prominent as hybrid work has matured into standard practice. In its place, attention has shifted towards leadership capability, psychosocial safety, employee retention and burnout. These are now viewed as longer-term organisational challenges rather than temporary responses to the disruption of the pandemic.

Business continuity planning has undergone a similar transition. During the pandemic it ranked among the CEOs' highest priorities. Today it remains important, however, attention has shifted towards other strategic risks, including financial sustainability, cyber security and workforce capability.

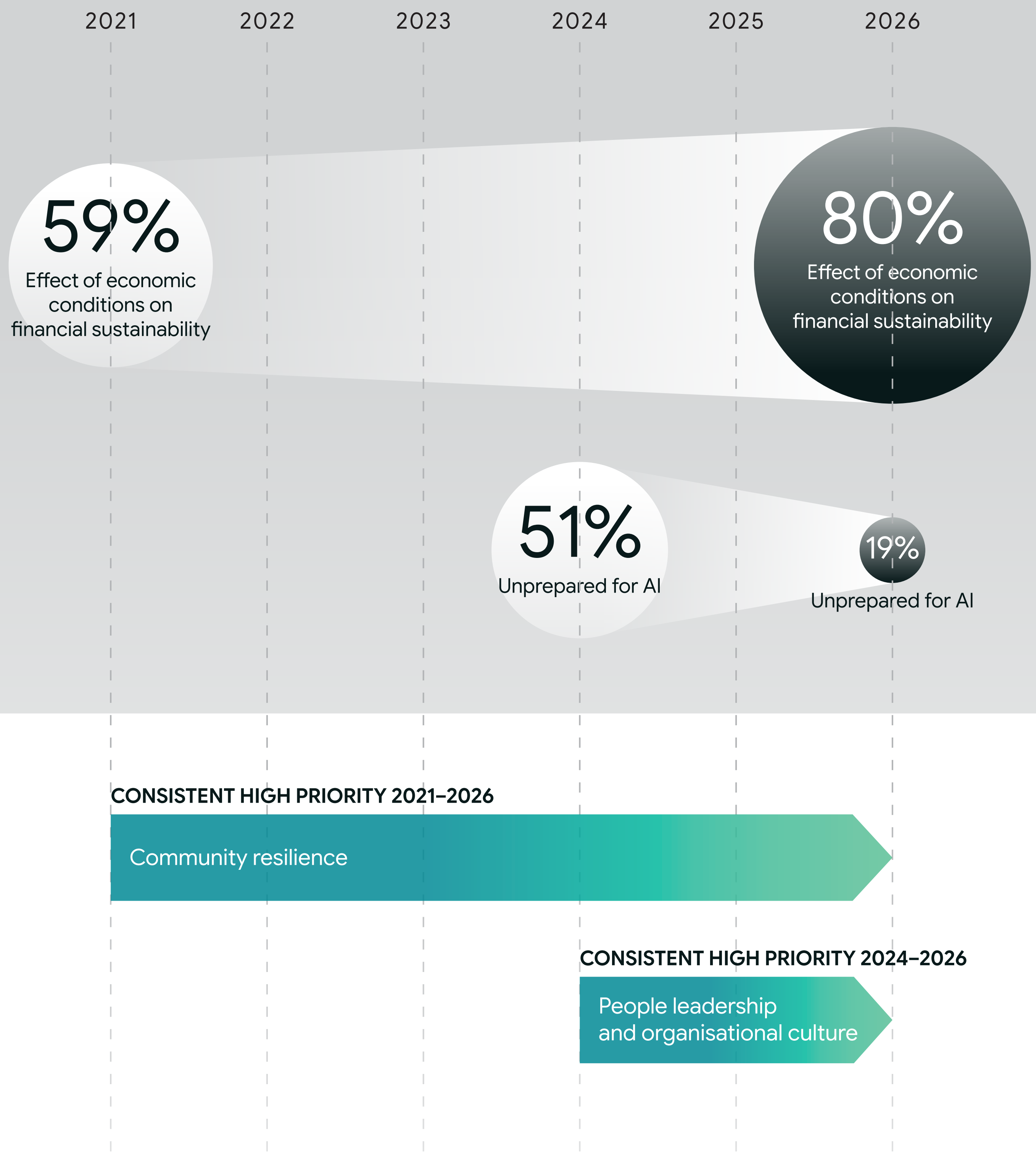
Community resilience has been the notable constant from the Index. It has remained a consistently high priority from 2021 to 2026, reflecting local government's enduring role in supporting communities through natural disasters, economic uncertainty and social change. While the operating environment has evolved, Councils' responsibility to build resilient communities has remained unchanged.

