Modernising Local Government

DISCUSSION PAPER

Local Government & Shires Associations of NSW

Local Government for the 21st Century
Local Government and Shires Associations of NSW
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Contents

1. Dialogue within the sector
2. Looking to the future
3. What reforms would assist NSW Local Government remain democratic?
4. What reforms would assist NSW Local Government maintain long-term environmental sustainability, social justice and economic viability?
5. What reforms would assist NSW Local Government become financially viable?
6. What reforms would assist NSW Local Government work with mutually agreed functions?
7. Functions that are potential candidates to negotiate about
8. What reforms would assist NSW Local Government become part of mature, post-colonial institutions?
9. What reforms would assist NSW Local Government remain or become functioning cohesive geographic units?
10. How does NSW Local Government become and remain employer of choice to support the reforms in the next 20 years?
1. Dialogue within the sector

What is exercising the Associations’ minds is that the reforms afoot, and the continuing calls for reform, in NSW appear to be both more relentless and more disjointed than ever. We need a dialogue amongst councils about the future Local Government that our communities deserve.

The Associations recognise Local Government reform in it various guises has been almost constant in NSW since the 1970s.

These reforms have involved:

- **Electoral reforms**, as varied as changes to voting systems, reduction of councillors and popular election of mayors especially after the 1993 Local Government Act;
- **Functional reforms**, including expansion along with other Government spheres into human services from the 1970s and wider environmental management and regulation in the 1990s;
- **Financial reforms**, such as involvement in the micro-economic reforms from the mid-1980s, competition policy in the 1990s and the imminent asset management reforms (under integrated planning and reporting);
- **Industrial reforms**, including the award restructure of the 1980s and jurisdictional coverage changes in the mid-2000s and again in late-2000s;
- **Organisational reforms**, such as the continuing experimentation with organisational structures that commenced in the 1970s but gathered greater pace with the 1993 Local Government Act and the popularity of new managerialism at the same time and the imminent suite of reforms relating to integrated planning and reporting from 2010; and
- **Structural reforms** like the enforced amalgamations of the 1970s, the voluntary mergers of the 1990s and the guided amalgamations of the mid-2000s.

The Associations also recognise that lead councils are forging ahead with very sophisticated approaches, building their own visionary plans that predate or give deeper meaning to integrated planning and reporting.

The Associations believe what is needed is a unifying narrative, which ensures that councils move forward with purpose and coherence. Without such a coherent narrative councils may be left valiantly stumbling forward as confederations of operating units (each answering to different pieces of legislation and different external masters) managed by elected administrators with little power.

Raising these issues commences a dialogue with councils about what future NSW Local Government wants for itself in the face of inevitable demands for change from the NSW Government and increasingly the Australian Government.

The Associations hope that by working on reform in the widest sense we can help the sector define strongly shared goals, so that when the next big round of State-driven functional reforms and/or amalgamations come, we are better placed to respond.

One part of the Associations process is to seek to engage all three spheres of government in discussion of functions. In this process we have begun to document the Australian Government’s views on the functions, structure and number of NSW Local Government bodies as part of an initial scan. If this discussion is worked through
rationally one of the consequences is likely to involve some restructuring to better deliver the functions that are settled upon. (However, there are considerably more elements to be addressed than that simple outcome.)

The Associations are seeking to offer an open, challenging but nonetheless sympathetic, avenue for discussing long term reform. Collectively the Associations and member councils can’t hope to wait out the incessant calls for change. We can’t look the other way and hope. We must work together to find formulae for mutually agreed reform.

The Associations know a great deal of whatever change we settle on as a sector will not succeed unless we generate fundamental support from the State Government. We believe our next real opportunity is as each of the parties is seeking to develop their platforms for the next State election. The Associations intend to invest considerable energy in taking our proposals to each of the parties from mid-2010.

This may prove a valuable way to help shape or indeed stave off some of the worst excesses of the next “big idea” in State-driven functional reforms and/or amalgamations.
2. Looking to the future

If we want to look at the future seriously, we need to ask ourselves “What should Local Government look like in twenty years”.

As difficult as it can be we need to try to step outside the present challenges or stresses that seem to occupy the Associations and member councils’ time. We need to take the time to look at Local Government afresh. We need to plan an improved future rather than hoping to return to an imagined golden past.

We also need to recognise that any longer term shaping of NSW Local Government in the coming twenty years is imbedded in a future which is likely to see:

• Significant climate change if mitigation is not successful;
• Major geopolitical shifts across the world;
• Several turns of the economic cycle;
• Significant population growth and change internationally and within Australian;
• Several changes in government at the Australian and NSW levels;
• Continuous changes to information technology; and
• Several new management theories.

It is common for many discussions concerning the future of NSW Local Government to commence with views on the population threshold at which a council becomes more or most viable. The Associations do not shy away from that debate and will return to the issue of sizing of councils and potential amalgamations later.

However, we need a statement about the shape of NSW Local Government equipped to deal with the governance, social, economic and environmental realities from year 2030.

This could be expressed as a goal.

This goal could read something like:

To reach a point where we have a NSW Local Government system in which councils are:

• Democratic (which means elected, representative of local diversity, connected to and cognisant of local communities of interest and/or identity);
• Working to formal long-term plans for their communities that integrate and balance environmental sustainability, social justice and economic viability;
• Financially viable (which means freed of rate pegging, with significantly better FAGs and/or other Australian Government funding, mutually agreed charging regimes for co-regulatory roles, transfer payments from Australian and/or NSW Government for any Australian and/or NSW Government mandated Community Service Obligations);
• Working with mutually agreed set of functions (which means functions agreed between the three spheres of government for a NSW context, with levels of service continuously adapting in line with evolving community demand):
  o including consideration of which service functions fit together both locally (subsidiarity) or fit together better in the 21st century (rather than they did
in 19th century or mid-20th century); involving appreciation of COAG agendas and appreciation of international trends;

o including a mutually agreed strategic and statutory land-use planning role; and

o including consideration of which regulatory functions fit together locally and/or fit together better in the 21st century;

• Part of mature, post-colonial, institutions (which require Australian and/or NSW Constitutional adjustments based grown-up and joined-up relations);

• Functioning cohesive geographic units; and

• Employers of choice.

This multilayered goal may coalesce into a more detailed set of organising principles or an overall vision as a result of the next steps in this dialogue within the NSW Local Government sector.

Each of the parts of the goal will discussed further in following sections.

**Key questions for feedback on section 2:**

Is this proposed goal reasonable for the future shape of NSW Local Government?

If so, are there any other points that need to be added to the goal?

If so, are there any points that need to be deleted?

If you do not agree with the goal, is there another that should be substituted?
3. What reforms would assist NSW Local Government remain democratic?

One of the points in the overall goal is ‘to reach a point where we have a NSW Local Government system in which councils are democratic’ Democratic was taken to mean it was elected, it was representative of local diversity, and it was connected to and cognisant of local communities of interest and/or identity.

In many discussions about Local Government reform there is a view that the present governance system is sufficiently democratic and the effort needs to be focused in other areas like structure, functions and finances.

However, it is just as important to remember that being in Local Government is as much about passion for the people you are serving and passion for the place you are stewarding, as it is about the efficiency of the infrastructure and services you provide. Therefore, the Associations believe we ought to pause and test that assumption. There are several points that need to unpacked in this opening dialogue

Firstly, there may be a case for better guarantees of democratic Local Government in NSW legislation.

The legal framework in NSW does not necessarily guarantee that councils need to be elected. The NSW Constitution simply enables the continuation of a system of Local Government which could have duly elected or duly appointed Local Government bodies.

The Constitution Act 1902 s51 states as follows:
(1) There shall continue to be a system of Local Government for the State under which duly elected or duly appointed Local Government bodies are constituted with responsibilities for acting for the better government of those parts of the State that are from time to time subject to that system of Local Government.
(2) The manner in which Local Government bodies are constituted and the nature and extent of their powers, authorities, duties and functions shall be as determined by or in accordance with laws of the Legislature.
(3) The reference in subsection (2) to laws of the Legislature shall be read as a reference to laws that have been enacted by the Legislature, whether before or after the commencement of this section, and that are for the time being in force.
(4) For the purposes of this section, the Western Lands Commissioner, the Lord Howe Island Board, and an administrator with all or any of the functions of a Local Government body, shall be deemed to be Local Government bodies.

Over the years Local Government commentators have remarked this constitutional coverage is not a practical problem because the succeeding Local Government Acts have put in place a system that largely features duly elected councils. That may be partially true but it is poor symbolism. It is a poor foundation statement. There is a need for discussion with the NSW Government to see whether this poor foundation statement can be changed to i) something that actively values democracy over patronage or ii) at least doesn’t appear to give equal weight to appointed officials (alongside elected representatives).

The case for this is strengthened given that the Local Government Act 1993 also maintains a form of the choice between duly elected or duly appointed Local Government bodies. Whilst the purpose, frameworks and language of the Local Government Act 1993 are clearly democratic and enabling, there are still situations where councils can be dismissed and administrators appointed for considerable periods.
This sits poorly with Local Government and more importantly with citizens concerned about local representative democracy.

For example, councils are largely comfortable with *Local Government Act 1993 s7* which states:

> The purposes of this Act are as follows:
> (a) to provide the legal framework for an effective, efficient, environmentally responsible and open system of Local Government in New South Wales,
> (b) to regulate the relationships between the people and bodies comprising the system of Local Government in New South Wales,
> (c) to encourage and assist the effective participation of local communities in the affairs of Local Government,
> (d) to give councils:
>   - the ability to provide goods, services and facilities, and to carry out activities, appropriate to the current and future needs of local communities and of the wider public
>   - the responsibility for administering some regulatory systems under this Act
>   - a role in the management, improvement and development of the resources of their areas,
> (e) to require councils, councillors and council employees to have regard to the principles of ecologically sustainable development in carrying out their responsibilities.

However, many councils and many local communities disagree with the measures in the Act that facilitate dismissals and the subsequent appointment of administrators.

The *Local Government Act 1993 s255* states:

1. The Governor may, by proclamation, declare all civic offices in relation to a council to be vacant if:
   (a) a public inquiry concerning the council has been held, and
   (b) after considering the results of the inquiry, the Minister has recommended that the Governor make such a declaration.
2. The Governor may, by proclamation, declare all civic offices in relation to a council to be vacant if the Independent Commission Against Corruption, in a report referred to in section 74C of the *Independent Commission Against Corruption Act 1988*, recommends that consideration be given to the making of such a recommendation because of systemic corruption within the council.
3. If the Independent Commission Against Corruption makes such a recommendation, all civic offices in relation to the council may be declared vacant under subsection (2) without the holding of a public or other inquiry concerning the council. However, the making of such a recommendation does not preclude the holding of a public or other inquiry.

Councils and communities generally accept that if there is systemic corruption, paralysing dysfunction or continuing incompetence within the elected council there needs to be a mechanism to deal with it. The problem arises with the next section and the practices that have grown up around it.
Local Government Act 1993 s256 states:

(1) By the same proclamation under section 255 or by one or more subsequent proclamations, the Governor is:
   (a) to appoint an administrator of the council for a specified term, or
   (b) to order the holding of a fresh council election, or both.

(2) The Governor may, by those or other proclamations, make such further orders as the Minister recommends are necessary in the circumstances.

Local democracy is curtailed under s255, simply because seldom is a fresh council election ordered immediately. Rather the practice in NSW is to appoint an administrator for what can be extended periods.

Local Government Act 1993 s257 covers a different set of circumstances when an administrator may be appointed without a public inquiry under s255. This involves the Governor declaring the council to be non-functioning because: (a) the requirements of the Act for making and levying of ordinary rates have not been followed, or (b) the council has not exercised its functions for 6 months or more, or (c) there are not enough councillors for there to be a quorum at council meetings. The Governor may, as an alternative to the appointment of an administrator on the ground referred to in subsection (1) (c), appoint (or authorise a special election to elect) councillors to fill all the vacancies on the council or such number of those vacancies as will provide a quorum at meetings.

Whilst this set of circumstance has not occurred and is unlikely to occur, again there is an ‘in principle’ objection to appointing people rather than going to full election immediately.

Local Government Act 1993 s258 deals with the mechanics of when the administrator takes office, how the administrator has all the functions of the council, where the administrator is paid from and when administrator ceases to hold office. These provisions are unremarkable except that they shouldn’t be necessary in a stable developed democracy like Australia.

**Secondly, there may be a case for revised or alternate forms of elected councils.**

As has been observed often, but most tellingly by Allan, Darlison and Gibbs (2006) ‘Local Government decision structures are unique’. Councils neither completely mirror NSW and Australian Government arrangements nor parallel corporate decision-making processes. Under the Local Government Act 1993, each council is a state statutory corporation, now known as a body politic. The councillors are the governing body and have responsibility for directing and controlling council affairs. In some ways councils operate like a board of directors with requirements for public and professional liability insurance. But council meeting procedures mimic parliamentary procedures.

In terms of council decision-making, the Local Government Act 1993 gives the General Managers the normal executive powers of management, and councillors the task of setting strategic policy directions. However, in practice most councillors are engaged in making decisions on individual matters, not simply high-level policies. For example, a council may determine land zoning and other planning specifications for the Local Government area as a whole as well as assess some types of individual development applications.

In NSW and Australian Governments the ‘separation of powers doctrine’ requires that law making is undertaken via the parliament and policy direction determined by the executive (Prime Minister/Premier and Ministers). Government agencies are then
responsible for implementing law, administering decisions and providing for the delivery of services and infrastructure.

In effect, council decision-making mixes elements of the parliament, the executive and corporate decision-making processes. Councils have the power to make local laws (although limited to the scope under the *Local Government Act 1993*) and set policy directions. In addition, councils also consider individual cases in administrative capacity (Mant 2005b).

To rectify, or at least give options to untangle this, Allan, Darlison and Gibbs (2006) proposed that the State Government amend the *Local Government Act 1993* to provide for a choice of governance structures. This involved the following two options:

i) Corporate Board structure

The standard structure would be similar to the current structures except that:

- The maximum number of councillors would be seven, so they could interact like a board rather than a parliament;
- The standard position would be for an electorate of the whole with a referendum being required for a division into wards; and
- The election for mayor would be for the full term of the council (four years) instead of annual, with the option of a direct election of mayor, subject to a referendum.

Corporate governance principles, with appropriate modifications, would apply to the performance of a council. The mayor would be like a non-executive chair of a board without the power to direct the general manager between meetings of the council.

ii) Parliamentary/Executive structure

Large councils (say over 50,000 people) would have the option of a structure that applied the separation of powers doctrine as between the legislature and the executive:

- Up to 15 councillors may be elected on a ward basis;
- Popular election of the mayor at the same time as councillors are elected;
- The mayor may appoint an executive committee of three persons selected from the councillors with the option of secondments from outside the council; and
- The general manager, selected by the mayor and endorsed by council, would report to the mayor.

The role of council under this structure would be to:

- Approve the strategic plan, the management plan and the budget;
- Approve the policies and development controls of council; and
- Question the executive and hold inquiries into policy and performance issues.

Allan, Darlison and Gibbs (2006) noted in the first model the council would act as a governing board chaired by the Mayor with a General Manager as CEO, while in the second model the council would be a representative chamber that held the mayor and an executive committee (council ‘cabinet’) to account for the management of the council.

This dual structure would resolve the present dilemma that councils often have too many councillors to act as a board, yet can’t act as a parliament because there is no political executive to hold to account.

