



A Renewed Vision for Local Governance

Facing the Challenge of Sustainability

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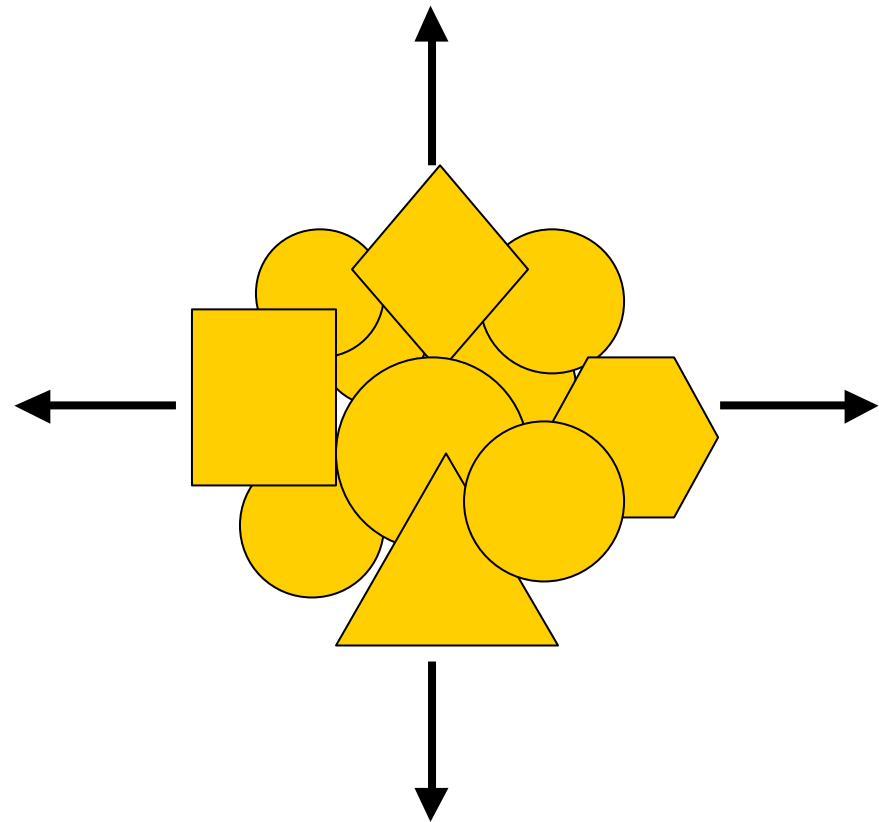
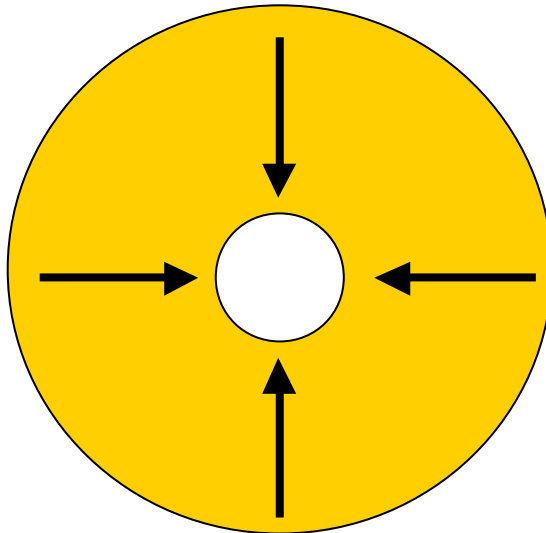
The vision...