Taken together, the six-year trends tell the story of a sector moving from a sudden disruption to structural reform, driven primarily by ongoing financial pressures.

Many of the challenges that dominated 2021, including business continuity, rapid digitisation and workplace flexibility, have become embedded in normal operations. In their place, CEOs are managing a more complex operating environment defined by sustained financial pressure, increasing expectations for organisational performance and stronger governance requirements.

The next phase of local government performance will depend on more than resilience. It will require deliberate investment in leadership, more sustainable service models and disciplined decisions about where finite resources can deliver the greatest value for communities.

The shifting focus of Local Government



> Today's CEOs are less focused on responding to short-term events and instead are now coming to grips with long-term financial constraints, strengthening leadership capability and improving organisational performance.

Four recent local government case studies

CASE STUDY

Service review

Turning a service review methodology into a practical playbook

A large Victorian council wanted a more consistent way to review services, assess performance and guide future service delivery decisions.

Davidson partnered with the Council to co-design a repeatable Service Review Framework and playbook, then tested and refined the approach through reviews of the Animal Management and People & Culture departments. The result was a practical methodology the Council can now apply across future service reviews with greater confidence.

Why change was needed

The Council wanted a consistent way to review services across the organisation while aligning the process with its existing project management, risk and service planning frameworks.

It also wanted to build internal capability so future reviews could be delivered with greater confidence and consistency, rather than relying on different approaches for different services.

The framework needed to prove it could work across very different operational environments and two reviews provided the perfect testing ground.

The Animal Management review coincided with the end of a longstanding pound services contract. The Council needed to evaluate future service delivery options while balancing animal welfare, legislative obligations, community expectations, service quality and financial considerations.

The People & Culture review required an enterprise-wide assessment across 10 sub-services. Leaders needed a clearer understanding of current performance, operating maturity, cost to serve, customer experience and future investment priorities.

A practical approach

Davidson worked with Council stakeholders to co-design a Service Review Framework that could be applied consistently across future reviews.

The framework included updated terms of reference, a RACI matrix, prioritisation criteria, governance guidance, a review roadmap, methodology and supporting templates. It was designed to
integrate with the Council's existing governance and planning processes while providing a practical approach for future service reviews.

The methodology was first applied through two pilot reviews, allowing Davidson to provide quality assurance, observe how the framework worked in practice and refine the playbook using lessons from early implementation.

The refined framework was then used to complete the Animal Management and People & Culture reviews. Both reviews were co-designed with Council teams, helping strengthen internal capability while demonstrating that the methodology could be applied across different service environments.

For Animal Management, Davidson completed a current-state assessment and benchmarked the service against three comparable council pound services and two market providers. The review developed three future service delivery options, including a preferred model supported by commercial modelling and an implementation roadmap.

For People & Culture, the review assessed all 10 sub-services using benchmarking, interviews, SWOT analysis and service profiling. The findings informed a five-year service strategy, a future service model, a transformation roadmap and a prioritised technology investment position.

Project takeaways

- A common Service Review Framework enabled the council to assess very different services using the same governance, evidence and decision-making approach.
- Applying the framework to both Animal Management and People & Culture demonstrated that it could support reviews across operational and corporate services.
- Co-designing the reviews with Council staff strengthened internal capability, giving teams greater confidence to lead future service reviews themselves.
- Evidence-based service delivery options gave leaders a stronger foundation for future investment and service delivery decisions.

What changed

The engagement delivered more than two completed service reviews. It established a repeatable framework the Council can now use to guide future service reviews across the organisation.

The Animal Management review provided clear future service delivery options, a preferred operating model and an implementation roadmap to support the next stage of decision-making. It also clarified service quality, governance, financial considerations and the transition from the existing contract.

The People & Culture review gave the Council a clearer understanding of service performance, operating maturity, financial sustainability and future investment priorities. The resulting five-year strategy and roadmap established a practical sequence for service improvement, governance and digital uplift.