**Thirdly, there may be a case for Executive Mayors.**

Mant (2005a, pp4-5) previously identified a number of ongoing problems between councillors and staff. These are: the political nature of the governing structure; the annual election of mayors; access of councillors to staff; and contractual employment of senior management. Mant (2005a, p10) argued that larger councils in NSW should be given the option of an executive mayor structure as such a structure would afford a
greater separation of powers. Further, within this system the mayor could claim an election mandate to govern on the basis of his/her policy platforms, offering enhanced representation. There could also be greater cohesion between the mayor and the general manager in this model.

One recurring suggestion for dealing with the interface between councillors and staff and with annual election of mayors, is to move to an Executive Mayor.

Allan, Darlison and Gibbs (2006) note many major US cities have a structure by which mayors are popularly elected. The mayor is the chief executive officer of the council, and senior council staff tend to be political appointments who report directly to the mayor. The council itself is a legislative body that approves the mayor’s budget, makes rules and supervises the performance of the executive.

Allan et al went on to summarise the features of the Greater London Authority - a variant on the US structure. It is a unique form of strategic citywide government for London. The authority is made up of a directly elected mayor and a separately elected assembly. The Mayor is London’s spokesman. The Mayor leads the preparation of statutory strategies on transport, spatial development, economic development and the environment. The Mayor sets budgets for the GLA, Transport for London, the London Development Agency, the Metropolitan Police and London’s fire services. The assembly scrutinises the mayor’s activities. The assembly is also able to investigate other issues of importance to Londoners, publish findings and recommendations, and make proposals to the mayor.

Within Australia Allan et al explained we have the Lord Mayor of Brisbane who is a full-time politician who drives the policy agenda for the city. The City of Brisbane Act (Qld) 1924 gives the lord mayor the power to: draft the council’s budget; set rates and charges; submit the capital works program to full council; run council’s everyday business as an organisation; formulate policies relating to city governance; and implement policies adopted by council. The lord mayor receives a salary equivalent to that of a state minister. Full council has delegated some of its powers to the Establishment and Coordination Committee, which is also known as the Civic Cabinet. The chief executive officer of the council reports directly to the mayor, is the principal advisor to the Establishment and Coordination Committee and has accountability to the whole of Brisbane Council.

Whilst the role of Executive Mayor is largely seen as big city role there may be an argument to have them in smaller councils.

Allan, Darlison and Gibbs (2006) built elements of the Executive Mayor into both models of councils covered above.

Fourthly, there may be a case for State Government funded long-term systemic programs to improve the percentage of women serving as councillors.

The Associations have been concerned about the participation rates of women as councillors for some years. The Associations are gold partners in 2010 - Year of Women in Local Government. The participation of women in Local Government has been shown to be non-representative of the 51% proportion of women in the broader population.
In 2007, figures released by the Australian Local Government Womens’ Association (ALGWA) showed that nationwide 27.3% of councillors were women, 28.3% of mayors were female and only 5% of CEOs were female. ALGA’s statistics show the percentage of female mayors in 2009 was 19.2%. These figures have not improved over the past decade, despite a range of programs being undertaken across the states and territories in recent years.

In NSW whilst the number of women candidates and women councillors has improved slowly in the past two decades, the rate of change has now slowed or faltered. In 1991 women represented 23% of candidates and 20% of councillors; in 1995 women represented 28% of candidates and 23% of councillors; in 1999 women represented 30% of candidates and 26% of councillors; in 2004 women represented 33% of candidates and 27% of councillors and in 2008 women represented 33% of candidates and 26% of councillors.

The Associations are on record seeking to test with the NSW Government the prospects for long term funding of a suite of approaches that help increase the participation of women as councillors. The Associations have suggested exploring with the appropriate Ministers and Departments how to develop a business case to Treasury to fund a long-term funding program to finance new approaches.

Part of this long-term suite of initiatives would be a Local Government women’s political mentoring program. The women’s political mentoring program package would be aimed at first time candidates and first term councillors. The package is divided into two phases: i) a pre-election phase and ii) first year/first term phase.

But like all other initiatives within such a package it may need to run for at least three election cycles (subject to rigorous evaluation). To overcome systemic problems you need long-term interventions.

Fifthly, there may be a case for Australian Government long-term systemic programs to improve the percentage of Aboriginal people serving as councillors. Aboriginal peoples and expert commentators continue to suggest governance needs to be strengthened regarding Aboriginal Australians in NSW in order to achieve improved outcomes at a Local, NSW and Australian levels of Government. There is the need for a similar suite of approaches to that mentioned in the womens section but adapted as culturally appropriate and with an added strategy of increasing electoral participation rates for Aboriginal peoples.

Finally, there may be questions about the limits of local democracy. It is both deeply philosophical and incredibly practical to ask when does regional, state and national democracy override local democracy. Should these be determined locally or should they be part of a mandatory system of Local Government?

There are also related questions about how ‘representative democracy’ interacts with what has been termed ‘monitory democracy’ (Keane, 2009). In the age of monitory democracy, in contrast to the earlier eras of assembly democracy and representative democracy in territorial form, many new mechanisms are mixed and combined with new ways of publicly monitoring and controlling the exercise of power.
Keane points out that since 1945 we’ve seen "more than a hundred different types of power-monitoring devices that never before existed within the world of democracy". They include "public integrity commissions, judicial activism, local courts, workplace tribunals, consensus conferences, parliaments for minorities, public interest litigation, citizens' juries, citizens' assemblies, independent public inquiries, think tanks, experts' reports, participatory budgeting, vigils, blogging and other novel forms of media scrutiny". Essentially monitor democracy means the ongoing public scrutiny and public control of decision makers, whether they operate in the field of government or within so-called civil society organisations. Post-democratic societies have moved beyond anxiety over human rights and electoral fairness to concern over the transparency of government service providers. But as Knox (2010) observed greater transparency is not necessarily an unalloyed good: "These watchdog and guide-dog and barking-dog inventions … penetrate the corridors of government and occupy the nooks and crannies of civil society, and in so doing they greatly complicate, and sometimes wrong-foot, the lives of politicians, parties, legislatures and governments." In so doing they can also slow the efficient working of government.

These are central questions to notions of democracy, notions of how communities wish to organise and be organised, and how different spheres of government formally interact. We shall return to questions about intergovernment relations in a later section of this paper.

**Key questions for feedback on section 3:**

Is it important for the future of NSW Local Government for there to be better guarantees of democratic Local Government in NSW legislation (i.e. changes to both Constitution Act 1902 s51 and Local Government Act 1993 s255 etc)?

Is it important for the future of NSW Local Government for there to be different models of elected councils?

Is it important for the future of NSW Local Government to move to full-time paid Executive Mayors?

Is it important for the future of NSW Local Government to have NSW Government funded long-term systemic programs to improve the percentage of women serving as councillors?

Is it important for the future of NSW Local Government to have Australian Government long-term systemic programs to improve the percentage of Aboriginal people serving as councillors?

Are there other reforms relating to governance and democracy that may be important to shaping the future of NSW Local Government?
4. What reforms would assist NSW Local Government maintain long-term plans that integrate environmental sustainability, social justice and economic viability?

One of the points in the overall goal is ‘to reach a point where we have a NSW Local Government system in which councils are working to formal long-term plans for their communities that integrate and balance environmental sustainability, social justice and economic viability.’

As noted in section 1 ‘…lead councils are forging ahead with very sophisticated approaches, building their own visionary forward plans that predate or give deeper meaning to integrated planning and reporting.’

Moreover, collectively NSW councils stand on the threshold of a new era, with the commencement of the integrated planning and reporting reforms that are now embedded in legislation and regulations.

From 2006 DLG went through a series of consultations with the Local Government sector which identified general support for integrated planning and reporting (originally option 3 as outlined in Plan Planning a Sustainable Future). The amendments to the Act that gave effect to the Integrated Planning and Reporting reforms were assented to by the Governor in October 2009 and commenced from that point.

The integrated planning and reporting reforms have the following features:

- A centrepiece whole of community 10 year Community Strategic Plan (CSP);
- The requirement that the CSP 'as a minimum, must adequately address the four key considerations of social, environmental, economic and civic leadership';
- The requirements that the CSP must i) address levels of service, ii) give regard to State and Regional Plans and iii) contain long term strategies and ways to assess achievements;
- The CSP is informed and supported by three Resourcing strategies:
  - Assets (minimum 10yrs),
  - Finances (minimum 10yrs) and
  - Workforce (minimum 4 yrs);
- The CSP flows into the 4 year Delivery Program (DP);
- The DP must i) address CSP strategies and identify specific actions that council will undertake on the strategies, ii) address the all council operations and allocate responsibilities for each action and iii) inform and be informed by the Resourcing Strategies;
- The DP flows into annual Operational Plan; and
- The Annual Report becomes a Report to the community by November each year.

The Act provides transitional provisions for phasing in the new legislative requirements over three years. The Division of Local Government (DLG) wrote to all councils and county councils requesting that they choose which Group they will be in for the implementation of the new framework, with a deadline of early December 2009.

The timeframe for each of the Groups is as follows:

- Group 1: Community Strategic Plan and Delivery Program adopted by 30 June 2010;
• Group 2: Community Strategic Plan and Delivery Program adopted by 30 June 2011; and
• Group 3: Community Strategic Plan and Delivery Program adopted by 30 June 2012.

The list of Group 1 councils was gazetted in February 2010.

There are a number of continuing challenges with bedding down these whole of community 10 year Community Strategic Plans and associated Assets, Finances and Workforce strategies.

**There remains a case for significant Government start up funding and support in the immediate future to 2012 to implement integrated planning and reporting.**

Whilst leading councils are well on their way with their 10 year Community Strategic Plan and associated Assets, Finances and Workforce strategies, some other councils continue to highlight their need for help.

The Associations estimate from what we know of preparedness and available funding of our members, up to one third of the 52 councils in Group 2 and half of the 76 councils in Group 3 will need some assistance, with their Community Strategic Plan. Whilst some of this assistance may simply be web-based, or advice from DLG staff, the Associations staff or staff from leading councils, some of it will need to be more direct.

The Associations are aware of council demand and worked with DLG to seek funding for immediate awareness programs for Councillors and Senior Management. There is clearly a need for external funding to develop and deliver stand alone awareness programs for Councillors and Senior Management. These courses need to be about the unique roles Councillors and Senior Management (rather than professionals) in developing and implementing long term plans. The Associations have judged there is a place for master classes for council leaders.

The Associations are aware of council demand for direct financial assistance to NSW councils to implement asset planning and financial planning systems.

Responding to council views, the Associations have also identified that there is a place for an Associations-based mentoring and advisory service on the councillor role in asset planning and management.

Again we have worked with DLG to seek significant Australian Government funding for these two elements.

Should the bid for Australian Government funding prove unsuccessful Local Government will need to pursue NSW Government funding vociferously until 2011 at the least.

Finally, councils have expressed concerns about the scale of community engagement that the new approach brings. Many councils are aware effective community engagement is key to the achievement of many of the NSW State Plan’s objectives, such as Healthy Communities, Strengthening Communities and Keeping People Safe. They wish to see such engagement, work for both their Community Strategic Plans and the State Plan given their proposed interactions.
By effectively engaging all stakeholders in the community, including disadvantaged and marginalised people, Aboriginal peoples, Culturally and Linguistically Diverse communities, young people, older people, people with a disability or mental illness, and low income earners, councils can ensure they develop Community Strategic Plans which address social justice.

To effectively engage with the community, some councils may require resources to develop the elements of an engagement strategy, such as:

- a communications approach;
- identification of all groups and stakeholders within the community;
- develop ways of working with the community to understand concerns and priorities;
- develop partnerships with the community to identify solutions; and
- produce a plan that reflects this process.

Councils believe there is justification for some significant short term funding from the NSW Government to councils to work on their engagement strategies.

**There may be a case for recurrent funding and support over the coming decade to assist the NSW Local Government sector refine, strengthen, deepen and redefine (if necessary) the models and practices supporting integrated planning and reporting**

It is never as simple as just putting in place the first 10 year Community Strategic Plan and associated Assets, Finances and Workforce strategies and sitting back. The nature of community demand on governments generally, means you can't set and forget.

As the leading innovators in NSW Local Government remind the Associations, it is about constant effort. Individual councils need to keep adjusting and fine-tuning their visions, and how the service functions and regulatory functions that give meaning to these visions. Just as individual councils need to do this, so will the sector as a whole.

What may be needed is an organisation dedicated to tracking, documenting, disseminating and teaching improvements in models and practices to support integrated planning and reporting. This body or unit could be located at DLG, the Associations or a University. The central features are that it needs to be of a reasonable size, with a strong interdisciplinary staff and with guaranteed NSW Government funding for a significant period.

Amid this, Aboriginal advocates remind us that in the medium term they would like to see the mind set and language associated with Aboriginal matters in Local Government community strategic plans change to the positive. The commitment of the Australian Government, NSW Government and many councils to closing the gap for Aboriginal peoples in 15 to 20 years should drive a change to the policy language associated with Aboriginal matters. For example, there should be a move from words and concepts focused on disadvantage and dysfunction to strength-based words and concepts such as development and capacity building.

This particular innovation that could be tracked and promoted by the proposed clearing house.

There is an emerging view that there may be the need for an independent “fit-for-purpose” audit of council’s Community Strategic Plans and associated Assets, Finances
and Workforce strategies. This question may need further exploring either now or could become a part of the clearing house’s set of functions.

**Key questions for feedback on section 4:**

Is it important for the future of NSW Local Government for there to be Government start up funding and support in the immediate future term to say 2012 to implement integrated planning and reporting?

Is it important for the future of NSW Local Government for there to be recurrent funding and support mechanisms over the coming decade to grow integrated planning and reporting?

If so what form should they take?
5. What reforms would assist NSW Local Government remain or become financially viable?

One of the points in the overall goal is ‘to reach a point where we have a NSW Local Government system in which councils are financially viable. It is now clearly established that NSW councils:

- are burdened with a huge infrastructure renewal backlog;
- struggling with a narrow and constrained revenue base; and
- that a large proportion is financially unviable or vulnerable in the long run under current policy settings and fiscal arrangements (local, NSW and Australian).

In turn the more immediate elements of financial viability involve:
- an end to rate pegging;
- significantly better FAGs and/or other Australian Government funding;
- mutually agreed charging regimes for co-regulatory roles;
- transfer payments from Australian and NSW Government for any Australian and NSW Government mandated Community Service Obligations;
- greater use of debt financing for long term (intergenerational infrastructure); and
- better financial and asset management.

The amount of work that has been done by the Associations and the large number of independent and reputable reports that have been done on the need for changes to make the NSW Local Government sector viable means this section can be brief. The brevity does not mean the case is any less compelling.

In the longer term there is a need to reconsider the appropriateness of the current funding mechanisms for modern Local Government.

Moving beyond rate pegging, the overall rating and valuation system in NSW is overdue for review. The current land only valuation methodology creates a number of distortions and restrictions on the rate base. This is particularly evident in high density urban areas with a high proportion of strata titled properties. Capital valuations or gross rental value assessments may achieve more equitable and efficient results. Consideration should also be given to expanding the range of property types (tenures and rights) that can be rated, so as to broaden the rate base. And importantly, the current range of concessions and exemptions needs to be stripped and refocussed.

At the same time, we should question whether Local Governments’ taxation base should continue to be restricted to a single form of property tax – rates? Rates are perfectly appropriate for funding property related services however, the role of councils has expanded well beyond this, particularly into the area of human services.

Consideration should include the potential for broadening Local Governments taxation base. Options include mechanisms to give Local Government access to additional taxation streams such as income, consumption, road usage and property transaction taxes as well as resource rents or mining royalties.

Further, Local Government needs to consider opportunities for greater levels of commercialisation and entrepreneurialism (where appropriate). This would involve the smarter and more active management of council assets, including leveraging these
assets within effective and prudently managed Public Private Partnerships (PPPs). Of course, the scope for doing so varies between councils.

