



LEICHHARDT COUNCIL SUBMISSION

27th March 2014

DESTINATION 2036 – REVITALISING LOCAL GOVERNMENT; AND A NEW LOCAL GOVERNMENT ACT FOR NSW

Leichhardt Council, at its meeting of the 25th February 2014 considered the Independent Review Panel's final report titled Revitalising Local Government along with the Local Government Acts Taskforce report on a New Local Government Act for NSW and unanimously adopted a resolution to respond to these reports as follows:

Revitalising Local Government Final Report

The report again suggests a wide range of reform initiatives, some of which are considered worthwhile pursuing and others that should be rejected at this point in time because of the lack of evidenced based analyses to justify a particular direction or action

Many of the recommendations within each of the key themes are positive and are supported - including:

- **Fiscal responsibility** improvements including :
 - using the State /Local Government agreement to properly address cost shifting and as the basis for an agreement for a range of actions to build a lasting partnership with negotiated supplementary agreements. These actions should be undertaken as a priority before committing to any significant structural changes ;
 - a program that addresses the findings of the TCorp financial sustainability review
 - placing local government audits under the aegis of the Auditor General provided this does not impose any additional costs on councils ; and councils are still able to utilise their own auditor
 - more rigorous guidelines for Delivery Programs
- **Strengthening the revenue base** of councils including :
 - a comprehensive rating system review – ie a reform of rate pegging
 - establishing a State wide borrowing facility
- **Meeting infrastructure needs** including :
 - maintaining the Local Infrastructure Renewal scheme (LIRS) for at least 5 years

- factoring the need to address infrastructure backlog into any future rate pegging or local government cost index
- **Improvement, productivity and accountability** initiatives including :
 - a whole of government review of the regulatory, compliance and reporting burden on councils - this also should be undertaken as a priority in conjunction with the State/Local Government agreement review on cost shifting before committing to any significant structural changes
 - reinforcing Integrated Planning and Reporting requirements, noting that specific details will need to be developed and discussed covering performance indicators and auditing, service reviews, innovation and best practice etc
- **Political leadership and good governance** including
 - clarifying the roles and responsibilities of councillors and general managers
 - greater authority and remuneration for mayors
 - improved councillor training and education (but not necessarily mandatory)
 - developing a good governance guide
- **Advance Structural reform including but strictly qualified by the fact that Leichhardt Council remains firmly opposed to any proposals involving a merger with its neighbouring councils :**
 - encouraging voluntary mergers of councils by lowering barriers and assisting financially - provided the support of the community was first fully demonstrated and that the cost shifting/review of regulatory, compliance and reporting burden on councils were all completed so that the roles and responsibilities of Federal, State and Local Government are all clearly identified and defined
- **State - Local Government Relations** including:
 - improving Local Government representation and coordination between States & Local Government
 - new arrangements for collaborative whole of government regional planning
 - promoting the establishment of a Metropolitan Council of Mayors – similar or consistent with the model proposed by SSROC (refer **annexure 1**)

Council raises concerns however and does not support the Panel's recommendations with respect to:

- any changes to remove or reduce the existing pensioner concession provisions
- redistribution of already diminishing Federal Financial Assistance Grants and also Roads to Recovery – this should only be considered as part of a suite of reviews including rate pegging reform, clearer definitions for redistribution criteria etc.
- amending the legislated role of councillors, mayors and general managers until a comprehensive review of all the proposed changes is undertaken - council remains open to further consultation however provided this is expansive and representational.

- introducing structural reform options at this stage such as regional Joint Organisations (JOs) and Community Boards - a full and comprehensive review of the Panel's recommendations in this regard should first be undertaken, again however only after the roles and responsibilities of Federal, State and Local Government are all clearly identified and defined.

According to the Panel recommendations, the proposed JOs would be a statutory grouping of local councils established under a new Local Government Act with local councils functioning along similar lines to now except for referral of some regional functions to the new JO. In addition there is the suggestion for local Community Boards (especially in areas where councils have been amalgamated) - being elected or appointed sub council organisations carrying out a range of representational, planning and service delivery functions delegated by the council.

JOs take over the business planning and delivery programs of the existing local councils under the Panel's suggested model

This model seems to greatly diminish the role that local councils currently undertake and introduces a complexity of governmental layers without any evidence base to justify their effectiveness - especially as it relates to the Sydney Metropolitan area in particular.

Further details and discussions are therefore required before any commitment or otherwise is given to JOs and their suggested regional boundaries.

Leichhardt Council also remains firmly opposed to any proposals involving a merger with its neighbouring councils.

With respect to the Sydney Metropolitan area, the report remains focussed on amalgamations - changing its previous recommendation to form a Sydney 'Super Council' and instead advocating in our case for amalgamation with Marrickville, Ashfield, Strathfield, Burwood and Canada Bay.