The Council now has a repeatable Service Review Framework supported by practical experience across multiple service environments. Since the engagement, Council teams have completed several additional service reviews internally, demonstrating greater confidence in applying the methodology and embedding a more consistent approach to future service planning and decision-making.

CASE STUDY

Transformation delivery

Bringing control to a complex enterprise system implementation

A metropolitan Victorian council was implementing a new enterprise system as part of a broader digital transformation spanning enterprise platforms, digital services and system integrations.

Recognising that successful delivery depended on more than implementing technology, the Council partnered with Davidson to strengthen program coordination and establish a clear IT service operating model to support the transition to business as usual.

Why change was needed

The enterprise system implementation brought together multiple business, functional and technical workstreams, each with its own dependencies, risks and delivery pressures.

The Council needed stronger governance, integrated planning and executive reporting to coordinate work across internal teams and vendors. It also needed clear accountability for how the new system and related platforms would be supported once implementation was complete.

Without defined support roles, escalation pathways, post-go-live support arrangements and transition criteria, there was a risk of disruption when the new system went live and uncertainty about how operational issues would be managed once responsibility shifted from the project team to ongoing operations.

A practical approach

Davidson worked alongside the Transformation Management Office to strengthen program coordination, improve delivery oversight and prepare the organisation for the transition to ongoing operations.

Governance, planning and reporting disciplines were introduced that improved visibility of dependencies, clarified accountability and supported more coordinated decision-making throughout the program.

The engagement established program governance, assurance, integrated planning and executive reporting, together with coordination across workstreams and vendors, including risk, issue and escalation management.

Davidson also developed an IT service operating model defining support roles, governance and application support arrangements. This included incident, change and release management processes, a structured approach to post-go-live support, clear transition criteria, and a roadmap for capability uplift, managed services and continuous improvement.

Project takeaways

- Coordinating governance, planning and reporting through a central program function gave leaders clearer visibility of delivery progress, dependencies and emerging risks.
- Designing the IT service operating model during implementation ensured support roles, governance and operational processes were established before the system went live.
- Defining post-go-live support, escalation pathways and transition criteria created a more structured handover from project delivery to ongoing operations.
- Integrating delivery governance with future support planning helped the Council prepare not only for a successful implementation, but for the ongoing operation of the new enterprise environment.

What changed

The Council gained stronger oversight and greater control of its enterprise system implementation through structured governance, integrated planning and consistent executive reporting.

Leaders had a clearer view of delivery progress, interdependencies and emerging risks, while improved coordination strengthened accountability across council teams and delivery partners.

The IT service operating model established clear ownership, support processes and a structured approach to supporting the new system after go-live. Together, these capabilities reduced operational uncertainty, strengthened readiness for ongoing support and provided a sustainable foundation for continuous service improvement and future digital transformation.

CASE STUDY

Change management

Building a clear path to organisation-wide change

A Victorian growth-area council was preparing for a multi-year digital transformation program affecting approximately 700 staff. Success depended not only on implementing new technology, but on helping people understand and adapt to new ways of working.

Davidson partnered with the Council to develop a practical change management approach that aligned communication, engagement and governance across multiple projects while building organisational readiness for change.

Why change was needed

The Council's transformation program included several interconnected projects, each with different stakeholder groups, implementation timelines and organisational impacts.

To keep the program aligned, the Council needed a consistent approach to communication, engagement, training and adoption across the organisation. It also required a framework that could provide structure while remaining flexible enough to adapt as priorities and milestones evolved.

Without a shared approach, there was a risk that teams would receive inconsistent communication, support and training, making successful adoption of new systems more difficult and reducing confidence throughout the organisation.

A practical approach

Davidson worked with executives, managers and operational teams to develop a practical, organisation-wide approach to change management.

Through workshops, consultation and change impact assessments, Davidson identified how the transformation would affect different parts of the organisation. This led to an approach designed around **how** people experienced adopting the new systems, rather than the technology itself.

The engagement delivered an overarching Communications and Change Strategy supported by clear governance arrangements, together with a detailed 12-month Communications and Change Plan aligned to key program milestones.

To support implementation, Davidson also developed a tailored Enterprise Management System Communications and Change Plan for staged module rollouts, stakeholder analysis, high-level change impact assessments, a defined change network and engagement model, and frameworks for organisational readiness, training, post-go-live support and transition to ongoing operations. Risk management, resistance planning, reporting and evaluation approaches completed the framework.