The case for removal of rate pegging is unequivocal.
The concept of Local Government should extend to financial autonomy and flexibility: i.e. the provision of flexible revenue raising powers to enable councils to do what their community wants. Ideally, to ensure full accountability, councillors should be responsible for raising from the community they represent all the funds required to fulfil the general Local Government role; the community that benefits should also understand and pay the full cost.

There is the obvious benefit of removing the major financial constraint that NSW councils have been labouring under for the past 35 years. But it would also:
• fundamentally alter Local Government’s relationship and engagement with the NSW Government;
• significantly change councils relationship with the community, by introducing a greater level of accountability;
• give councils greater autonomy in delivering locally determined priorities; and
• fit with, and give greater meaning and relevance to the Integrated Planning and Reporting processes.

Alongside this there is a need for modernising the rating and valuation system.

There is a case for the development of additional revenue mechanisms. It is no use considering expanding roles and functions without addressing financial modernisation.

There is a case for an overhaul of intergovernmental fiscal relations and transfers. At a broader level the Associations would also continue to seek reform at a national level – i.e. through engaging with and supporting ALGA’S fair share campaign as it continues to progress. The Associations will continue to seek a guaranteed or legislated Local Government share of Australian and/or NSW taxation which would reduce councils’ dependency on annual budget determined program allocations.

There remains a strong case for an alternative system for funding the three Emergency Services.
The Associations have done considerable work and validated the need for three Emergency Services to be funded by a broad base property levy. If this is not implemented then the current funding arrangements need to have improved budget consultations and clarity of funding structures and management of assets.

There remains a case for security of funding for roads. Councils have identified a need for more certainty in road funding sources, i.e. a guaranteed/legislated Local Government share of Australian and/or NSW taxation which would reduce dependency on annual budget determined program allocations. In a roads context this may for example include a share of road-sourced taxation such as fuel tax or heavy vehicle mass/distance charging mechanism, although care needed that we do not tie it to a diminishing revenue stream.
Key questions for feedback on section 5:

Is it important for the future of NSW Local Government for rate pegging to be removed?

Is it important for the future of NSW Local Government to develop additional revenue mechanisms?

If so what new or enhanced revenue measures are needed?

Is it important for the future of NSW Local Government that there be an overhaul of intergovernmental fiscal relations and transfers?

What are the most critical measures to overhaul?

Is it important for the future of NSW Local Government for an alternative system for funding the three Emergency Services to be developed?
6. What reforms would assist NSW Local Government work with mutually agreed set of functions continuously adapting to community demand?

One of the points in the overall goal is ‘to reach a point where we have a NSW Local Government system in which councils are working with mutually agreed set of functions (agreed between the three spheres of government for a NSW context, with levels of service continuously adapting in line with evolving community demand)’

The Associations believe this involves consideration of:
- which service functions fit together locally (subsidiarity);
- which service functions fit together better in the 21\textsuperscript{st} century (rather than in the past);
- which strategic and statutory land-use planning roles fit together locally;
- which land-use planning roles fit together better in the 21\textsuperscript{st} century;
- which regulatory functions fit together locally; and
- which regulatory functions fit together better in the 21\textsuperscript{st} century

We believe it is valuable to take stock of the roles that Local Government performs in the early 21\textsuperscript{st} Century and whether there is any pressure for these to change over the coming twenty years. When we say roles we mean the infrastructure, facilities, services and programs councils offer as service functions and the activities councils carry out to plan or regulate the activities of others under regulatory functions.

In carrying out this analysis the Associations are treading warily and do not seek to impose a new framework on the work of individual councils. Councils choose their respective frameworks for planning and reporting for their Community Strategic Plans. The Associations acknowledge there is a rich field of frameworks using themes or directions and many use versions of the quadruple bottom line. The functions are simply some of the things that are done to carry the themes into day-to-day action.

For descriptive purposes we have chosen the functional categories used under the standard chart of accounts. We accept there is a live question about whether the chart of accounts should be updated for the 21\textsuperscript{st} century.

The Associations have analysed each of the contemporary Local Government functions in terms of the dollar value and percentage of total spend, the percentage of councils presently involved with the function; the start date for the function in NSW; how the public regards the function; recent trends; and any community, Australian or NSW Government, or private sector issues. This analysis is set out in Table 1: NSW Local Government Functions 2010:

The information on public regard is taken from IRIS (2005). It is important to be aware that as all the functions were rated as important by over 50% of respondents, the terms ‘higher’, ‘medium’ and ‘lower’ are fine tunings amongst important services.

This analysis demonstrates the potential for tensions to exist for reform within and amongst different contemporary Local Government functions as we think of the coming 20 years. The information summarised in the table underscores the wisdom of looking at functional concerns rather than prefabricated geographic or population solutions. It also bears out the need for a unifying narrative to ensure that councils move forward in any further reforms with coherence.
### Table 1: NSW Local Government Functions 2010

<table>
<thead>
<tr>
<th>Function</th>
<th>$ &amp; %</th>
<th>% involved</th>
<th>start up</th>
<th>public regard</th>
<th>Recent trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public order and safety</td>
<td>$310m</td>
<td>4.9%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>fire protection</td>
<td>$106m</td>
<td>100%</td>
<td>1880s</td>
<td>NA</td>
<td>Diminishing service function since 1997 due to centralising of RFS but continuing State tax collecting function regarding Fire Brigades &amp; RFS. (Councils also have bushfire planning/zoning responsibilities that form part of the effort in town planning under Housing and Community amenities later).</td>
</tr>
<tr>
<td>animal control</td>
<td>100%</td>
<td>1880s</td>
<td>Lower importance</td>
<td>Medium satisfaction</td>
<td>Stable function continuously expanding in response to NSW Govt demands regarding the Companion Animal Act etc</td>
</tr>
<tr>
<td>beach control</td>
<td>21%</td>
<td>1880s</td>
<td>Lower importance</td>
<td>Medium satisfaction</td>
<td>Long term stable function continuously adapting to beach use and user changes</td>
</tr>
<tr>
<td>enforcement of regulations</td>
<td>100%</td>
<td>1850s</td>
<td>Lower importance</td>
<td>Medium</td>
<td>Councils increasingly active in enforcement of parking and other traffic regulations, and with litter &amp; illegal dumping?</td>
</tr>
</tbody>
</table>

Emerging lobby from Surf Clubs for special levies or other financing to upgrade club houses, equipment etc in face of the constraints they face (e.g. time poor membership compared to the past).

Renewed community pressure for greater activity in shark control.

Continuing community and NSW Govt pressure for councils to be involved in low level policing issues such as Commissioner of Police delegation of powers on confiscation of Alcohol in Alcohol-Free.
Parking and traffic regulation often draws significant if unwarranted public criticism.

<table>
<thead>
<tr>
<th>Service</th>
<th>Satisfaction</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Safety</td>
<td>No Information</td>
<td>NA</td>
</tr>
<tr>
<td>Emergency Services</td>
<td>100%</td>
<td>NA</td>
</tr>
</tbody>
</table>

Diminishing service function due to centralising of SES etc but continuing State tax collecting function regarding SES. Limited statutory role other than funding and providing premises although expectation of additional support when required high.
Table 1: NSW Local Government Functions 2010 continued

<table>
<thead>
<tr>
<th>Function</th>
<th>$ &amp; %</th>
<th>% involved</th>
<th>start up</th>
<th>public regard</th>
<th>Recent trends</th>
<th>community, Aust/NSW govt, or private sector issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>$74m</td>
<td>100%</td>
<td>1850s</td>
<td>Lower importance</td>
<td>Long term function continuously adapting to NSW Govt demands for shift from strictly public health focus to both environmental health and development control. POEO Act seems to be successfully implemented.</td>
<td>Greater responsibility on Local Government as an environmental regulator</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2%</td>
<td></td>
<td>Medium satisfaction</td>
<td></td>
<td>Growing awareness of impacts of poor air quality</td>
</tr>
<tr>
<td>administration and inspections</td>
<td></td>
<td>100%</td>
<td>1850s</td>
<td>Lower importance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Medium satisfaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>immunisation</td>
<td>30%</td>
<td>Higher importance</td>
<td>1930s</td>
<td>Medium satisfaction</td>
<td>Diminishing function in face of reach of private sector and other public sector providers</td>
<td>Surprisingly little articulation expressions of sentiment in any direction</td>
</tr>
<tr>
<td>food regulation</td>
<td>99%</td>
<td>Lower importance</td>
<td>1920s</td>
<td>Medium satisfaction</td>
<td>Long term function rejuvenated since 2001 in response to national reforms and in close partnership with NSW Government, with extended activity levels, powers and financing mechanisms; Emerging council concern that NSW Govt returning to command model.</td>
<td>Media concern about low inspection activity levels; business concern about too much inspection activity</td>
</tr>
<tr>
<td>insect/vermin control</td>
<td>No information</td>
<td>NA</td>
<td></td>
<td></td>
<td>Remnant but ongoing function; Important in some areas, e.g. mosquito spraying, rat eradication, feral bird</td>
<td></td>
</tr>
<tr>
<td>Function</td>
<td>Involvement</td>
<td>Year</td>
<td>Importance</td>
<td>Satisfaction</td>
<td>Duration</td>
<td>Notes</td>
</tr>
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</tr>
<tr>
<td>Noxious plants</td>
<td>100%</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>Mooted attempt to reform this function into a set number of County Councils is creating an immediate issue, especially for rural councils; Also significant reforms to NSW grant funding will change the way councils fund noxious weed management. New framework will force councils to operate at the regional scale with other councils.</td>
</tr>
<tr>
<td>Early childhood health centres</td>
<td>30%</td>
<td>1940s</td>
<td>Higher</td>
<td>Medium</td>
<td>Medium possibly diminishing function</td>
<td>There is a major question whether councils continue as landlords for NSW Health services as these buildings reach end of economic life and equity issues are resolved, and as early childhood health servicing patterns change</td>
</tr>
<tr>
<td>Other: Air Quality Management</td>
<td>70%</td>
<td>1995</td>
<td>Medium</td>
<td>Medium</td>
<td>Increases in smoke-free areas</td>
<td>Growing awareness of impacts of poor air quality</td>
</tr>
<tr>
<td>Function</td>
<td>$ &amp; %</td>
<td>% involved</td>
<td>start up</td>
<td>public regard</td>
<td>Recent trends</td>
<td>community, Aust/NSW govt, or private sector issues</td>
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<td>---------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Community Services and education</td>
<td>$308m</td>
<td>4.9%</td>
<td></td>
<td></td>
<td>Stable function (including social planning) – which has been adapting to changes in demography, community expectations and Aust &amp; NSW Govt legislative and program changes</td>
<td>Councils seeking new partnership with Aust Govt and/or Aust Govt legislative, funding and program changes to deliver more public child care as part of mixed economy of child care</td>
</tr>
<tr>
<td>administration</td>
<td>$19m 0.3%</td>
<td>80%</td>
<td>1950s</td>
<td>NA</td>
<td>Stable function adapting from 1995 to market-based model and from 2008 the emerging reorientation since collapse of major private suppliers</td>
<td>COAG promoting draft National Quality Agenda for Early Childhood Education and Care</td>
</tr>
<tr>
<td>Child care</td>
<td>40%</td>
<td>1970s</td>
<td>Higher</td>
<td>Medium</td>
<td>Stable function adapting to changes in community expectations and Aust and NSW Govt program changes</td>
<td>Councils seeking Aust and NSW Govt funding and program changes to meet level of unmet need</td>
</tr>
<tr>
<td>youth services</td>
<td>40%</td>
<td>1960s</td>
<td>Higher</td>
<td>Medium</td>
<td>Stable function adapting to changes in community expectations and Aust and NSW Govt program changes</td>
<td>Councils seeking Aust and NSW Govt funding and program changes to meet level of unmet need</td>
</tr>
<tr>
<td>aged and disability services</td>
<td>64%</td>
<td>1950s</td>
<td>Higher</td>
<td>Medium</td>
<td>Stable function adapting to population ageing, community expectations and Aust and NSW Govt legislative and program changes</td>
<td>Community Care – will be home based, person centred and goal oriented, flexible and available when needed, rather than institutionalized in high care</td>
</tr>
</tbody>
</table>
Modernising Local Government: discussion paper

satisfaction program changes.

These 64% of councils receive funding for HACC services ($27.5 million in 2007-08) for ageing and disability home based services. 8% of councils run residential aged care or Multi Purpose services funded by Commonwealth aged care homes; Councils may move out of direct provision of HACC services into a brokerage role, dependent on how the COAG proposed split of AHCC pans out; Councils/care providers will need to be adequately resourced to provide services to people in remote locations to ensure they do not have to move from their communities in order to receive care; High level care will rely more on technology which will have implications for remote locations.

migrant services

| less than 10% | NA |

Developmental rather than direct service that has appeared to diminish in past 15 years; requirements embodied in Implementing the Principles of Multiculturalism Locally: Information Kit for Councils do not seem to facilitate response

Renewed push for direct council involvement likely to come Community Relations Commission For a multicultural NSW in the form of salary subsidy scheme

Two Ways Together Partnership Community Program is a priority of the NSW State Plan and is the local level implementation of the NSW Aboriginal Affairs Plan (2003-2012) aims: Improve service delivery and outcomes on the ground for Aboriginal people; and Strengthen Aboriginal community wellbeing Government agencies including councils need to consider their capacity to respond flexibly to Aboriginal community priorities and build negotiated partnerships with Aboriginal communities to improve access to culturally competent services.

aboriginal services

| less than 10% | NA |

Developmental rather than direct service; councils very active in promoting Aboriginal access to both mainstream council community services and other council functions for past 15 years.
<table>
<thead>
<tr>
<th>other community services</th>
<th>Higher importance</th>
<th>Wide variety of single projects that are more often found in other spheres of government or in the community sector</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Medium satisfaction</td>
<td></td>
</tr>
</tbody>
</table>
Table 1: NSW Local Government Functions 2010 continued

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Housing and Community amenities</td>
<td>$1430m</td>
<td>22.6%</td>
<td></td>
<td></td>
<td>Remnant function (except in aged care)</td>
<td></td>
</tr>
<tr>
<td>housing</td>
<td>10%</td>
<td>1910s</td>
<td>NA</td>
<td></td>
<td>Lower importance</td>
<td>Diminution of community say in local development and strategic planning decisions.</td>
</tr>
<tr>
<td>town planning</td>
<td>100%</td>
<td>1940s</td>
<td>Lower importance</td>
<td>Lower satisfaction</td>
<td>Local Government powers and responsibilities in this area are diminishing in some respects with increasing centralisation and introduction of exempt and complying codes. Local Government being marginalised by state and national planning reform agenda’s.</td>
<td>Diminution of community say in local development and strategic planning decisions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>However, land use planning is not just about town planning, but about the strategic planning of future land use across the whole landscape. This includes the conservation of a range of environmental assets (and the role for councils continues to expand in these areas).</td>
<td>In contrast population ageing will create demands for Housing for older people and people with a disability – enabling the design and development of housing options which promote the continuation of people living for as long as possible in their own homes.; This may include creating communities of housing with cross generational groups where care providers live close by to care recipients. Design of housing will be incorporated into Council plans, such as DCPs and should create accessible, flexible housing developments which promote participation in the community and remove barriers to staying living at home. Wheelable and walkable design will be in higher demand.</td>
</tr>
<tr>
<td>domestic waste services</td>
<td>100%</td>
<td></td>
<td>Higher importance</td>
<td>Higher satisfaction</td>
<td>Statutory responsibility and long term stable function. Operation largely contracted out to private sector, particularly in urban areas. Increasing expenses, increasing volumes of</td>
<td>The general community (and council) support for Container Deposit Legislation and Extended Producer Responsibility will eventually drive more change in this function</td>
</tr>
<tr>
<td>Service Type</td>
<td>Data Availability</td>
<td>Year</td>
<td>Long Term Function</td>
<td></td>
<td></td>
<td></td>
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<tr>
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<td>-----------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>commercial waste</td>
<td>No data</td>
<td></td>
<td>Councils not required to provide this service, although many do.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>waste disposal management</td>
<td>Higher importance</td>
<td></td>
<td>Increasing expense, increasing volumes of waste, rising levies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>sanitation service</td>
<td>100%</td>
<td></td>
<td>The general community (and council) support for Container Deposit Legislation and Extended Producer Responsibility will eventually drive more change in this function</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public cemeteries</td>
<td>No information</td>
<td>1880s</td>
<td>Long term stable function adapting to changes supply of available land especially in greater metro area, religious and social changes, and recent demand for environmentally sound burials.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>public conveniences</td>
<td>No information</td>
<td>1880s</td>
<td>Long term but seemingly diminishing function</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other: Land Management (including Contaminated land management and Remediation)</td>
<td>100%</td>
<td>1995</td>
<td>Increasing costs, shifting of responsibility onto Local Government (e.g. UPSS). Some level of Government assistance through the Environmental Trust</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Questionable if councils need to continue to perform this function in many locations.</td>
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</tbody>
</table>

