**LGNSW Feedback on *Better, Stronger Local Government - The Case for Sustainable Change***

Local Government NSW (LGNSW) represents the 152 NSW general-purpose councils, the special-purpose county councils and the NSW Aboriginal Land Council. The mission of LGNSW is to be a credible, professional organisation representing Local Government and facilitating the development of an effective community-based system of Local Government in NSW. In pursuit of this mission, LGNSW represents the views of councils to NSW and Australian Governments; provides industrial relations and specialist services to councils and promotes Local Government to the community.

LGNSW thanks the Independent Local Government Review Panel for the opportunity to comment on the Panel’s paper entitled *Better, Stronger Local Government - The Case for Sustainable Change* (November 2012).

While the Joint Presidents, Directors of the Board and senior staff have had opportunities to comment in the Panel’s roundtables and in the Panel’s visits to Board meetings, this paper offers a quick overview of Local Government NSW’S thoughts at this point in this historical process.

It is a shame that the media and some stakeholders can only manage to focus on consolidation in metropolitan Sydney when you always promised that you would take a wide-ranging systems view as has been revealed in your paper entitled *Better, Stronger Local Government - The Case for Sustainable Change* (November 2012). LGNSW shall return to the Board’s concerns about consolidation later, because the former Associations were, and the new Association is, totally opposed to forced amalgamations. But LGNSW will respond to the Panel’s total and wider package first.

It is evident that the Panel has stuck well to its task to investigate and identify options for governance models, structural arrangements and boundary changes for Local Government in NSW, taking into consideration:

1. ability to support the current and future needs of local communities
2. ability to deliver services and infrastructure efficiently effectively and in a timely manner
3. the financial sustainability of each Local Government area
4. ability for local representation and decision making; and
5. barriers and incentives to encourage voluntary boundary changes.

In response to the Panel’s first paper the former Associations suggested the top five changes that should be made to Local Government to help meet the NSW community's future challenges are as follows:

1. Reshaping the whole system of Local Government (not just councils, but intergovernmental relations with State Government and its agencies) based on respectful institutional relations;
2. Creating different models for say i) metropolitan councils, ii) regional councils and iii) rural councils;
3. Resolving the long running revenue restriction and cost shifting  issues between NSW State and Local Government;
4. Improving councillors remuneration substantially and providing guaranteed access to improved credentialed councillor training/education; and
5. Creating incentives for communities and councils that wish to change scale or implement new models.

LGNSW was heartened to note that some of our themes were reflected in the *Better, Stronger Local Government.*

On the whole LGNSW agrees with the analysis and comments in the section on ‘The Local Government system and challenges faced’. The following points can be made:

* LGNSW agrees councils are part of a broader Local Government system and that understanding how the overall system works is essential to achieve lasting improvements.
* LGNSW agrees that profound changes in Local Government’s operating environment call for equally far‐reaching responses, although each of these far‐reaching responses will need careful analysis when the detail is offered.
* LGNSW supports the idea that each community in NSW needs a Local Government with the necessary strategic capacity to deal with future challenges.

Overall LGNSW agrees with the analysis and comments in the section on ‘Fiscal responsibility and financial management’. The following points can be made:

* LGNSW supports the Panel exploring the feasibility and desirability of changes to the distribution of financial assistance grants.
* LGNSW remains firmly of the belief that rate-pegging must be abolished; failing that there is scope for further streamlining of rate-pegging, recognising the importance of funding essential infrastructure.
* LGNSW tends to support the judgement that NSW Local Government has some way to go in advancing fiscal responsibility. We agree LGNSW has a role alongside the Division of Local Government, IPART and the Auditor General in reaching that objective.