- **Local government that:**
 - is influential, credible and respected
 - reflects the needs and identities of diverse communities
 - secures community and environmental wellbeing
 - provides high quality services
 - offers effective community governance



Asserting a local interest

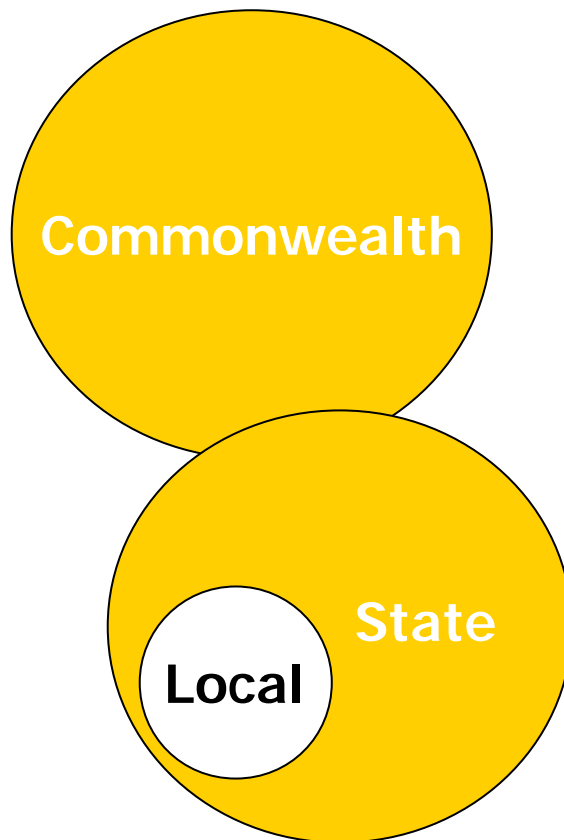
Sometimes the sum of the parts is more important than the whole....



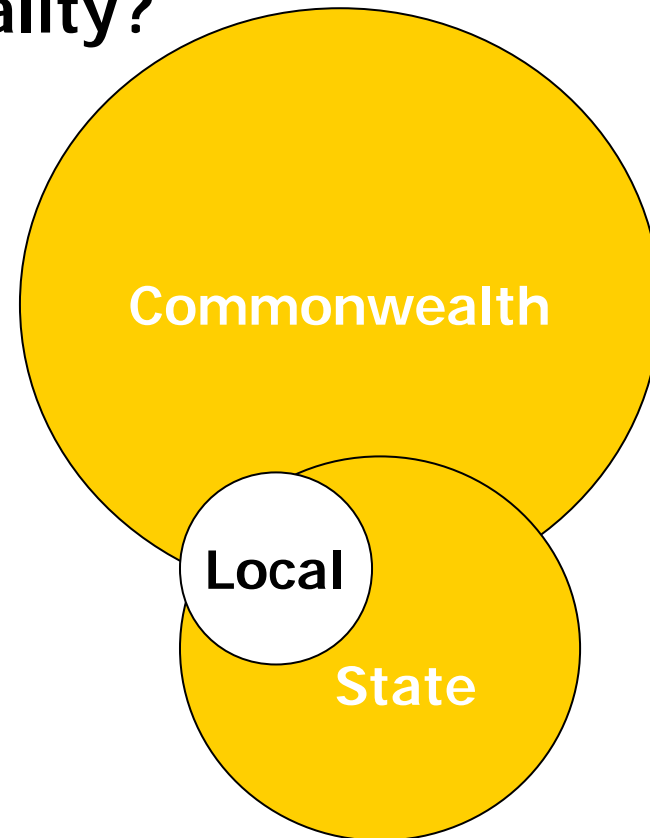


The opportunity

Fiction?



Reality?



QLGCSA Conference 2006:
'Shape, Sustainability and Size'



The danger...

- **A decline into irrelevance?**
 - No distinctive role in the system of government
 - Growing competition with the States: likely State dominance and encroachment
 - Retreat to a narrow(er) role in service delivery
 - Grant dependence leads to 'agency' status
 - Infrastructure problems intensify
 - Many smaller councils become unviable
 - Loss of community confidence and support
 - Councils seen as peripheral to 'issues that matter'



Strengths and weaknesses

- **Place focus and integrated planning**
- **Informed localism and regionalism**
- **Larger councils and creative diversity**
- **Community support**
- **Financial autonomy**

- **Silos and wish-lists**
- **Fragmented parochialism**
- **Whingers and basket cases**
- **Disengaged communities**
- **Mendicant mentality**



Autonomy or mendicant?