Modernising Local Government: discussion paper
### Table 1: NSW Local Government Functions 2010 continued

<table>
<thead>
<tr>
<th>Function</th>
<th>$ &amp; %</th>
<th>% involved</th>
<th>start up</th>
<th>public regard</th>
<th>Recent trends</th>
<th>community, Aust/NSW govt, or private sector issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Water supplies</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>domestic and industrial reticulation</td>
<td>$818m</td>
<td>58%</td>
<td></td>
<td></td>
<td><strong>Higher importance</strong>&lt;br&gt;<strong>Higher satisfaction</strong>&lt;br&gt;Long-term stable function in regional and rural areas, with councils and Local Water Utilities increasingly pursuing water efficiency and community education about water use.</td>
<td>Current NSW Government review of Local Water Utilities structure and management has led to both concerns and positive thinking from councils. Push for corporatisation from some quarters. Potential for privatisation is a long run consideration.</td>
</tr>
<tr>
<td><strong>Sewerage services</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treatment and management</td>
<td>59%</td>
<td></td>
<td></td>
<td></td>
<td><strong>See above</strong></td>
<td>See above</td>
</tr>
<tr>
<td>Function</td>
<td>$ &amp; %</td>
<td>% involved</td>
<td>start up</td>
<td>public regard</td>
<td>Recent trends</td>
<td>community, Aust/NSW govt, or private sector issues</td>
</tr>
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<td>-------------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>$950m</td>
<td>100%</td>
<td>original</td>
<td>Lower importance</td>
<td>Long term stable function continuously adapting to change despite entrenched NSW Govt resistance to improved funding; There is both emerging interest and concern with the idea of convergence - the move towards combining libraries with other cultural institutions.</td>
<td>The ‘digital revolution’ is changing the way, culture and recreation are produced and experienced,</td>
</tr>
<tr>
<td>public libraries</td>
<td>15.0%</td>
<td>1900s</td>
<td>1940s</td>
<td>Higher satisfaction</td>
<td>Considerable expansion in customer demand, central government expectations, &amp; delivery media changes ‘Safe space’ – expectation that libraries provide safe indoor public space not necessarily related to traditional functions.</td>
<td></td>
</tr>
<tr>
<td>museums</td>
<td>35%</td>
<td>1910s</td>
<td>Lower importance</td>
<td>Higher satisfaction</td>
<td>Ageing of many volunteers presents succession planning challenges for small museums and a need to review programs and functions.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Legislative Assembly Public Works Committee Inquiry into the Development of Arts and Cultural Infrastructure Outside the Sydney CBD (2008): yet to report.</td>
<td></td>
</tr>
<tr>
<td>art galleries</td>
<td>30%</td>
<td>1910s</td>
<td>Lower importance</td>
<td>Higher satisfaction</td>
<td>Concern about loss of services and devaluing of functions in ‘converged’ facilities.</td>
<td></td>
</tr>
<tr>
<td>community centres</td>
<td>50%</td>
<td>1940s</td>
<td>Higher</td>
<td></td>
<td>Considerable expansion in spread of</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>Importance</td>
<td>Satisfaction</td>
<td>Year</td>
<td>Innovation</td>
<td>Customer Demand</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Public halls</td>
<td>80%</td>
<td>Medium</td>
<td>1860s</td>
<td>NA</td>
<td>Possibly diminishing function. Although councils that have been able to allocate modern resources to the traditional halls have been able to keep them relevant.</td>
<td></td>
</tr>
<tr>
<td>Other cultural services</td>
<td>No</td>
<td>Lower</td>
<td>1880s</td>
<td>Lower</td>
<td>Uptake of arts used to achieve social outcomes, in youth centres for example. General lack of understanding and appreciation of councils’ involvement in wide range of arts and cultural endeavours.</td>
<td></td>
</tr>
<tr>
<td>Swimming pools</td>
<td>90%</td>
<td>Higher</td>
<td>1850s</td>
<td>Lower</td>
<td>Long term stable function adapting to changing swimmer preferences and environmental factors; Management increasingly contracted out and new facilities sometimes developed as public private partnerships, often delivered in conjunction with gym facilities and competing with private providers; Increasing commercialisation. Many ‘Olympic swimming pools’ approaching end of life.</td>
<td></td>
</tr>
<tr>
<td>Sporting grounds</td>
<td>100%</td>
<td>Higher</td>
<td>1860s</td>
<td>Lower</td>
<td>Long term stable function nonetheless continuously adapting to changing active sports preferences and environmental factors like climate variability – long term drought, violent storms and inundation etc.</td>
<td></td>
</tr>
<tr>
<td>Parks and gardens</td>
<td>100%</td>
<td>Higher</td>
<td>1860s</td>
<td>Higher</td>
<td>Long term stable function adapting to changing passive recreation preferences and climate variability.</td>
<td></td>
</tr>
<tr>
<td>Other Sporting &amp; Recreation</td>
<td>No data</td>
<td>Lower Importance</td>
<td>Higher Satisfaction</td>
<td>Non-traditional recreation activities (bushwalking, bird watching, canoeing, etc) are also very high public participation activities undertaken on council managed land. This requires the management of those natural assets - which have been neglected in the traditional recreational (sport) focus.</td>
<td>Management of Crown Land</td>
<td></td>
</tr>
<tr>
<td>Function</td>
<td>$ &amp; %</td>
<td>% involved</td>
<td>start up</td>
<td>public regard</td>
<td>Recent trends</td>
<td>community, Aust/NSW govt, or private sector issues</td>
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<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>Mining etc and construction</td>
<td>$141m</td>
<td>100%</td>
<td>1910s</td>
<td></td>
<td>Lower importance and to an extent splintered in the face of private certification and exempt &amp; complying development regimes</td>
<td>Increasingly undertaken by private sector operators.</td>
</tr>
<tr>
<td>quarries and pits</td>
<td>30%</td>
<td></td>
<td>1860s</td>
<td>NA</td>
<td>Mostly related to providing road aggregate for own road construction and maintenance.</td>
<td>Private sector is major operator of quarries.</td>
</tr>
<tr>
<td>Function</td>
<td>$ &amp; %</td>
<td>% involved</td>
<td>start up</td>
<td>public regard</td>
<td>Recent trends</td>
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<td>-------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Transport and communication</td>
<td>$1215m</td>
<td></td>
<td></td>
<td></td>
<td>Councils are responsible for 85% of road network in NSW.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19.2%</td>
<td></td>
<td></td>
<td></td>
<td>Councils being allocated greater proportion of state roads. State funding has remained static for several years. Australian Identified Local Roads Grants have also remained static in real terms. Australian specific purpose funding (Roads to Recovery, Blackspots), have improved funding situation in recent years resulting in real road improvements, however these programs are not a permanent commitment leaving uncertainty about the future.</td>
<td></td>
</tr>
<tr>
<td>urban roads</td>
<td>100%</td>
<td>1850s</td>
<td>Higher importance</td>
<td>Lower satisfaction</td>
<td>See above; The management of roadside vegetation is an increasing issue</td>
<td></td>
</tr>
<tr>
<td>sealed rural roads</td>
<td>82%</td>
<td>1930s</td>
<td>Higher importance</td>
<td>Lower satisfaction</td>
<td>See above; The management of roadside vegetation is an increasing issue</td>
<td></td>
</tr>
<tr>
<td>unsealed rural roads</td>
<td>81%</td>
<td>1850s</td>
<td>Higher importance</td>
<td>Lower satisfaction</td>
<td>See above; The management of roadside vegetation is an increasing issue</td>
<td></td>
</tr>
<tr>
<td>regional roads</td>
<td>60%</td>
<td>1850s</td>
<td>Higher importance</td>
<td>Lower satisfaction</td>
<td>The management of roadside vegetation is an increasing issue</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Road management is an area which would especially benefit from a greater level of</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>Usage</td>
<td>Year</td>
<td>Importance</td>
<td>Satisfaction</td>
<td>Details</td>
<td></td>
</tr>
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<td>------------------------------</td>
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<td>------------</td>
<td>--------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Bridges</td>
<td>100%</td>
<td>1850s</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airports</td>
<td>50%</td>
<td>1920s</td>
<td>Higher</td>
<td>Higher</td>
<td>Increasing costs relating to safety and security standards placing increasing burden on councils. Most are not commercially viable but are maintained as (essential) community service obligations.</td>
<td></td>
</tr>
<tr>
<td>Parking areas</td>
<td>100%</td>
<td>Un-known</td>
<td>Medium</td>
<td>Lower</td>
<td>Parking for people with a disability will be more in demand as the population ages and more people are living in their own homes for longer.</td>
<td></td>
</tr>
<tr>
<td>Bus shelters and services</td>
<td>No information</td>
<td>1920s</td>
<td>NA</td>
<td></td>
<td>Long term function where councils have responsibility for bus stop infrastructure such as hard stands, shelters, seats, and access pathways but excluding signage; Changing disability access standards continue to drive cost concerns; councils are not responsible for scheduled or school bus operations, some have community transport services. With population ageing councils may have greater involvement in local, community based transport services; Services like community buses, council cabs which assist older people and people with a disability to continue to be involved in the community; Transport access points e.g. bus stops may require more careful design to ensure accessibility for older people and people with a disability.</td>
<td></td>
</tr>
<tr>
<td>Water transport</td>
<td>No information</td>
<td>1880s</td>
<td>NA</td>
<td></td>
<td>Some coastal and riverine councils are responsible for public wharf provision and maintenance. Pollution of waterways by recreational and commercial vessels (water quality issues) may require greater attention in the future.</td>
<td></td>
</tr>
<tr>
<td>RTA works</td>
<td>80%</td>
<td>Un-known</td>
<td>Higher</td>
<td>Lower</td>
<td>Currently 80 councils are involved in road maintenance activities on state roads on behalf of RTA under ‘Road Maintenance Council contracts’.</td>
<td></td>
</tr>
</tbody>
</table>
There are increasing issues between councils and electricity providers over issues of cost and maintenance, including installing energy efficient lighting.
<table>
<thead>
<tr>
<th>Function</th>
<th>$ &amp; %</th>
<th>% involved</th>
<th>start up</th>
<th>public regard</th>
<th>Recent trends</th>
<th>community, Aust/NSW govt, or private sector issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>sustainable management of - rivers, creek corridors, coastal wetlands and bushlands</td>
<td>No information</td>
<td>1990s</td>
<td>Higher importance</td>
<td>Medium satisfaction</td>
<td>This is an emerging function.</td>
<td>Ongoing issues of water scarcity and additional stress due to long term drought; drought will continue to impose additional stress</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>There are complexities of dealing with Catchment Management Authorities.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Issues of PVPs and planning system</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Increasing need to address coastal erosion management. Reforms to coastal erosion management being made at the NSW Govt level. More information is being made available by the NSW and Australian Governments.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Increased pressure on coastal assets (including beaches) and associated urban infrastructure with limited scope to cover costs</td>
</tr>
</tbody>
</table>
## Table 1: NSW Local Government Functions 2010 continued

<table>
<thead>
<tr>
<th>Function</th>
<th>$ &amp; %</th>
<th>% involved</th>
<th>start up</th>
<th>public regard</th>
<th>Recent trends</th>
<th>community, Aust/NSW govt, or private sector issues</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic affairs</strong></td>
<td>$247m</td>
<td>3.9%</td>
<td>66%</td>
<td>NA</td>
<td>Camping and caravan parks are often run in conjunction (see below)</td>
<td></td>
</tr>
<tr>
<td>camping areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Large proportion of camping areas and caravan parks operated by councils are on Crown Reserves. Council is trustee with care control and management responsibilities.</td>
<td>Increasing trend to commercialisation driven market, councils and state government policies, particularly in coastal locations. Management increasing contracted out by councils.</td>
</tr>
<tr>
<td>caravan parks</td>
<td>60%</td>
<td>Higher importance</td>
<td>Medium satisfaction</td>
<td></td>
<td>Many camping and caravan parks are situated on low lying land - at risk of sea level rise, storm surge and coastal hazards or – at risk river flooding.</td>
<td></td>
</tr>
<tr>
<td>tourism and area promotion</td>
<td>$60m</td>
<td>90%</td>
<td>Lower importance</td>
<td>Lower satisfaction</td>
<td>Extent of engagement and activity varies significantly between councils, but increasing generally over the last decade.</td>
<td>Council plays multiple and sometimes conflicting roles in tourism – promoter, facilitator, operator, planner and regulator.</td>
</tr>
<tr>
<td>industrial development</td>
<td>50%</td>
<td>Lower importance</td>
<td>Lower satisfaction</td>
<td></td>
<td>This 50% of councils maintain an active/dedicated economic development function. This function grew significantly during the 1990s</td>
<td></td>
</tr>
<tr>
<td>real estate development</td>
<td>No information</td>
<td>Lower importance</td>
<td>Lower satisfaction</td>
<td></td>
<td>Many councils have been active developers from time to time, often on a small scale. Several remain active developers, both residential and</td>
<td></td>
</tr>
</tbody>
</table>
satisfaction industrial. Most will have developed real estate at some time, even if incidentally.