Project takeaways

- A single change management framework gave the Council a consistent way to coordinate communication, engagement and training across multiple transformation projects.
- Assessing organisational impacts before implementation helped tailor communication, training and support to the different ways teams would experience the Enterprise Management System rollout.
- Embedding governance, readiness measures and escalation pathways gave leaders greater visibility of organisational readiness and emerging risks throughout the program.
- Practical plans, templates and engagement structures equipped internal teams with a repeatable approach they could apply throughout the broader transformation and into ongoing operations.

What changed

The Council gained a practical and scalable change management framework that its internal teams could apply throughout the transformation program.

Leaders had greater clarity around governance, roles, risks and decision points, supported by detailed communication plans, engagement activities and implementation timelines. This created a consistent foundation for managing change across multiple projects while supporting staff readiness and adoption.

Rather than receiving a one-off strategy, the Council established practical tools, frameworks and governance approaches that could continue to guide implementation, support the transition to ongoing operations and build organisational capability throughout the life of the transformation.

CASE STUDY

Leadership development

Building a stronger leadership culture across Council

A large regional council in Queensland wanted to build stronger leadership capability across senior leaders, emerging leaders and frontline leaders.

Rather than delivering a one-off training program, Davidson partnered with the Council to develop a practical, cohort-based leadership program that built lasting capability across the organisation. Delivered between 2022 and 2025, the program equipped leaders with practical tools, a shared leadership language, and opportunities to apply new skills in their day-to-day roles.

Why change was needed

The Council wanted greater consistency in how leaders managed people, performance and difficult conversations.

It also wanted leaders at different levels to share a common understanding of trust, feedback, accountability and psychological safety, creating a more consistent leadership experience across the organisation.

Participants needed practical skills they could apply in real workplace situations, supported by opportunities to practise, reflect, and build confidence over time.

The Council also recognised the value of bringing leaders together from across the organisation, creating opportunities to learn from colleagues facing different operational challenges while strengthening connections between departments.

A practical approach

Davidson designed and delivered a rolling three-month leadership development program tailored to the Council's needs.

Each cohort completed two full-day, face-to-face workshops supported by facilitated group coaching. Behavioural and psychometric profiling helped participants better understand their leadership style, communication preferences and the impact they had on others.

The program focused on practical leadership capabilities, including self-leadership, emotional intelligence, growth mindset, values alignment, feedback, trust, psychological safety, listening, difficult conversations, accountability and performance management.

Participants worked through real workplace scenarios, received peer feedback and practised applying new approaches in a supportive environment. Accountability partnerships and reflective activities between sessions encouraged participants to test new skills in their day-to-day roles and share their experiences with the group.

Following the success of the initial program, the Council engaged Davidson to deliver a second cohort, extending the approach to more emerging leaders and coordinators across the organisation.

Project takeaways

- Bringing together leaders from different parts of the organisation created stronger cross-departmental relationships while establishing a shared leadership language.
- Combining behavioural profiling with practical workplace application helped participants better understand how their leadership style influenced communication, trust and team performance.
- Accountability partnerships and workplace practice reinforced learning between workshops, helping leaders build confidence through real conversations and real situations.
- Delivering multiple cohorts over three years established a repeatable approach to leadership development that the Council could continue to build on.

What changed

Over three years, the Council established a structured approach to developing leadership capability across multiple leadership levels.

Participants reported stronger self-awareness and greater clarity about their leadership style. They also reported increased confidence in managing performance and having difficult conversations. Across successive cohorts, the program helped establish a more consistent language around trust, feedback, accountability and psychological safety.

The cohort model also strengthened connections between departments, giving leaders opportunities to learn from one another while building relationships across the organisation. Participants left with practical tools and frameworks they could apply immediately in their roles.

Together, these outcomes gave the Council a repeatable approach to leadership development. By investing in leaders at different stages of their careers, the program strengthened confidence, capability and organisational connection while supporting the Council's longer-term approach to attracting and retaining talent.

About Davidson

Davidson is an Australian-owned business that has partnered with organisations since 1991. We built our reputation through executive search and recruitment, helping clients make better decisions about leadership, talent and organisational capability.