LGNSW agrees with the analysis and comments in the section on ‘Services and infrastructure’. The following points can be made:

* LGNSW wholeheartedly supports the Panel’s conclusion that councils must be able to decide how best to respond to the particular needs of their local communities.
* LGNSW supports the Panel exploring opportunities for an enhanced ‘whole of government’ perspective on service delivery and examining options for service delivery in rural areas.
* LGNSW supports the decision that tackling local infrastructure needs and backlogs warrants the highest priority. We note this will require continued efforts to improve asset management, make more efficient use of available resources and build the capacity of smaller councils. We strongly support the conclusion that areas of rapid growth will require particular attention.
* LGNSW supports the conclusion that there needs to be a concerted effort to improve the efficiency, productivity and competitiveness of NSW Local Government to the extent that is has been and remains a constant challenge that the sector has long been cognisant with. LGNSW offers cautious support to the Panel looking at how to develop stronger frameworks and new entities for regional collaboration, advocacy and shared services, as long as it is clear on the many models that have already been tried and the preconditions that each requires for successful implementation.

On the whole LGNSW agrees with the analysis and comments in the section on ‘Good governance’. The following points can be made:

* LGNSW supports the conclusion that issues of political governance go to the heart of Local Government’s reputation and its capacity to deliver desired community outcomes and be a trustworthy partner in government. We support the Panel giving consideration to alternative governance models as long as it is recognised that the discourse on this in the NSW context is weak. Therefore, considerable effort will need to be invested in engaging councillors and active citizens in such a discussion.
* LGNSW suggests the idea that there is considerable potential in enhancing the role and stature of mayors needs careful re-examination. While the Local Government and Shires Associations of NSW had argued this case previously, the support the idea seems to have lost some ground in the present debate.
* LGNSW strongly agrees there is need for further measures to improve working relations between councillors and General Managers, within a framework of checks and balances.
* LGNSW strongly supports the Panel’s conclusion that there is a compelling case for a shift from compliance to innovation and improvement, underpinned by better data collection and expanded benchmarking and performance reporting, linked to the Integrated Planning and Reporting Framework and supported by internal and external audit.

Overall LGNSW agrees with the analysis and comments in the section on ‘Partnerships for change and improvement’.The following points can be made:

* LGNSW strongly supports the Panel’s conclusion that there is a particular role for LGNSW to play a central to drive change.
* LGNSW strongly endorses the Panel’s goal is to reach agreement on a package of changes that amount to a new ‘compact’ between State and Local Government in NSW. This will need to engage all stakeholders in the system of Local Government, and will provide a platform to increase the capacity of the system to build stronger communities and make NSW Number One

As a matter of principle LGNSW is obliged to be cautious on the section on ‘Structures and boundaries’. The following points can be made:

* LGNSW has no objection to the Panel investigating the need for new Local Government structures at regional and sub-council levels to the extent that we have agreed that all possibilities need exploration and it useful to canvass new ideas as the shapes and needs of communities continue to evolve.
* LGNSW supports the Panel exploring a range of possible new models of cooperative governance and service delivery in western NSW so long as it continues to be done with deep engagement with western NSW councils and the communities they serve.
* LGNSW has no objection to the Panel seeking further evidence on the benefits and drawbacks of boundary changes in different circumstances to the extent that we have agreed that all possibilities need exploration.
* LGNSW does not agree with the Panel’s conclusion that there is a case to consider *significant* consolidation of Local Government across the Sydney metropolitan area, and in other major urban regions, and some regional centres (emphasis added). As the Panel will be aware the former Associations made a point about the test for consolidation if central governments deeply believe metropolitan Local Government needs altered responsibilities and boundaries to play a stronger role in the governance of a global city. LGNSW would reframe that to say to support the Panel’s conclusion that significant consolidation is needed across the Sydney metropolitan area the Panel needs to have in support:

i) a re-analysis of geography after over 200 years of modification;

ii) an analysis of the commercial and industrial relationships and movements;

iii) an analysis of social, cultural and recreational relationships and movements; and

iv) an analysis of people’s views of 21st century communities and their relationship to preferred infrastructure/service systems.

Similar evidence would needed to sustain the case in selected other major urban regions and regional areas.

* Despite the foregoing, LGNSW would support the Panel’s conclusion that if further boundary changes are to be pursued, especially on a voluntary basis, there will need to be a well-resourced, strongly proactive process. One of the former Associations top five ideas was that the NSW Government needed to ‘create incentives for communities and councils that wish to change scale or implement new models’.