<table>
<thead>
<tr>
<th>commercial nurseries</th>
<th>No information</th>
<th>Lower importance</th>
<th>Lower satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>other business undertakings</td>
<td>No information</td>
<td>Lower importance</td>
<td>Lower satisfaction</td>
</tr>
</tbody>
</table>
## Table 1: NSW Local Government Functions 2010 continued

<table>
<thead>
<tr>
<th>Function</th>
<th>$ &amp; %</th>
<th>% involved</th>
<th>start up</th>
<th>public regard</th>
<th>Recent trends</th>
<th>community, Aust/NSW govt, or private sector issues</th>
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<tbody>
<tr>
<td>Governance</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>elections</td>
<td>100%</td>
<td>1850s</td>
<td>NA</td>
<td></td>
<td>Function transferred to Electoral Commission with and attendant complaints about cost overruns and performance deficits</td>
<td></td>
</tr>
<tr>
<td>members fees/expenses</td>
<td>100%</td>
<td>Un-known</td>
<td>NA</td>
<td></td>
<td>Long–running case to improve inadequate mayor and councillor fees remain unsuccessful at Remuneration Tribunal</td>
<td></td>
</tr>
<tr>
<td>meetings of policy making committees, area representation, public disclosure, compliance etc</td>
<td>100%</td>
<td>Various</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>$1307m</td>
<td>20.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporate support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>financial management</td>
<td>100%</td>
<td>1850s</td>
<td>NA</td>
<td></td>
<td>Function constantly evolving with industry practice</td>
<td>Further reforms will result from NSW Govt Integrated Planning and Reporting Reforms, from LGPMC Nationally Consistent Frameworks for Financial Sustainability, and possibly under Local Government Reform Fund</td>
</tr>
<tr>
<td>GIS</td>
<td>No data</td>
<td>1990s</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT</td>
<td>100%</td>
<td>1970s</td>
<td>NA</td>
<td></td>
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</tr>
<tr>
<td>Function</td>
<td>Percentage</td>
<td>Date</td>
<td>Notes</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>payroll</td>
<td>100%</td>
<td>1850s</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>accounts receivable &amp; payable</td>
<td>100%</td>
<td>1850s</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>records management</td>
<td>100%</td>
<td>1850s</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>purchasing</td>
<td>100%</td>
<td>1850s</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HRM</td>
<td>100%</td>
<td>NA</td>
<td>Long-term but constantly evolving function</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Immediate needs from councils include need to be represented in negotiations for a new Local Government (State) Award</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>internal audit</td>
<td>20%</td>
<td>NA</td>
<td>Increasing trend to establish dedicated internal audit function.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>engineering &amp; works</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>fleet management</td>
<td>100%</td>
<td>NA</td>
<td>Operational reforms may be driven by Waste and Sustainability Improvement Payments (WASIP) standards in Sydney Metropolitan Area (SMA), Extended Regulatory Area (ERA) and the Regional Regulated Area (RRA)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>asset management</td>
<td>100%</td>
<td>NA</td>
<td>Stable function but current practice found lacking by many studies and observers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Significant reforms will result from NSW Govt Integrated Planning and Reporting Reforms, from LGPMC Nationally Consistent Frameworks for Financial Sustainability, and possibly under Australian Government Local Government Reform Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>%</td>
<td>Year</td>
<td>Notes</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>technical &amp; design</td>
<td>100%</td>
<td>1850s</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>works management</td>
<td>100%</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>risk management</td>
<td>100%</td>
<td>NA</td>
<td>Allan, Darlison and Gibbs found that only 25% of councils had adequate risk management plans and practices.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** $ & % – from Table 1.7: NSW Local government expenditure by purpose, 2005–06
7. Functions that are potential candidates to negotiate about

The Associations accept that ideally, Local Government’s role should be to regulate all local affairs and provide all local infrastructure and services having regard to the needs and priorities of the community, in line with the principles of subsidiarity. Then ideally on top of this general government role would be the administrative/executive functions devolved by other spheres of government. For reasons of transparency and accountability, the latter functions should be mandated, managed and funded through separate, specific arrangements (including grants, fees and charges raising powers).

But the Associations also accept that NSW Local Government did not evolve in an ideal way and therefore unpacking functions cannot be done in an ideal way.

Furthermore, from the information compiled in the descriptive table in section 6 it is clear many functions are relatively stable with communities, councils and central governments basically satisfied with the overall design and implementation of these functions. Also some functions may not be worth re-examining given the recent history of close to mutually agreed reforms (e.g. food safety).

Equally, some other functions may initially appear to be attractive candidates for trying to negotiate say a shift to the NSW Government, but there may prove to still be no appetite amongst councils or the communities they serve to do so (e.g. early childhood health centres or immunisation).

However, some functions are always going to be obvious candidates for negotiations with central Governments no matter what has happened to date These are functions where there are deeply held convictions that recent reforms have missed the point (e.g. land-use planning).

The functions where there is some need and/or some prospect for negotiation and significant change are as follows:

• Fire protection and Emergency Services (under Public Order and Safety);
• Public Health – ‘Administration and Inspection’ (under Health);
• Noxious Plants (under Health);
• Early childhood health centres (under Health);
• Strategic and statutory land-use planning – ‘Town Planning’ (under Housing and Community Amenities);
• Local Water Utilities - Domestic and industrial reticulation (under Water supplies) and Treatment and Management (under Sewerage services);
• Rural Roads (under Transport and Communication);
• Airports (under Transport and Communication);
• Bus shelters (under Transport and Communication);
• Caravan Parks (under Economic Affairs); and
• Elections (under Governance)

Three of these functions are nominated because the NSW Government has commenced reform processes. The first two relating to noxious weeds and Local Water Utilities have been afoot over the past two years and are well known. The newest reform has emerged as we go to print. This reforms relates to Local Government’s role in public health generally and health protection specifically. This potential reform flows from two largely unrelated initiatives. One stream relates to the Public Health Bill 2010 which relates
largely to health protection – it has been on the drawing board for a decade, after several years of silence it has emerged in an altered form. The other stream may flow from the COAG Hospital, health and aged care reforms recently announced.

**There is a strong case for NSW Local Government to be completely removed from Fire protection and Emergency Services (under Public Order and Safety)**

This case has been spelt out in section 5 above. Essentially as Local Government is merely the revenue collector (not the service provider) an alternative revenue raising mechanism is required.

**There is a case for NSW Local Government to negotiate with the NSW Government for a renewed mandate and enhanced funding for Noxious Plants (under Health)**

Local Government has played a significant role in noxious weed management for over 100 years, with legislated responsibilities since 1906. These roles and responsibilities have evolved significantly over this time, especially within the last 15 years. A move from re-active control to pro-active management has coincided with a more regional approach to weed management that has broadly altered the environment within which councils are operating. The establishment of other regional authorities within the natural resource management sphere, including Catchment Management Authorities (CMAs) and Livestock Health and Pest Authorities (LHPAs) have also added complexity.

The long term, strategic requirements of the 'war on weeds' offers a suitable opportunity to assess the role of Local Government in this area. The expertise and experience of councils, along with their connection to their local communities, provide councils with the suitable tools to play a major role in this area, but there is a need to seriously investigate the mandate of Local Government and the long term financial resourcing of this activity. The future of weed management is expanding, with greater focus on community education, non-noxious weeds, and environmental protection, and Local Government needs to be positioned and resourced to achieve the outcomes required by community.

**There is a case for NSW Local Government to negotiate with the NSW Government about exiting from early childhood health centres (under Health)**

This is a long term slowly diminishing function from a statewide perspective. Councils offered to play a role in providing baby health centres in the 1940s as they were concerned about the health of infants. At that time councils were keen to accelerate the roll-out of these services faster than would have otherwise occurred had the state health department been left the task alone. However, for some decades councils have had little real involvement with the services offered from the premises they provide. A new system was negotiated a decade ago but there appears to have been little take-up.

There is a major question whether councils wish continue as landlords for NSW Health services as these buildings reach end of economic life and equity issues are resolved, and as early childhood health servicing patterns change. Councils may be better advised to give up the buildings and land (where it is operational land) than continue on for further decades incurring the costs of upkeep. Obviously, councils would need to assess the costs and benefits such an exit to their communities on the one hand and to the management of their property portfolio on the other.

**There is a case for NSW Local Government to negotiate with the NSW Government for a revised role in Strategic and Statutory Land-use planning (Town Planning - under Housing and Community Amenities)**
Planning systems across Australia face continuing challenges posed by population growth, climate change and the global financial crisis, a national economic reform agenda that is demanding greater efficiencies in planning and development assessment systems alongside local communities demanding a say in decisions that affect the future shape and feel of their cities, towns and villages (National Planning Systems Principles, December 2009, Paper prepared for the LGPMC).

In NSW, land use planning is regulated by the Environmental Planning and Assessment Act 1979. The NSW planning system is generally seen as one of the most legalistic and overly complex planning system in Australia, largely the result of continual but fragmented rounds of legislative reforms since the late 1980s.

Local Government’s role in the planning system also has been declining due to:
- decision making powers becoming increasingly centralised in the hands of the Minister and state appointed planning panels;
- local plans now being required to conform to standard templates;
- the introduction of uniform, state-wide development codes (such as the NSW Housing Code) overriding local development controls and planning objectives; and
- planning decisions on individual development sites, precincts or particular development types being increasingly taken out of the hands of local councils and determined by state agencies or the Minister for Planning.

While Local Government is becoming increasingly marginalised:
- Trust in the planning system is at a low point with both sides of the planning divide - developers and communities - believing that the system lacks transparency, certainty, probity, fairness and effectiveness.
- Communities are demanding a greater say in planning for their local areas and in the major decisions that affect them.
- The Australian Government is taking a greater interest and providing funding to assist the growth and development of Australia’s major cities;
- Demands on Local Government for facilities and services are increasing while councils’ finances are increasingly constrained.

The future for land use planning needs to involve the following elements:
- Gaining consensus on a way forward to improve the NSW planning system;
- Use of a state-regional-local hierarchy of strategic land use plans that are integrated with infrastructure strategies and underpinned by an appropriate funding model;
- Changes to the governance structures that will facilitate the integration of national state and local plans and policies informed by community views;
- Improved accessibility and delivery of planning information and services through greater use of technology (web based services, electronic systems);
- Councils focusing more on strategic planning rather than development approval processes;
- Development of mechanisms/reform governance arrangements for councils to undertake strategic planning on a regional basis (this could involve collaborative mechanisms, regional planning authorities solely constituted by councils or including relevant agencies, or be achieved by re-forming councils on a regional basis);
- Local Government regaining and securing a stronger role in the planning process so that communities have a greater say in local planning and development approval decisions; and
• Councils better selling their credibility in planning to secure the public support required to roll back the trend to centralization of planning powers (governance arrangements, community engagement, competence etc)

There is a case for NSW Local Government to negotiate with the NSW Government for a renewed mandate and enhanced programs for Local Water Utilities (Domestic and industrial reticulation - under Water supplies and Treatment and Management - under Sewerage services)

The Local Water Utilities reform (embodied eventually in the Inquiry into Secure and Sustainable Urban Water Supply and Sewerage Services for Non-Metropolitan NSW) has been unfolding for some time. As it remains unfinished business it needs to be raised in this paper. The Associations support arrangements that maintain Local Government responsibility for the operation and management of water supply and sewerage services and Local Government ownership of water supply and sewerage infrastructure. The Associations believe that councils should be able to choose from a range of organisational models for regional co-operation and resource sharing, including the alliance model spelt out below, county councils or regional water corporations.

The Associations support the concept of regional alliances of councils in the reform of Water Utilities. The Associations believe that to ensure effective, efficient and sustainable provision of water supply and sewerage services in regional NSW, it is important to facilitate the sharing of resources and technical capacity among councils’ local water utilities and to ensure best practice management and regulatory requirements are met. Strengthening arrangements for regional co-operation and resource sharing will also help enable councils to address challenges including:
• Implementing regional water resource planning and integrated water cycle management;
• Responding to uncertain (reduced) water availability;
• Responding to demand variations; and
• Building professional capacity to implement ever-increasing technical, environmental and water quality standards.

The alliance’s main function should be to guide, coordinate and facilitate strategic business planning by member councils of both their water supply and sewerage service provision as follows:
• In its guidance and coordination role, the alliance would develop high level strategic direction for the alliance region and coordinate member’s strategic business planning to achieve effective regional water resource planning and integrated water cycle management. Where appropriate, the alliance would identify and manage regional/shared infrastructure.
• In its facilitation role, the alliance would provide technical support to member councils and assist with the sharing of knowledge and professional staff to ensure member councils can meet best practice and other regulatory requirements. The alliance should facilitate best practice, compliance with regulatory requirements and reporting on performance of the region to the relevant regulator(s).

There is a case for NSW Local Government to investigate with NSW and Australian Governments and possibly the private sector alternative ways of dealing with Airports (under Transport and Communication)
Airports/aerodromes present funding difficulties for some smaller councils and are often maintained as Community Service Obligations, especially where there is insufficient air service competition to enable appropriate landing charges. Councils recognise the need to maintain the viability of regional air services. However, there may be alternative funding/management models, e.g. involving private sector involvement or the sale of assets that could achieve the same outcomes. There are also issues with the cost of security upgrades at higher level regional airports. There is an argument that security upgrades at higher level regional airports should be totally funded by Australian Government as a national security issue.

**There may be a case for NSW Local Government to negotiate with the NSW Government to allow councils to exit from Rural Roads (under Transport and Communication) under certain circumstances.**

There may be situations where some councils would consider handing back roads to the NSW Government. For example, this may occur where their funding is insufficient to cover a minimum standard of service. Existing legislation prevents councils from doing this.

**There may be a case for NSW Local Government to examine alternative approaches for the provision of Bus shelters (under Transport and Communication)**

Councillors could consider handing over responsibility for bus stop infrastructure to contracted bus operators.

**There may be a case for NSW Local Government to examine alternative approaches for the provision of Caravan Parks (under Economic Affairs)**

Councillors could consider handing the responsibility for caravan parks on crown lands back to the NSW Government.

**There is a strong case for NSW Local Government to negotiate immediately with the NSW Government over the revised public health role set in the Public Health Bill 2010.**

However, this matter will need to be dealt with outside this paper given the timing of the Public Health Bill 2010.

**Key questions for feedback on section 6 and 7:**

Is it important for the future of NSW Local Government for all service and regulatory functions to be mutually agreed?

Is it important for the future of NSW Local Government for councils to be completely removed from Fire protection and Emergency Services?

Is it important for the future of NSW Local Government for a renewed mandate and enhanced funding for Noxious Plants to be negotiated?

Is there any appetite in your community to continue early childhood health centre provision in the present format?

If not, is it important to negotiate with the NSW Government about exiting from early childhood health centres?
Is it important for the future of NSW Local Government to negotiate with the NSW Government for a revised role in Land use Planning?

Is it important for the future of NSW Local Government to negotiate with the NSW Government for a renewed mandate and enhanced funding for Local Water Utilities?

Is it important for the future of NSW Local Government to investigate with NSW and Australian Governments and possibly the private sector alternative ways of dealing with regional and rural Airports?

Is it important for the future of NSW Local Government to investigate any exit strategies for Rural Roads, Bus shelters or caravan parks?

Is it important for the future of NSW Local Government for the revised public health role set out in the Public Health Bill 2010 to be renegotiated?
8. What reforms would assist NSW Local Government become part of mature, post-colonial, institutions?

One of the points in the overall goal is ‘to reach a point where we have a NSW Local Government system in which councils are part of mature, post-colonial, institutions’. The Associations suggest these involve Australian and/or NSW Constitutional adjustments based on joined-up relations.

**There is a case for enhanced constitutional recognition at Australian and NSW levels**

There is widely held opinion within NSW Local Government, academics and commentators that the relationships between central governments and councils would benefit from greater clarity. There is an opinion that it would assist all spheres of government if these relationships were covered in legislation.

Foremost here is the well established case for recognition in the Australian Constitution. This is established Associations policy and a goal we have been pursuing and will continue to pursue in conjunction with the Australian Local Government Association (ALGA). ALGA has done extensive work on this issue over the past 18 months which has placed the whole project on a considerably more sophisticated footing. There remain questions such as whether recognition in the preamble is sufficient or whether a detailed new chapter is required. Important amongst the streams of work towards a referendum on constitutional recognition is how the Constitution could be a barrier to funding Local Government and the need to address the potential impact of *Pape vs Commissioner of Taxation*. As this issue is being pursued at the national level by ALGA we shall not pursue it further in this dialogue other than to recognise it as important to the overall reform agenda.