As our clients' challenges have become more connected, our services have evolved. Today we bring together expertise across Strategy & Performance, Executive & Talent, and Technology Consulting to help organisations address challenges spanning strategy, people and technology.

Our strength lies in connecting those capabilities. Rather than treating each issue in isolation, our teams work together to provide practical advice, specialist expertise and delivery support that helps organisations perform, adapt and lead.

Across every engagement, our role is consistent: understand the challenge, bring together the right expertise and help clients move forward with clarity and confidence.

We work alongside clients to shape the approach, manage risk and support delivery. We stay involved through implementation, helping to build internal capability and create outcomes that can be sustained.

Our relationships are built over time. Clients continue to work with Davidson because we are straightforward about what is required, accountable for our contribution and committed to seeing the work through.

Davidson at a glance

1991
Founded in Australia

6 locations
National presence across Australia

100+ specialists

People
Strategy
Technology

FY26

475 client accounts serviced

361 repeat clients
engaged Davidson more than once during FY26

+84 NPS

Reflecting strong client advocacy and satisfaction

Our services

davidson Strategy & Performance

Strategy & performance

Partnering with organisations to turn strategy into measurable results by setting direction, strengthening operating models and delivering change that lasts.

- Strategy
- Operating models
- Organisational design
- Leadership
- Culture
- Workforce
- Transformation delivery

davidson Executive & Talent

Executive & talent

Partnering with organisations to secure specialist talent, from early career professionals through to executive and board leaders, strengthening capability at every level.

- Executive search and succession
- Technology and digital recruitment
- Professional and functional specialists
- Permanent and interim appointments
- Contracting and workforce solutions

davidson Technology Consulting

Technology consulting

Partnering with organisations to shape, deliver and assure technology change, reducing risk and building capability at any scale.

- Workforce augmentation
- Scalable teams
- Outcome-based engagements
- Strategy and advisory
- Program delivery
- Testing and assurance
- Governance and independent review

What this means for clients

We help organisations:

- make clearer decisions and set stronger priorities
- improve organisational performance
- find and secure the leadership and talent they need
- strengthen workforce capability and capacity
- reduce delivery and implementation risk
- increase efficiency and manage costs
- align strategy, people and technology
- build internal capability that lasts
- move from planning to measurable progress

Sector experience

We work across:

- government and public sector
- financial services and insurance
- health and community services
- utilities, energy and resources
- infrastructure, transport and logistics
- education
- commercial organisations
- not-for-profit and purpose-led organisations

davidson
Executive & Talent

The people you appoint shape what your organisation can deliver.

The right appointment is about more than experience. You need someone who can perform in the role, work well within your organisation and contribute to what comes next.

We help you make those decisions with confidence, from board and executive appointments to specialist technology and professional talent. We take the time to understand the role, the environment around it and what success looks like. Then we bring the right search, recruitment and assessment expertise to help you find the right person.

Whether you need one critical appointment or a scalable workforce solution, we stay accountable through the process and beyond the placement.

One talent partner. Three specialist capabilities.

Executive search

Our capability includes:

- Board, chief executive, C-suite and senior leadership appointments
- Permanent and interim executive search
- Succession planning and leadership risk
- Talent and market mapping
- Internal and external benchmarking
- Competitor and workforce intelligence
- Executive assessment and transition support

Technology recruitment

Our specialist markets include:

- Software development, engineering and testing
- Data, analytics and artificial intelligence
- Cloud, infrastructure and cyber security
- ERP, CRM and enterprise systems
- Product, user experience and service design
- Project, program and transformation delivery
- Emerging and niche technologies

Professional recruitment

Our specialist markets include:

- Accounting, finance and payroll
- Human resources and people and culture
- Sales, marketing and communications
- Procurement, supply chain and logistics
- Engineering and technical disciplines
- Business support, administration and customer service
- Legal, governance, risk and compliance

Evidence in action

609
Permanent placements in the past 12 months

156
Executive and board appointments in the past 12 months

1,015
Contract placements in the past 12 months

+86
Client NPS, 12-month rolling

Build the capability to move forward

Talk to us about the leadership, specialist talent or workforce capability your organisation needs next.

davidson
Strategy & Performance

Better performance starts with clear choices about where to focus, how to operate and what needs to change.

When priorities compete and resources are under pressure, you need a clear path from decision to delivery.