- Financial strength is fundamental to policy influence (and hence *effective* local democracy)
- Councils *on average* >80% self-sufficient (much better than States)
- But:
 - **Growth in functions has outstripped revenue: unsustainable ('\$3bn gap')**
 - **Acute problems of rural and remote councils**
- Constant calls for increased grants – but highly unlikely and probably undesirable, unless no alternative



Rates are low

Increases in rates and GDP 1995/6 – 2003/4

New South Wales	29.2%
Tasmania	36.3%
South Australia	55.1%
Queensland	55.6%
<i>GDP</i>	<i>61.8%</i>
Western Australia	64.8%
Victoria	66.1%



NSW 'Allan' inquiry

- Infrastructure *renewal* backlog is **\$6.3bn**
- Projected backlog by 2020 is **\$21bn**: more than 6 times current annual rates revenue
- **Only 1 in 5** NSW councils have an adequate asset management plan
- **1 in 4 are unsustainable** without major changes



Allan's options

- **Borrow \$5.3 billion** to tackle infrastructure problems (servicing cost \$400 m pa)
- **Increase rates and charges by up to 23%**
- **Minimalist role:** Back to basics' (cf Victoria's reforms in 1990s)
- **Optimalist role:** broadly the current range of functions but more use of partnerships, contracting-out etc to contain costs
- Perceived threat to community services role



Hawker on FAGS

- Major revamp of system to increase funding to smaller rural and regional councils
- But:
 - **Assess potential for amalgamations and if justified adjust FAGs for the benefit of the sector at large**
- Changes could only work if rate revenues of 'wealthier' councils increase to offset reduced grants
- NSW rate-pegging becomes a *national* problem



Revisiting amalgamations

- Efficiency is ***not*** the make-or-break issue
- Amalgamations can also:
 - **Make the best use of scarce skills**
 - **Strengthen the revenue base**
 - **Improve services, strategic capacity, political clout**
- Little evidence to date that resource sharing/alliances will deliver on the scale required
- Danger that complex arrangements will collapse under their own weight and reduce community support for local government



Central Otago 'Federation'

- NZ legislation provides option of elected Community Boards within a LGA
- Central Otago was amalgamation of five rural councils with strong local identity
- 'Federation' model:
 - **Single central administration**
 - **Council makes strategic decisions, adopts budget etc**
 - **Boards spend about half the budget locally**
- Less 'efficient' than full amalgamation, but maintains local representation and identity



Dual-mode local government?

- The current 'unitary' system seems unsustainable
- Even with feasible amalgamations, resource sharing etc, many smaller rural/remote councils cannot be 'full service'
- Options:
 - **'Township' councils with rural areas run by States**
 - **Reduced functions and management requirements**
- But even 'minimalist' councils likely to need substantial support (infrastructure)
- Impacts of climate change?



Management and governance*

AREA MANAGEMENT

- Corporate governance
- Customers and clients
- Administration and regulation
- Public opinion
- Financial and physical capital

- + Community engagement
 - + Citizens
 - + Leadership and partnerships
 - + Public judgement
 - + Social capital
- = *LOCAL GOVERNANCE***

(* Based on Sproats, 1997)



Management and leadership*

MANAGEMENT

- Plans and budgets
- Organising and staffing
- Controlling and problem-solving
- Minimising risk