Whilst it is less often voiced it is logical that parallel to national constitutional recognition there be stronger recognition in the NSW Constitution. This is in addition to the important changes to ensure that Local Government bodies are elected not appointed that we covered in section 3 above. Ideally, the following should be spelt out in the NSW Constitution:

- Local Government’s powers to regulate local affairs, manage local environments and communities and provide local infrastructure and services, having regard to the needs of the community, within limits defined by the principles of subsidiarity;
- Local Government’s access to flexible revenue raising powers to enable councils to do what their communities want; and
- The framework by which functions devolved by the NSW Government to councils are managed and funded.

**There is a case for a formal whole-of-government Inter Government Agreement between the NSW Government and Local Government**

In addition to constitutional reform, there is the need for a system to then manage the change in relationships between the NSW Government and councils as things evolve or are reformed. The principle behind what is proposed is that to the NSW Government, Local Government should be more than just another stakeholder to be managed (at best) or placated (at worst). There should be a genuine recognition that both spheres are governing. At the State level, there is a need for a broad scale intergovernmental agreement between NSW Government and councils regarding the way in which duties,
programs, payments and revenues across all devolved or shared functions are determined. This could be modelled on the DECCW/LGSA MOUs, but with a whole of government remit.

This would enshrine the requirements for consultation (timeframes and consultation processes etc). From the NSW Government’s perspective it would be a mandatory guide to working with Local Government. It would set out processes to be followed by Government and agencies when developing or revising policies that have an impact on councils. This would prevent occurrences such as the coastal erosion regulations (Nov 2009) and the waste levy regulations (Nov 2008) which were effectively sprung on councils without warning or consultation. Equally though it would be mandatory guide to working with the NSW Government on devolved or shared responsibilities for councils.

There is a case for Local Government to act as the catalyst and conduit for community input on all local services, no matter which sphere of government is delivering those services

There is a unique opportunity to do government differently given the advent of Community Strategic Plans resulting from the integrated planning and reporting reforms. It gives effect to a the Local Government Association 2008 Conference resolution that reads “that the Association seek the NSW Governments co-operation in exploring how to put in place some form of mandated reciprocation so that the State Plan and regional plans take account of Local Government Community Strategic Plans flowing from the Integrated Planning and Reporting reforms”.

There is an opportunity for central governments to recognise that the unique value and comparative advantage of Local Government is that it is:
• representative of local communities;
• engaged with the local community;
• understands local needs and
• a potential agent for change in terms of social exclusion

Therefore in the context of community strategic planning, with formal agreement and co-operation from the NSW and Australian Government, the role of Local Government will be primarily to:
• facilitate the understanding of social, economic and environmental needs and priorities of the community and the responses needed to those needs and priorities;
• ensure that Community Strategic Plans feed into State and Australian Government plans;
• represent, communicate and articulate local community needs and priorities to those who provide services (whether at Local, NSW or Australian Government levels);
• act as a facilitator for multiagency community strategic plans and local strategic partnerships which produce the plans; and
• share accountability for outcomes within these plans.

If the NSW and Australian Government concur that the job of Local Government is to represent and communicate with the local community, then Local Government
• should be funded to engage with the community;
• should be resourced to build its capacity to engage with the community; and
• becomes accountable for some performance indicators in Community Strategic Plan (as do other agencies) and shares responsibility for others
If the job of Local Government is to represent and communicate with the local community, then consultation with the community does not need to be done by NSW and Australian Governments, thus avoiding “consultation burn out” experienced by some communities and consultation duplication. Over-consultation will be a thing of the past. If NSW and Australian Governments want to understand local needs, they ask Local Government. It is the responsibility of Local Government to share knowledge of local needs.

If we can engender a new reciprocity it becomes the responsibility of NSW and Australian Governments to recognise Local Government expertise. NSW or Australian Government would need to negotiate with Local Government how it monitors councils using indicators and benchmarks.

**Key questions for feedback on section 8:**

Is it important for the future of NSW Local Government for enhanced recognition in the NSW Constitution?

Is it important for the future of NSW Local Government to have a formal whole-of-government Inter Government Agreement between the NSW Government and Local Government?

Is it important for the future of NSW Local Government for councils act as the catalyst and conduit for community input on all local services, no matter which sphere of government is delivering those services?
9. What reforms would assist NSW Local Government remain or become functioning cohesive geographic units?

One of the points in the overall goal is ‘to reach a point where we have a NSW Local Government system in which councils are functioning cohesive geographic units.’

ALGA President Cr Geoff Lake said in 2009:

…I participated in a panel discussion at the 97th Local Government Association of Tasmania (LGAT) Annual Conference on the topic of ‘are council amalgamations good for local communities’… The composition of the panel was well designed for what proved to be a lively and thought provoking discussion of the various pros and cons associated with Local Government amalgamations. I must admit that in approaching the topic, I found it difficult to answer the question definitively one way or the other. In fact I think I am still pulling out the splinters!

My main point of reference is the Victorian experience during the Kennett years in the mid-1990s when Victorian Local Government went from having more than 200 councils to a then 78 (it has since crept up to 79). You can't find anyone involved in Victorian Local Government these days who would disagree that Local Government is much improved these days based upon current boundaries than it was on pre-Kennett boundaries. The criticism people will cite though, and which brought people out on the streets at the time, is the way Kennett went about sacking democratically elected councillors and simply recasting council boundaries with little regard for the views of local communities.

From an ALGA point of view, we would be likely to be critical of such a top-down approach today. However, it is inconceivable that the significant boundary reform achieved during the Kennett years would have been realised if a more ‘voluntary’ approach had been adopted at the time. And that is the conundrum. If we accept that Local Government in Victoria post the Kennett reforms is stronger and operating more efficiently and better than it was pre-reforms, can we still reasonably oppose the process which was the only practical way such reform could be achieved? Council amalgamations are the elephant in the room in at least three states at the moment. Balancing wider public policy considerations and our inherent desire to promote local autonomy is not easy.

Friday Update - Weekly Update from ALGA President Geoff Lake Friday, 12 June 2009

There may be a case for councils and communities to look afresh at the shape and size of council units

The Associations policies remain that there should be no forced amalgamations.

In the Policy Statements, under Structure and Management this is whispered as:

• Any review and change in council boundaries should occur on the basis of cooperation between affected councils and by/with the agreement of councils concerned.

• Any review and change in council boundaries should take into consideration possible alignment of boundaries with catchment areas and also other environmental criteria.

However, despite these formal policy positions, we cannot have a dialogue about what Local Government should look like in 2030 if we don’t think about the building blocks.
Most of the literature tells us there are no magic formulae on economies of scale or the shape and size of Local Government areas. However, there is also relentless pressure from a variety of sources for change – and most notably in the greater urban area stretching from Wollongong to Newcastle. We shall look at both in turn.

**The case against magic formulae on economies of scale**

In the Independent Inquiry, Allan, Darlison and Gibbs concluded that their “review and statistical analysis would suggest that amalgamating smaller councils may not be the panacea that many imagine it to be…” (2006, page 262).

Allan, Darlison and Gibbs (2006, page 257-8), begin their section on *Economies and diseconomies of scale* by noting “(p)ast Local Government amalgamations were based on the primary rationale that larger councils with larger populations could exhibit greater economic efficiencies. Larger councils would enjoy lower administrative costs, smaller unit costs of representation, increased purchasing power, improved utilisation of depots, plant and equipment and draw from a more diverse funding base.”

However, Allan, et al (2006, page 258) are direct in noting uncertainty about whether this concept has a sound empirical basis, especially in a modern economy where speed rather than scale is becoming the key determinant of business success and thanks to technology the minimum scale needed for efficient output is becoming much smaller.

Allan, et al (2006, page 258) continued on citing Byrnes and Dollery's examination of the then known international studies on economies of scale in Local Government (2002a). They discovered that 29% of studies found evidence of a non-linear relationship between population size and costs, 9% found no statistical relationship between per capita expenditure and population size, 8% found evidence of economies of scale, and 24% found actual diseconomies of scale. They concluded that there was a great deal of uncertainty about whether economies of scale exist, or could exist, in Local Government. Byrnes and Dollery suggested population size cannot stand as a proxy for output unless the two are positively related. To make the assumption that the number of council residents is an accurate indicator of need ignores the fact that population needs may be quite diverse across Local Government areas depending upon the demographic mix.

Allan, et al (2006, page 259-261) investigated the extent to which a council’s operating costs per capita were related to its population size (Byrnes 2006; Allan 2006). The investigation was broken into two parts, metropolitan and regional urban councils on the one hand and rural councils on the other. In each case the extent of correlation between council unit costs and population size was measured by both arithmetic and logarithmic correlation coefficients ($R^2$). A result of one (1.0) would mean a perfect correlation while that of zero (0) would mean no fit existed.

On an arithmetic trend, the $R^2$ was 0.22 for metropolitan and urban councils suggesting a very weak link between population size of councils and unit costs. Using a logarithmic trend line gave a better $R^2$ result for urban and metropolitan councils (0.26). However, the statistical correlation was still very weak, suggesting that factors other than population size are the major determinants of cost efficiency in NSW metropolitan and large regional centres.
The research turned to rural councils. Here rural councils are defined as councils of under 20,000 inhabitants with population densities of 30 or fewer people per square kilometre whose urban centres account for no more than 90 per cent of their residents. The arithmetic line trend gave an R² score of 0.39, while the logarithmic one gave a score of 0.47, still weak by statistical standards, but better than for urban councils. This implied that rural councils have per capita costs more aligned to population size than urban areas, but with little direct causal relationship.

The research study then tested the extent to which low population density might explain the higher costs of councils (whether rural or urban) whose population was small compared to the areas they administered. The results were dramatic. The R² was 0.73, a very high correlation by statistical standards. This would suggest that amalgamating country councils, without also forcibly merging their populations into urban centres so that residual rural areas would require fewer council services, might not achieve significant cost savings. (Allan, et al of course noted forcible population merges i) were prohibited in a democracy and ii) would undermine the councils’ agrarian economic base)

Previous studies dealing with amalgamations of the 1970s/80s have indicated whilst they bedded down successfully, there were benefits and disbenefits (see Appendix 1). On this theme Allan, et al (2006, page 259) go on to cite Allan (2003 p77) where actual financial savings arising from amalgamations in other states to the originally predicted amounts are compared. Allan (2003) argues that the 1990s Victorian amalgamations realised only an 8.5% reduction in expenditure, which was largely as a result of competitive tendering, not because of mergers. The Kennett Government had promised a savings ratio of 20%. In South Australia a saving of 17.4% was originally envisaged by a government taskforce, but the State’s Local Government Reform Board identified savings of only 2.3%. It is interesting to note that since the mid-1990s rates in Victoria have been growing faster than in other states (Brooks 2006, p9), suggesting that the original rate cut may not have been sustainable.

After, concluding that amalgamating smaller councils may not be the panacea that many imagine Allan, et al go on to say “However, this is not to say that resource sharing or private outsourcing does not offer possible efficiencies if applied to individual council inputs, intermediate outputs and final services.”(2006, page 262). They spent the next pages on the options and potential for resource sharing.

The case for optimum scale:
It is hardly a unique insight, to say the amalgamation lobby is strong in parts of the NSW private sector. But it is worth revisiting that area so Local Government understands the pressures from the private sector that are impacting NSW and Australian Governments, the media and eventually the public. We shall summarise the major themes here with more detail spelt out in Appendix 2.

Most private sector views relate to either Sydney or the greater Newcastle/Sydney/Wollongong conurbation.

The Sydney Business Chamber has been consistent in its calls for changes to Local Government in the greater Sydney area. Basically Sydney Business Chamber has been recommending:
• That the NSW Government define an optimum scale for councils alignment with the principles of the metro strategy;
• That council amalgamations should take place prior to the next round of Local Government elections, following community consultation; and
• That the NSW Government should consider ways to improve Local Government’s capacity to raise revenue, in exchange for a commitment by the Local Government sector to undertake structural reform.

The study that underpins these calls is the KPMG and Sydney Chamber of Commerce entitled Sydney First - Governance Arrangements for Sydney’s Local Government Authorities 2009. This report takes the position that transforming the role of Sydney’s Local Government cannot be achieved with the current disparate size and scale of councils, inequality in elected representation, marginal financial position of some councils, backlog and demand for important infrastructure and the employment and housing demand generated from growth and change patterns across Sydney. Stronger governance for councils will increase their capacity to take on greater service delivery functions for the benefit of communities and businesses in the long term. This role would place Sydney in a position consistent with those functions undertaken by Local Government in other global cities.

KPMG reports it undertook a statistically robust analysis of the influence of council characteristics, such those related to size, in order to examine the potential benefits from alternative arrangements in metropolitan Sydney Local Government.

In summary, KPMG found that a number of key metrics indicating Local Government performance are statistically correlated council size. In addition the analysis indicates that:
• Larger councils are more efficient in the processing of development applications both in terms of average days taken and the average cost of processing each development application;
• Councils that have a higher number of business properties within their boundaries typically levy lower rates on those businesses;
• Councils with relatively more population density also levy lower rates on businesses;
• Larger councils incur lower employee costs per capita; and
• Councils that are larger in terms of population exhibit marginally lower primary expenses per capita.

The Association of Consulting Engineers Australia (ACEA) has recently contributed to this debate recommending as one part (of a six theme approach) the formation of strong, efficient regional Local Governments to manage the greater urban area, delivering services at a lower net cost to the community. This means abolishing existing councils and amalgamating their services into the new regional governments.

ACEA’s Sydney Towards Tomorrow was developed to promote community debate and prompt more integrated and thorough planning, so that Sydney might live up to the vision of being the world’s most liveable city with a population of 10 million plus by 2050. It provided a forum for engineering and consulting firms to develop a plan for the Newcastle/Sydney/Wollongong conurbation. As would be expected ACEA is concerned Sydney’s infrastructure (in particular transport infrastructure to service both commuters and freight) has not kept pace with the rate of population growth in the Sydney basin area or with the needs and expectations of the community or industry. The themes
covered in *Sydney Towards Tomorrow* include: 1. Sustainability; 2. Planning; 3. Attractive densities and land use mixes; 4. Funding; 5. Social issues; and 6. Governance. ACEA argues these themes are highly interrelated and should be approached in an integrated manner.

ACEA proposes the formation of strong, efficient regional Local Governments to manage the greater urban area, delivering services at a lower net cost to the community. ACEA believes that overall there would be an expected 20% savings in administration costs as a result of amalgamation that can be used for infrastructure and services.

ACEA’s view is that regional Local Government would enable:
- well resourced engineering departments with the ability to manage, develop and maintain council’s assets and drive efficiencies in the delivery of all local services;
- well resourced planning departments to have stronger links to the state agencies and industry; and
- efficient management of council’s social, revenue, and financial functions.

The ACEA proposal would see a Greater Newcastle Regional Council, a Central Coast Regional Council, an Illawarra Regional Council and a maximum of eleven (11) regional councils for Sydney.

Whilst the proposal would mean a smaller number of councillors than at present, ACEA recommends electing up to 30 Councillors to facilitate local representation and maintain local focus.

Other private sector representative bodies such as the Property Council, the Urban Taskforce, the Committee for Sydney and the NSW Business Chamber favour creating larger councils in metropolitan regions.

Australian Government
The Australian Government has been showing renewed interest in planning and managing major cities; this fuels some of the wider speculation and debate about governance and service systems in major cities. These developments need to be borne in mind as NSW Local Government discusses the future shape of metropolitan Local Government.

The Minister for Infrastructure, Transport, Regional Development and Local Government summed it up simply in his address to the Qld Media Club at the State Of Our Cities Report Launch on 5 March 2010. There Hon Anthony Albanese MP said:

“In the tradition of Labor Governments, the Rudd Government has renewed engagement with our nation’s cities. That modern tradition goes back to the Whitlam Government. Gough Whitlam may have been criticised for some acts of his government, but it was Whitlam and Tom Uren who had the temerity to propose that newly developing urban areas in the nation’s capitals should have basic water and sewerage systems. Today, to question that, would be absurd. Today, those systems are taken for granted. That tradition was continued by the Hawke-Keating Government which established the Better Cities program to revitalise inner urban communities.”