The report rejects any argument that ROCs can achieve positive reform outcomes - citing that they lack a statutory base and the voluntary nature of their activities tends to limit the role they play within government.

The Panel go on to recommend that evidence based responses should be sought from metropolitan councils to the merger and boundary change proposals - to be submitted to a newly formed Ministerial Advisory Group (MAG)

Unsubstantiated statements such as '.. Privileged east ...' v '..Struggling west ...'; '.. Too many voices to be heard'; and '..Not realising their full potential as partners in the system of government.' have been used in the report to justify amalgamations.

These positions/recommendations are firmly rejected by Council

Consistent with its previous submissions to the Panel, Leichhardt Council continues to support NSW local government reform initiatives based upon a structured and systematic reform process centred on resource sharing/strategic alliances and sector wide cooperation with effective liaison between local government and State Government.

To this end, Council continues to support the SSROC proposal submitted to the State Government on the 22nd March 2013 suggesting a new structure and governance framework which will drive regional service delivery and advocacy, ie the Council of Mayors pilot program concept (**annexure 1**). Leichhardt Council believes this model will achieve further financial gains and improve strategic capacity imperatives - all for the benefit of the Sydney Metropolitan local communities. SSROC, on behalf of its member councils, engaged Professor Gary Sturgess who has developed and is shortly to present an evidence based business case for such a model

Implementation

In terms of the Panel's suggested Implementation schedule (table 12 of the report), Leichhardt Council suggests that new State - local cooperation arrangements at the regional level (including issues surrounding cost shifting and ensuring that the roles and responsibilities of Federal, State and Local Government are all clearly identified and defined) will not be achievable by March this year.

And given that this must be a prerequisite to further structural reform initiatives including development of evidence based cases for voluntary mergers or otherwise, the program timelines should be amended accordingly

Council also supports a designated body to manage and drive the reform process, but questions the composition of the proposed Ministerial Advisory Group - 3 members appointed by the Minister, the Department of Local Government Chief Executive and the Local Government NSW Chief Executive. Membership should be expanded to be more representative of NSW local councils themselves

A New Local Government Act for NSW

The Local Government Acts Taskforce was established in 2012 as one of the outcomes from the Destination 2036 action plan. The four member Taskforce, appointed by the Minister for Local Government, is headed up by Mr John Turner (Chair) and supported by Stephen Blackadder, Gabrielle Kibble AO and Dr. Ian Tiley.

The Taskforce is required to review the current Local Government Act 1993 and the City of Sydney Act 1988 in the context of the current reform process - culminating in new Acts which will provide flexible, principles - based legislative frameworks that avoid excessive prescription, are written in plain language and are in a logical form.

The Taskforce released its discussion paper - A New Local Government Act for NSW (circulated previously to all councillors) - in April 2013.

This discussion paper recognised that its proposals for a new Local Government Act need to reflect the outcomes of the reform process currently underway - including the work of the Independent Review Panel (IRP) and the current Planning reforms. In addition a new Act may well need to reflect the works arising from various Local Government Management Association (LGMA) working parties on other Destination 2036 actions.

Leichhardt Council's response in June last year to this paper suggested to the Taskforce that:

- The premise that the Integrated Planning and reporting framework should form the central theme for the new Act and be the primary strategic tool that supports service delivery and facilities for the community is supported
- Council raises no concerns around the community consultation and engagement and technology sections of the paper
- Taskforce proposals around elections and electoral provisions, review of council meetings provisions and the appointment and Management of staff all require further work and extensive consultation before proceeding and are therefore not supported at this stage

The Taskforce completed their recommendations and findings report on the 16th October 2013 however this report was not released by the State Government until the 8th January 2014. A deadline for submissions initially by Friday 7th March (extended to the 4th April consistent with the Review Panel report) has again been imposed on all councils.

Response to latest report

The Taskforce has developed a series of recommendations (in the Taskforce report circulated separately to councillors) and it is suggested that - at this stage and given the short period of time to examine and prepare a comprehensive reply - Leichhardt Council responds as follows:

- Supports the Taskforce's direction to the re-focus, re emphasis and simplification of the existing Local Government Act rather than a total re write
- The Taskforce's primary recommendation that Integrated Planning and Reporting should be the central framework to the Act is supported.
- Provision should be made in the new Act to recognise the Council of Mayors model as proposed by SSROC
- Delegation exceptions not being carried forward into the new Act eg tender acceptance is supported - individual councils will then determine their delegation levels to suit their operations and risk management frameworks
- Noting that further work is required for a new Local Government Act as a result of the yet to be finalised outcomes of the work of the Independent Review Panel and a review of the planning system in NSW, Council requests that , for this next stage, that a more reasonable period of time for effective consultation, engagement and submissions be set aside