*promotes **ORDER** and **PREDICTABILITY***

LEADERSHIP

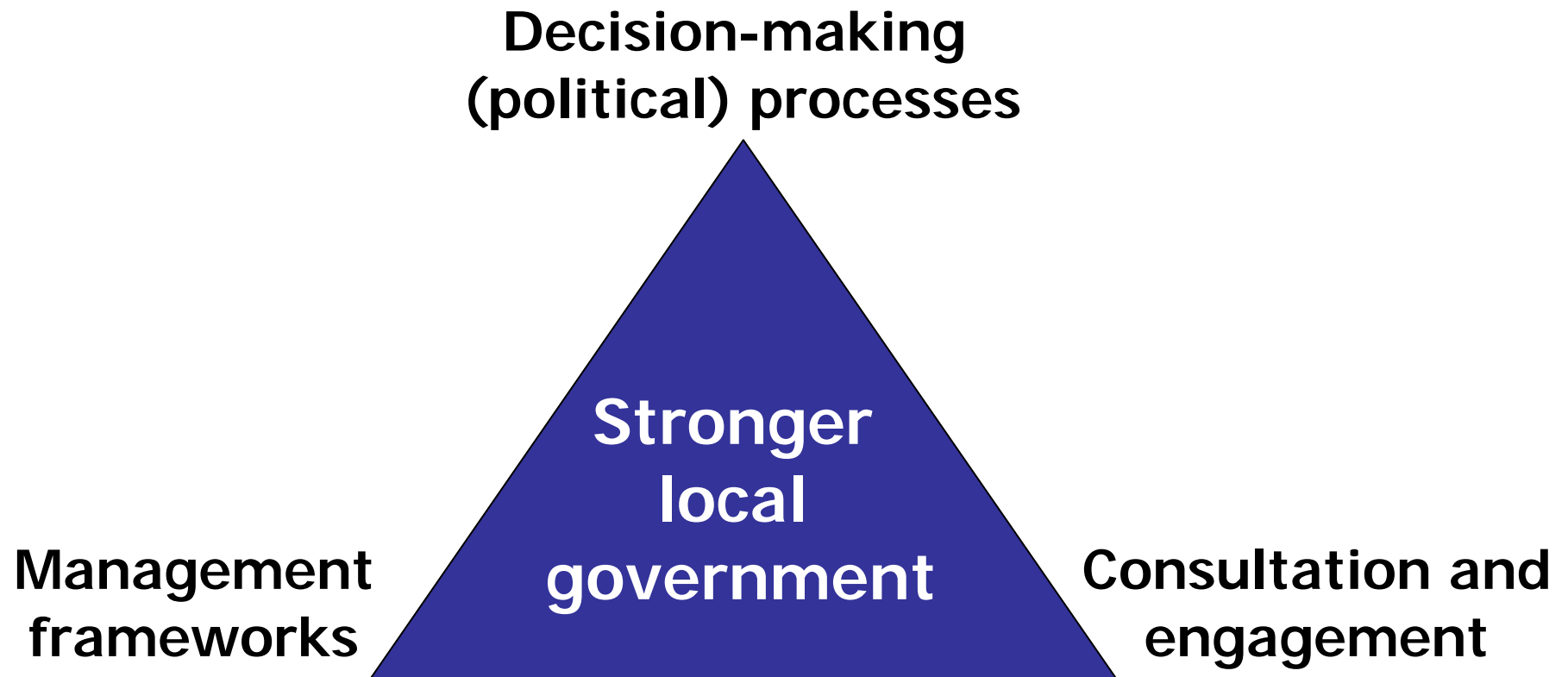
- Vision and strategy
- Communicating and aligning
- Motivating and inspiring
- Taking risks

*promotes **CHANGE***

(* Based on Stace and Dunphy, 1994)



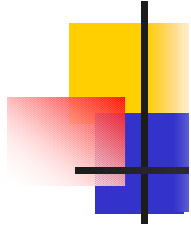
Just Communities project





Need for renewed vision

- The dead-end of managerialism and 'back-to-basics'
- Don't lose sight of the big picture:
 - **Local government in the federal system**
 - **The broader wellbeing agenda**
- Explore radical solutions to tackle financial problems
 - **But keep it simple and maintain identity**
- Effective political leadership and community engagement are vital to strengthen local base
- Community services and development have a central role to play



Good morning and
good luck!