The Minister also said

“What we need are better cities for the people who live in them and work in them. That takes planning, funding, co-operation between governments, partnerships between the
public and private sectors and, most importantly, the involvement of the people who live in our cities. State and Territory Governments and the 155 Local Governments of our major cities will significantly influence their future direction. However, given the Australian Government's primary role in economic policy, infrastructure provision and social welfare it is clear that a national framework can only be achieved by a national collaborative approach."

Some parts of this national framework have already been put in place. As a result of the December 2009 COAG meeting, Hon Kevin Rudd MP, Prime Minister and Hon Anthony Albanese MP, Minister for Infrastructure, Transport, Regional Development and Local Government, announced that State and Territory Governments will have capital city strategic plans by 2012 that meet national criteria for transport, housing, urban development and sustainability. The National Objective and Criteria for Future Strategic Planning of Capital Cities are spelt out in Appendix 3.

The Prime Minister and Minister said capital city strategic plans were needed to lift economic productivity, respond to climate change and ensure the nation is geared up for 35 million people by 2049. The Australian Government must have confidence in the integrity of a capital city's strategic planning system if it is to invest in that city. The national criteria will deliver better integrated and longer term - 30 year - infrastructure and land use plans. The criteria require planned, evidence based land release to improve housing affordability, better transport planning to tackle urban congestion, and new urban development to be better linked to transport, jobs and services.

Work scheduled to begin in 2010 will lead to an initial report on each jurisdiction's plan to be completed during 2011. From 1 January 2012, the Australian Government will link future infrastructure funding to States and Territories meeting these criteria.

These Australian Government driven COAG initiatives will have implications for Local Government in the Newcastle/Sydney/Wollongong conurbation.

**NSW Government**

Whilst there are no major structural reforms mooted, the independent review of Local Government services in the New England area has bearing any discussion about the future of NSW Local Government.

In January 2010, Minister for Local Government Barbara Perry, appointed Gabrielle Kibble AO to conduct an independent review of Local Government services in the New England area. Mrs Kibble’s review follows last year's breakdown of the New England Strategic Alliance (NESAC) and will consider whether current service arrangements are appropriate to meet the needs of the community. The review will look at the way services are currently provided by Armidale-Dumaresq, Guyra, Uralla and Walcha Councils and ways in which these services can be improved. The Terms of Reference are shown in Appendix 4.

Residents and ratepayers been invited to participate in the review through public forums and an open submission process. The Minister said “We all have an interest in maximising the efficient delivery of Local Government services in this vital rural area and in minimising costs to residents and ratepayers.”
At the very least this can be taken as a signal that whilst at present the focus of amalgamation questions has shifted largely to the greater metropolitan area, there are persistent questions about parts regional NSW and where alliances fit in the long term picture.

**Key questions for feedback on section 9:**

Does your community have an appetite for councils of increased size?

Is there contemporary or emerging evidence supporting amalgamations based on economies of scale?

Is there emerging evidence supporting amalgamations based on changed or changing communities of interest?

Is there emerging evidence supporting amalgamations based on other evolving factors?

Do councils and communities need to respond systematically to the capital city strategic planning initiative?

Does capital city strategic planning suggest new forms that metropolitan Local Government ought to consider?
10. How does NSW Local Government become and remain employer of choice to support the reforms in the next 20 years?

One of the points in the overall goal is ‘to reach a point where we have a NSW Local Government system in which councils are part of a flexible and just industrial system.’

Local Government is facing key workforce planning issues and challenges.

Whatever their size and location, councils are finding it difficult to attract and retain skilled staff. Councils are also experiencing the ramifications of an aging workforce.

At the same time, legislative change; devolution of functions from NSW and Australian Governments to the Local Government sector; amalgamation and community awareness have increased expectations of and signalled changes to the role of Local Government.

To respond to councils' changing and expanding roles, council staff require higher standards of professionalism and skills and excellence in leadership.

In such an environment, if modern Local Government is to perform and perform well, it must ensure that its industrial and employment arrangements are fair and just, promote participation and workplace productivity and reform.

The industry and councils at the enterprise level, must adopt and resource strategies that support the development of council workforces. Consideration should be given to action such as:

• providing staff with options for work life/balance;
• increasing the numbers of women, indigenous and young people working for Local Government;
• managing an aging workforce by offering transition to retirement opportunities and utilising employees’ knowledge and skills as mentors and trainers;
• entering into resource sharing arrangements with both councils and other government and private organisations to overcome skill shortages at the regional level;
• increasing investment in trainees, apprentices and cadets to increase the pool of skilled employees available to councils and communities generally;
• offering a range of learning and development opportunities from accredited training, coaching, technical training and leadership development linking a range of public sector and private sector providers;
• development of an e-learning portal for Local Government in NSW which may incorporate a website to provide communities of practice that supports collaboration across Local Government (A Community of Practice is a network of individuals with common interests which are supported by collaboration tools that encourage knowledge sharing and learning from each others’ experiences);

To measure success in the above strategies and industry performance, Local Government must have access to ongoing and reliable data that covers occupation type, number, age, gender, ethnicity of employees, length of service, remuneration levels, numbers of trainees, recruitment and vacancy trends. There must be links established between the Australian Centre for Excellence in Local Government (ACELG) and other stakeholders to ensure that such industry specific research and resources are developed and disseminated.
Lastly a responsive and accountable Local Government requires councillors who are skilled and knowledgeable in their roles. The professional development of elected councillors must be resourced and supported pre-election, on induction and on an ongoing basis.

**Key questions for feedback on section 10:**
What are Local Government’s emerging skills needs through to 2030?

What does a diverse Local Government workforce look like?

What is good practice in learning and development?

What is the Local Government Workforce Strategy for 2030?

How can the ACELG support to existing good practice?

How do councils become learning communities?
Appendix 1: Summary Outcomes of 1970s/1980s NSW Amalgamations


Cox and Bamberry (1986) reported on a 1980 study of the outcomes of 20 of the councils created since 1974. The respondents (mostly then shire clerks) indicated as follows:

- There appeared to be an overall increase in revenue producing capacity with some increases and some decreases (related to grant adjustments);
- In most cases rates had remained the same but some had achieved decreases and others increases;
- Through differential rating councils had been able to maintain a reasonable degree of stability in total rate payments for both urban and rural ratepayers;
- There had been no reduction in the opportunity for elected members to keep in touch with residents;
- No loss of identity of the communities nor reduced public participation in Local Government had occurred;
- No conflict of interest was evident between rural and urban residents, and
- There was no loss of jobs because of the employment protection provisions and any reductions had been achieved through natural attrition.

Most respondents generally commented favourably on the amalgamations observing that the restructure had not presented insurmountable problems.

A 1984 review by the Boundaries Commission of new country councils created since 1976:

- Observed it was understandable that people personally affected by proposed alterations found it difficult to be enthusiastic about them and being human, foresaw problems for themselves;
- Found unanimous agreement that the new councils operational efficiencies had been achieved through necessary upgrade of computer equipment;
- Noted concern was expressed at changed grant funding arrangements which had complicated the implementation stage for new councils;
- Suggested that difficulties in achieving economies of scale had been exacerbated by administrative arrangements surrounding the amalgamations;
- Suggested significantly, voluntary mergers showed evidence of positive returns which implied that economies of scale did exist, and that the management process is critical in achieving them.

Musgrave et al 1983 study of the effect of rural amalgamations in rural NSW:

- Suggested that economies of scale in terms of expenditure per head were indicated but not strongly, and that such savings were concentrated in administrative areas rather than road expenditure;
- Provided statistical evidence that residents perceived social costs resulting from amalgamations.

In 1991 and 1992 Queensland Electoral and Administrative Review Commission representatives’ interviews with current and former councillors, senior staff and rural
organisations in a number of new councils (Forbes, Parkes, Cabonne, Dubbo and Moree Plains) revealed the changes introduced 10 or more years previously were now regarded as working well and initial teething problems had been overcome.
Appendix 2: Private sector views
The amalgamation lobby is strong in parts of the NSW private sector. This Appendix provides information on the views of some private sector peaks, that area so Local Government understands the pressures from the private sector that are impacting NSW and Australian Governments, the media and eventually the public.

Most private sector views relate to either Sydney or the greater Newcastle/Sydney/Wollongong conurbation.

Sydney Business Chamber
The Sydney Business Chamber has been consistent in its calls for changes to Local Government in the greater Sydney area. Basically Sydney Business Chamber has been recommending:
• That the NSW Government define an optimum scale for councils alignment with the principles of the metro strategy;
• That council amalgamations should take place prior to the next round of Local Government elections, following community consultation; and
• That the NSW Government should consider ways to improve Local Government’s capacity to raise revenue, in exchange for a commitment by the Local Government sector to undertake structural reform

For example the Sydney Business Chamber welcomed a report from the Association of Consulting Engineers (see next subsection) calling for the amalgamation of Sydney’s 42 councils to 11 regional councils to make them more efficient and economically sustainable. They used this as an opportunity to remind people that the Chamber commissioned a KPMG report that outlined the benefits of reducing the number of councils in the greater Sydney metropolitan area. The Chamber believes the government and the opposition have avoided tackling the critical issue of reforming Local Government. They are concerned that Sydney’s governance structure impedes economic growth and is out of step with leading international cities. The Chamber believes that the benefits of amalgamations include stronger financial sustainability, improved service delivery, electoral equality and economic competitiveness as a global city (see Amalgamations the future for Local Government in Sydney Media Release 23 October 2009; see also ABC NewsRadio 18/11/2009 and Sydney Local Government rate hikes a short term fix 28 April 2009).

It is worth looking at the study that underpins these calls in a little more detail. This is the KPMG and Sydney Chamber of Commerce’s Sydney First - Governance Arrangements for Sydney’s Local Government Authorities 2009

This KPMG study proposes that prior to the next Local Government elections that the NSW Government, in partnership with Local Government, achieves the following:
1. Harmonisation of the optimum scale of local authorities to reduce fragmentation and inefficiency;
2. Reorganisation of local authorities to achieve a fewer number of councils that represent regional communities of interest that looks forward to 2050, thereby increasing their capacity to tackle the major growth and change challenges confronting Sydney; and
3. As part of the foundation laid for reorganising local authorities for the long term, reform of the financial capacity of Local Government authorities so that they are self
sustaining and have the capacity to provide a level of service to local communities irrespective of geographic area.

KPMG notes the argument that transforming the role of Sydney’s Local Government cannot be achieved with the current disparate size and scale of Local Government authorities, inequality in elected representation, marginal financial position of some councils, backlog and demand for important infrastructure and the employment and housing demand generated from growth and change patterns across Sydney. Stronger governance for councils will increase their capacity to take on greater service delivery functions for the benefit of communities and businesses in the long term. This role would place Sydney in a position consistent with those functions undertaken by Local Government in other global cities.

KPMG reports it undertook a statistically robust analysis of the influence of a number of council characteristics, including those related to size, in order to examine the potential benefits from alternative governance arrangements in metropolitan Sydney Local Government. To KPMG’s knowledge, this research represents the first analysis to employ panel data analysis when investigating this question.

In summary, KPMG found that a number of key metrics indicating Local Government performance are statistically correlated with measures of council size. In addition the analysis indicates that:

• Larger councils are more efficient in the processing of development applications both in terms of average days taken and the average cost of processing each development application;
• Councils that have a higher number of business properties within their boundaries typically levy lower rates on those businesses;
• Councils with relatively more population density also levy lower rates on businesses;
• Larger councils incur lower employee costs per capita; and
• Councils that are larger in terms of population exhibit marginally lower primary expenses per capita.

KPMG key findings are set out below.

KPMG note since the 1970s Sydney’s Local Government authorities have largely remained unchanged. During this time the population has increased by over 1 million, many new suburbs have been created and importantly, Sydney has become a global city and is one of the top 10 financial centres in the world.

Against this backdrop KPMG found that some issues can act as a barrier to improved operating performance, regional planning and competitiveness for Sydney. These are as follows:

The governance of Sydney’s councils should be based on a global city organising principles.
• From an international perspective, Sydney’s resident population of 4.3 million is represented by the Lord Mayor of Sydney who is responsible for a population of 162,000 people which equates to around 3.8 per cent of Sydney’s population.
• Both Woollahra and Blacktown councils for example have 15 councillors and yet Woollahra council has one councillor for every 3,562 residents and Blacktown council has one councillor for every 18,801 residents.
• The governance and organisation of Sydney’s council’s should be harmonised to leverage the regional economic strengths of Sydney and support greater equality in the level of elected representation.

Sydney’s level of governance could be condensed.
• Sydney presently has 474 councillors compared to 274 councillors in Melbourne and 26 councillors in Brisbane
• This means that Sydney has one councillor for every 8,300 people, Melbourne has one councillor for every 13,073 people and Brisbane has one councillor for every 38,765 people.
• The level of governance should be strengthened and condensed in line with a regional governance of Local Government authorities.

Reconfiguring current council boundaries will eliminate artificial barriers to regionally based decision making.
• The State Government often intervenes in planning decisions covering a number of council areas to coordinate a single regionally based response.
• If councils were reorganised regionally this would enable greater coordination of State and Local Government decision making.

Planning system reforms will reinforce the role of elected representatives towards strategic regional planning rather than on low risk development applications.
Complex planning and service delivery issues will drive regionally based decisions.
• Population and employment growth, economic development, increasing housing density, energy and water efficiency, infrastructure backlog and demand, and responses to make Sydney climate resilient require stronger regionally based decision-making.

The financial capacity and revenue raising capacity of Local Government authorities needs to be strengthened.
• To respond to these significant challenges effectively means that councils must have the organisational and financial capacity to implement regionally based planning and service delivery decisions.
• Again this issue will bring into question the most appropriate scale and structure for Local Government authorities, their funding arrangements and capacity for raising revenue.

Significant financial savings could arise from a reconfiguration of smaller Local Government authorities to a larger scale. For example:
• If the number of councillors in Sydney were reduced by 200, this could lead to a potential saving of 3.5 million per annum for the operating budget of Sydney’s Local Government authorities.
• If Local Government authorities were reorganised such that they each had a population of 200,000, primary per capita expenses savings could be up to $6.6 million per annum which could also contribute to the operating budget of Sydney’s Local Government authorities.
• If the average council was to process 1,000 additional DAs per year this would result in a potential saving of around $2 million per annum for a total of 2,000 DAs processed.
• Such potential savings could be redeployed to improve front line services or reduce the cost of doing business.
A greater scale enhances the capacity of Local Government authorities to efficiently respond to a greater volume of work and increases the potential to attract skilled planning and management professionals.