We help you set direction, strengthen how your organisation operates and turn plans into measurable results. Our teams combine industry experience with practical consulting expertise, working alongside your people to solve complex problems and build capability that lasts.

Whether you are reviewing financial sustainability, redesigning services, delivering transformation or strengthening leadership capability, we focus on practical outcomes your organisation can sustain.

From direction to delivery. Three specialist capabilities.

Strategy and operations

We help you make informed choices about where to focus resources, how services should operate and where performance can improve.

Our capability includes:

- Financial sustainability and revenue reviews
- Service review program design and execution
- Organisation, function and service reviews
- Operating model design and implementation
- Enterprise strategy and planning
- ESG strategy

Transformation delivery

We work alongside your teams through the transformation lifecycle, helping you manage complexity, maintain momentum and realise value while strengthening your capability for what comes next.

Our capability includes:

- Transformation strategy and design
- Program and project management
- Change management
- Business architecture and target operating models
- Transformation assurance

Talent and leadership

We combine evidence-based assessment with workforce and leadership expertise to help you make better people decisions, strengthen leadership and build safer, more capable workforces.

Our capability includes:

- General and safety psychometric assessment
- Organisational design and workforce planning
- Leadership development
- Career transition
- Executive coaching

Evidence in action

20 – 25x
Typical ROI achieved through our service review programs delivering sustainable financial benefit

5,500+
Candidates assessed across safety-critical industries

60+
Leadership programs delivered

Turn strategy into measurable results

Talk to us about the strategy, performance, transformation or workforce capability your organisation needs next.

davidson
Technology Consulting

Specialist expertise. Accountable delivery.

Technology change needs more than advice. It needs the right decisions early, specialist expertise through delivery and clear accountability for the work.

We work with you to plan, build and assure technology outcomes. Our technology specialists stay close to the work, from defining the problem and setting direction through to delivery, testing and independent assurance.

We start with the business problem, not the technology. Then we bring the right expertise to help you reduce risk, make informed decisions and deliver change with greater certainty.

Plan technology change

Make the right decisions early before time and budget are committed.

Technology strategy and advisory

Set priorities, assess investment options and define a practical path forward.

Our capability includes:

- Technology strategy and transformation roadmaps
- Business case development
- Technology investment assessment
- Opportunity identification and prioritisation

Business analysis

Turn business and operational needs into clear, prioritised requirements.

Our capability includes:

- Business and functional requirements
- Requirements validation and prioritisation
- Stakeholder engagement
- Operational and customer needs analysis
- Alignment of technology solutions to measurable business value

Build technology change

Keep complex technology programs moving.

Program delivery

Put the specialist leadership, structure and controls in place to keep delivery moving and surface risks early.

Our capability includes:

- Program and project leadership
- Governance and delivery frameworks
- Risk and issue management
- Reporting and stakeholder engagement
- Change management

Engineering and data services

Bring the right engineering and data capability to complex technology change.

Our capability includes:

- Solution and software engineering
- Data engineering and integration
- Data platforms and architecture
- Cloud and platform engineering
- Technical design and implementation

Assure technology change

Know what is working, where the risks sit and whether you are ready for what comes next.

Testing and assurance

Test solutions, identify issues early and strengthen readiness for implementation.

Our capability includes:

- System integration testing
- User acceptance testing
- Performance testing
- Production readiness
- Independent test assurance

Compliance and governance

Strengthen decision-making with independent oversight of delivery, quality, cybersecurity and program risk.

Our capability includes:

- Program and project health checks
- Independent quality review
- Executive assurance
- Cybersecurity assurance
- Governance and delivery risk review

The right expertise, in the right model

Engage the technology expertise you need in a way that fits the work:

- Workforce augmentation: experienced technology and domain specialists who strengthen your existing team.
- Project squads: multidisciplinary specialists brought together around a defined delivery need.
- Outcome-based engagements: agreed deliverables, milestones and timelines, with clear accountability through delivery.

Evidence in action

2,837
technology engagements since 2017

97%
of awarded value from clients who have engaged us more than once

140+
technology consultants currently delivering across augmentation and project-based engagements

+78
all-time client NPS

Make technology change more certain

Whether you need to make a critical technology decision, strengthen delivery capability or independently assure the work, we bring the specialist expertise to help you move forward with greater certainty.

Talk to Davidson Technology Consulting about what you need to plan, build or assure next.