**KPMG’s recommendations for improved city governance:**
The NSW Government needs to develop with Local Government the optimum scale for Sydney’s Local Government authorities for the 21st century.
To give effect to the beneficial gains from a larger scale, KPMG’s recommendations for a stronger city governance arrangement for Sydney includes:

1. Before the next Local Government elections, the NSW Government in partnership with the mayors of Sydney’s Local Government authorities should establish the optimum scale of Sydney’s Local Government authorities and elected representation;
2. As part of the process to harmonise the scale of Sydney’s Local Government authorities, the NSW Government should:
   a. undertake consultation with communities and stakeholders to inform the development of harmonising the scale of Sydney’s Local Government authorities;
   b. undertake economic analysis to quantify the benefits for reform and the minimum scale requirements for new governance arrangements;
   c. develop options around the enhancement of service delivery and reforming the financial capacity of Local Government authorities;
   d. develop the optimum scale of Local Government authorities around regional communities of interest similar to those geographic regions contained in the Sydney Metropolitan Strategy. Such a configuration will contribute to, among other things, greater efficiency and enable the volume of work and critical mass to employ high performing planners and managers necessary to deal with future complex decisions;
3. Should Local Government authorities indicate an interest, the NSW Government should sponsor the development of the creation of regional authorities to allow councils to drive shared service delivery, pool resources, etc;
4. The NSW Government should identify as a priority the reconfiguration of the City of Sydney. It presently has a suboptimal geographical area that does not include the critical economic and transport corridors that influences the working of the city. To transform the City of Sydney to a truly global economic activity centre, its scale should be enhanced so that it can drive strong coordinated strategic planning and service delivery decisions and better implement the growth and change targets contained in its 2030 Sustainable Sydney Plan.
5. To avoid fragmentation of the economic strengthens of some of the larger Local Government authorities, the NSW Government should not establish any new Local Government authorities in the Growth Centres of the North West and the South West of Sydney.

**Association of Consulting Engineers Australia (ACEA)**
The Association of Consulting Engineers Australia (ACEA) is an industry body representing the business interests of firms providing engineering, technology and management consultancy services.

ACEA has recently entered the debate with its calls for changes to Local Government in the greater Sydney area. Basically ACEA has been recommending as one plank (of a six theme approach) the formation of strong, efficient regional Local Governments to manage the greater urban area, delivering services at a lower net cost to the community,
This means abolishing existing councils and amalgamating their services in the identified region into the new regional governments.

ACEA launched its *Sydney Towards Tomorrow* Report, in October 2009. *Sydney Towards Tomorrow* was developed to provide thought leadership, promote community debate and prompt more integrated and thorough planning, so that Sydney might live up to the vision of being the world’s most liveable city with a population of 10 million plus by 2050. It provided a forum for a wide range of engineering and consulting firms to develop a plan for the Newcastle/Sydney/Wollongong conurbation. The plan integrates sustainability into infrastructure planning to provide a robust strategy to respond to the challenges, which is flexible and adaptable to the uncertainty of the future while maintaining Sydney as a vibrant community. As would be expected ACEA is concerned Sydney’s infrastructure (in particular transport infrastructure to service both commuters and freight) has not kept pace with the rate of population growth in the Sydney basin area or with the needs and expectations of the community or industry.

*Sydney Towards Tomorrow* is intended to complement other plans such as the NSW Government’s Metropolitan Strategy (2005), City of Sydney’s Sustainable 2030 Plan (2008), Metropolitan Water Plan (2005), and a number of Local Government plans. It identifies six key areas of priority that will help to address Sydney’s future infrastructure requirements. It recommends the policy, planning and regulatory reforms required to help protect Sydney’s future growth and prosperity. Its strategic focus is on urban planning integration and transport infrastructure rather than providing a list of infrastructure priorities for Sydney as might have otherwise been expected from a body representing engineering, technology and management consultancy services.

The themes covered in *Sydney Towards Tomorrow* include: 1. Sustainability; 2. Planning; 3. Attractive densities and land use mixes; 4. Funding; 5. Social issues; and 6. Governance. ACEA argues these themes are highly interrelated and should be approached in an integrated manner.

The key recommendations are as follows:

1. **One Plan for Sydney - Focus on quality medium density urban forms within the existing urban footprint and high density around existing transport corridors and nodes.** This means an increased focus on urban consolidation and less focus on fringe development. Live, work, play communities delivered by a structure planning process that brings together all elements of infrastructure in a single spatial strategy.
2. **Infrastructure that delivers carbon neutrality to Sydney via both short term sustainability based procurement and longer term sustainable planning.**
3. **Abolish the transport tax base and introduce a user pays system.**
4. **Consolidate local urban councils from 42 to 11 (in the Sydney Basin) and one regional council for each of Newcastle, Illawarra and the Central Coast.**
5. **Reform governance structures so that there is one body responsible for the policy, planning, safety and funding of transport infrastructure management, development, maintenance and operation across all modes.**

The media focused on how radical the plan was highlighting the following: 'councils must be abolished, road user charges introduced, public transport subsidies removed and housing density dramatically increased if Sydney is to cope with a population of 10 million by 2050...
Changes would be made from the ground up, with workers and school students starting at different times to reduce demand on the transport system, and suburbs in the inner and middle rings transformed into a swathe of three-bedroom townhouses…
The association proposes replacing the use of taxes to fund transport costs with a user-pays model for all transport forms, including roads. Drivers would have to pay for every kilometre travelled, and train and bus tickets would no longer be subsidised, with users paying a "more realistic price" to meet the cost of building and operating public transport…

A complete overhaul of the state planning, Local Government, transport and infrastructure agencies would also take place under the plan…

In this the Department of Planning and the Department of Local Government would be abolished and its functions amalgamated into a new agency encompassing all urban development, transport and infrastructure. The media reported the NSW Government was less than enthusiastic about the plan, with the ministers for planning, Local Government and transport all defending the existing system and rejecting the association's plans (Bibby, 2009).

ACEA proposes the formation of strong, efficient regional Local Governments to manage the greater urban area, delivering services at a lower net cost to the community. This would require all existing councils to be abolished and their services in the identified region being amalgamated into the new regional governments.

ACEA’s view is that regional Local Government would enable:
• well resourced engineering departments with the ability to manage, develop and maintain council’s assets and drive efficiencies in the delivery of all local services;
• well resourced planning departments to have stronger links to the state agencies and industry; and
• efficient management of council’s social, revenue, and financial functions.

ACEA believes that overall there would be an expected 20% savings in administration costs as a result of amalgamation. Such savings would fund services and much needed asset maintenance. Regional Local Government would allow the rationalisation of council assets and the release of capital for re-investment in line with community expectations.

Probably unique amongst calls for amalgamations ACEA has addressed the issue of the link between councillors and their constituents, recommending a larger number of councillors on these regional councils than might be otherwise expected. Whilst the proposal would still mean a smaller number of councillors than at present, ACEA recommend electing up to 30 Councillors to facilitate local representation and maintain the local focus.

The ACEA proposal would include:
1. A Greater Newcastle Regional Council of over 500,000 residents with control of all the areas of major development in the Lower Hunter from Cessnock, Maitland, Port Stephens and Newcastle through to Lake Macquarie;
2. A Central Coast Regional Council with over 300,000 residents and control of the growth areas of Gosford and Wyong;
3. An Illawarra Regional Council with approximately 300,000 residents and control of Wollongong and the growth areas of Shellharbour and Kiama; and
4. A maximum of eleven (11) regional councils for Sydney that would include:
1) a City of Sydney with at least 500,000 residents covering City of Sydney, Randwick, Botany Bay, Marrickville, Ashfield, Leichhardt, Woollahra and Waverley;
2) a City of Northern Sydney that would include approximately 500,000 residents, covering North Sydney, Mosman, Lane Cove, Willoughby, Manly, Ku-ring-gai, Warringah and Pittwater;
3) a City of Parramatta that would include at least 500,000 residents, covering Burwood, Strathfield, Canada Bay, Ryde, Parramatta, Holroyd and Auburn;
4) Bankstown, Canterbury, Rockdale, Hurstville and Kogarah;
5) Sutherland;
6) Campbelltown and Camden;
7) Liverpool and Fairfield;
8) Blacktown;
9) Penrith and Hawkesbury;
10) The Hills and Hornsby; and
11) Blue Mountains.

The Property Council
The Property Council's mission is to champion the interests of the property sector.

The Property Council Ripe for Reform - A submission on the IPART Review of the Revenue Framework for Local Government September 2008, made the following points:
Rate pegging constrains the financial capacity of Local Government. As IPART notes, no other state or territory in Australia pegs the rate that Local Government can charge its constituents.
The Property Council supports lifting rate pegging as part of a wider reform package of the entire sector. However, this should be subject to:
• Greater fiscal discipline and accountability of Local Government;
• Compulsory infrastructure strategies with a forward capital expenditure program;
• Council amalgamations; and
• Linking rate increases with a decrease in levies. (p12)

Amalgamations
There are too many councils in NSW compared with our counterparts in Queensland and Victoria. Victoria has 31 councils following amalgamations in the 1990s serving a population of 3.85 million – averaging 124,194 constituents per council. Brisbane’s model of one council serves over 1 million people. In Sydney there are 39 councils serving 4.29 million – averaging 110,179 constituents per council. IPART should recommend in its final report the initiation of a process of compulsory amalgamations to improve the Local Government sector.
The Property Council believes that in Sydney alone, the 44 councils should be reduced to around ten in line with the Government’s Metropolitan Strategy sub-regions. (p13)

Recommendations
4. The NSW Government should abolish rate pegging subject to strict financial accountability to the Local Government sector.
5. The Government should link any increase in Local Government rates to a reduction in development levies.
6. Local councils should develop compulsory infrastructure strategies with a supporting forward capital expenditure program.

7. The Government should initiate structural reform as part of a new framework of the Local Government sector to create larger councils in metropolitan regions, better reflecting their Metropolitan Strategy subregions. (p13)

**The Urban Taskforce**

The Urban Taskforce represents the urban development industry and promotes public policy that supports affordable housing, positive environmental outcomes, good urban design, effective and innovative infrastructure, and healthy, vibrant communities. The Taskforce is an active participant in the review and reform of the regulatory framework, to promote the interests of the urban development industry in the planning, environmental and building assessment processes. (‘Our Policy Agenda’ on their website).

The Urban Taskforce notes the following:

Our response to key urban policy issues are outlined below:

... 

Local Government

• Support reforms to make local councils robust self-sustaining organisations with the capacity to fulfil their planning role, including the amalgamation of small metropolitan councils to allow better use of resources and greater efficiencies.

**The Committee for Sydney**

The Committee for Sydney is an independent forum of decision makers taking a leading role in shaping public policy to ensure a sustainable and prosperous future for Greater Sydney. Their aim is to enhance the economic, social, cultural and environmental conditions that make Sydney a competitive and creative global city. They say they tackle issues from a 'whole of Sydney' perspective. All levels of government must balance Sydney's needs with other competing interests whereas they believe they can provide a voice that unashamedly champions Sydney.

The Committee is endeavouring to address the challenges confronting Australia's only global city, competing in an increasingly dynamic global economy. To do this, they commissioned a report to track Sydney's global position in two dimensions – its competitor position as well as against the global best practice dimension. In March 2010 the Committee released the paper *Global Sydney: Challenges and Opportunities for a Competitive Global City*. The report set about benchmarking Sydney against a number of recognised global cities. New York and London stand apart but in this region, Sydney competes routinely with cities such as Shanghai, Hong Kong, Singapore and to a lesser extent Tokyo.

The study ranged across the issues that are of concern to a successful global city from governance through infrastructure to lifestyle. On a number of points, Sydney measures well, which is why the city has won so many awards. But in others, there is a clear need to improve our performance at both a governmental and a community level.

The Committee notes the issue of paramount significance is that of governance of the city itself. They say the Lord Mayor of Sydney and other Local Government figures, by and large do a very good job of representing their constituencies. The Committee has been impressed by the City of Sydney's 2030 proposals.
But the Committee believes there is a pressing need for analysis of whether there are other new forms of governance that would do a better job. They believe the immediacy of the task is underlined by the findings of the Intergenerational Report which directly links improving governance and infrastructure with national productivity growth.

The Committee suggests one possibility is to create a Greater Sydney. The Committee suggests another is to have major reform of Local Government, as recommended by ACEA. Any reform of governance or Local Government must not be just politically motivated, as it typically has been, but directed towards the better fulfilment of community needs and expectations. They believe the rationale and good intent behind the reform of metropolitan governance should be evident for all to see.

A Greater Sydney that covers the whole metropolitan area, could give Sydney a stronger and more coherent voice in the Australian federation and provide the basis for coordination of better planning and infrastructure. But there are other alternatives and they should all be considered in a rational and well-informed way.

Therefore arising from this study, the Committee seeks to have the Australian Government ask the Productivity Commission to conduct a study into Australia's capital cities to look at the economics and efficiencies of the creation of greater metropolitan areas similar to that which already exist in Brisbane. They believe that in the first decade of the 21st century this is an intelligent policy proposal that will reflect realities of Australian life, just as the states reflected realities in 1901.

**NSW Business Chamber**

As we go to print, NSW Business Chamber has released *10 Big Ideas to Grow NSW*.

These 10 big ideas are as follows:
1. Ensure taxpayers get better value for money by auditing government services and performance.
2. Create jobs by cutting employment taxes and red tape.
3. Protect the NSW Budget by fighting for a fairer share of the GST.
4. End the blame game in hospitals by handing funding to the Federal Government.
5. Move economic growth to the centre of State Government decision making by establishing the Department of Business Growth.
6. Encourage growth in regional NSW through funding government and business relocations to regional areas.
7. Get the politics out of infrastructure by establishing Infrastructure NSW.
8. Take charge of Sydney traffic by appointing a Transport Tsar.
10. Better prepare young people for the workforce by improving the HSC for students not attending university.

Idea 9 captures the ideas of the Sydney Business Chamber and picks up some of the ACEA’s ideas.
Appendix 3: National Objective and Criteria for Future Strategic Planning of Capital Cities

Objective
To ensure Australian cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth.

Criteria
Capital city strategic planning systems should:
1. be integrated:
   a) across functions, including land-use and transport planning, economic and infrastructure development, environmental assessment and urban development, and
   b) across government agencies;
2. provide for a consistent hierarchy of future oriented and publicly available plans, including:
   a) long term (for example, 15-30 year) integrated strategic plans,
   b) medium term (for example, 5-15 year) prioritised infrastructure and land-use plans, and
   c) near term prioritised infrastructure project pipeline backed by appropriately detailed project plans;
3. provide for nationally-significant economic infrastructure (both new and upgrade of existing) including:
   a) transport corridors,
   b) international gateways,
   c) intermodal connections,
   d) major communications and utilities infrastructure, and
   e) reservation of appropriate lands to support future expansion;
4. address nationally-significant policy issues including:
   a) population growth and demographic change,
   b) productivity and global competitiveness,
   c) climate change mitigation and adaptation,
   d) efficient development and use of existing and new infrastructure and other public assets,
   e) connectivity of people to jobs and businesses to markets,
   f) development of major urban corridors,
   g) social inclusion,
   h) health, liveability, and community wellbeing,
   i) housing affordability, and
   j) matters of national environmental significance;
5. consider and strengthen the networks between capital cities and major regional centres, and other important domestic and international connections;
6. provide for planned, sequenced and evidence-based land release and an appropriate balance of infill and greenfields development;
7. clearly identify priorities for investment and policy effort by governments, and provide an effective framework for private sector investment and innovation;
8. encourage world-class urban design and architecture; and
9. provide effective implementation arrangements and supporting mechanisms, including:
   a) clear accountabilities, timelines and appropriate performance measures,
   b) coordination between all three levels of government, with opportunities for Commonwealth and Local Government input, and linked, streamlined and efficient
approval processes including under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*,
c) evaluation and review cycles that support the need for balance between flexibility and certainty, including trigger points that identify the need for change in policy settings, and
d) appropriate consultation and engagement with external stakeholders, experts and the wider community.
Appendix 4: Review of New England Local Government services

The Terms of Reference for the review are as follows:

The facilitator shall:
1. Examine the current arrangements for Local Government in the following Local Government areas: Armidale Dumaresq; Guyra; Uralla; Walcha.
2. Consider whether the current arrangements in these Local Government areas represent the most effective and efficient way of delivering Local Government services to the community.
3. Identify and consider opportunities for Local Government to better serve the community in these areas.
4. Report to the Minister for Local Government on these matters no later than 31 May 2010.
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