

Comments on ‘A New Direction for Local Government’

This is probably the most important policy document issued by the NSW Department of Local Government in the past decade, and is a most timely and valuable contribution to debate about the future of the sector.

I strongly endorse the general thrust of the paper – that new ways of thinking and ongoing reform are essential – but also believe that some of the underlying concepts and assumptions, as well as a few of the proposed specific directions, need further thought. The following comments are offered as a constructive response.

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The first three paragraphs are a very significant policy statement with important implications for further reform and for inter-government relations. They restate the concepts that underlie the Act and that are reflected to some extent in the Council’s Charter. This is particularly important in setting a framework for the proposals contained in the rest of the paper, some of which perhaps focus too strongly on efficiency and effectiveness of service delivery at the expense of broader issues of democracy, representation and quality of life. Moreover, the statements in these three paragraphs provide a basis on which to build improved State-local relations: they outline a distinctive role for local government within the State system and highlight the need for policy development and consultative mechanisms that can progressively articulate and facilitate that role in a constantly changing environment.

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Diagram 1 is a variant of the diagram in the 1993 Act. Like the latter, it misses some key elements:

- The *political* relationship that exists (or should exist) between the Minister and Government and elected Councils – it could be argued that failure to develop this relationship as a *productive* element of inter-government relations is a significant weakness in the NSW system compared to most other States
- Linked to that, the existence and role of the Local Government and Shires Associations
- The important direct relationships between local government and other Ministers and State agencies (some of which have a profound impact on the quality and effectiveness of the overall State-local relationship).

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As context for the rest of the paper it would be useful to expand on the emerging (and changing?) role of the Department, especially the future balance to be struck between compliance/ monitoring/supervising on the one hand, and information/guidance/systemic improvement on the other (taking into account inevitable constraints on resources and the experience being gained from current processes such as the Better Practice reviews, financial monitoring etc).

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- 2.6 The key issue here is the varying capacity of councils. It is certainly the case that many councils have failed to embrace the concepts and opportunities inherent in the 1993 Act, and that local government as a sector needs to move more strongly and consistently in the direction of a rounded sphere of government rather than merely the deliverer of a grab-bag of services. But this cannot be uniform across the State: indeed, it can be argued that in less populated areas local *government* in any meaningful sense is no longer financially sustainable, let alone any expansion of current roles. On the other hand, there are undoubtedly some urban councils with a reasonably strong financial base that have failed to assume the additional responsibilities one would expect of contemporary local government. As the paper points out, one challenge is to find ways of enhancing the role of such councils in a cost effective manner. Equally important, however, is the challenge to the State government of establishing a consistent *and supportive* policy framework within which change can occur.
- 2.7 The obstacles identified are very real. The question is: why has NSW local government remained stuck in this paradigm while other States have moved forward and been willing to explore new models (eg the 1990s voluntary amalgamations in SA, the current Size, Shape and Sustainability program in Queensland). At least three factors need to be considered:
- Part of the answer lies in the unsatisfactory State-local relationship and lack of a *supportive, cooperative* policy framework.
 - A second factor is the imbalance between political roles and managerialism that has arisen in the way the 1993 Act has been interpreted: the contributions expected of councillors – and particularly Mayors – are unclear and in too many councils there is rivalry and distrust between senior management and elected representatives. Innovative approaches can only be explored when there is political maturity, confidence and leadership – which may well require a stronger role for councillors and Mayors than currently applies in most councils.
 - A third factor is that too many senior managers lack the knowledge, skills and will necessary to change the paradigm. Whilst implementation of the 1993 Act has made the role of General Managers pivotal, it is debatable whether the majority are bringing the requisite range and level of skills and sophistication to the tasks involved eg in strategic and corporate planning (including financial and asset management), and in handling complex political, inter-governmental and community relationships.

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This is a very useful statement of the essential elements of a successful system of local government. It is noteworthy, however, that the key component of *Community Support*, included in the diagram, is missing from the text. This is the most critical underpinning of effective local government – the source of political legitimacy and credibility. The current system in NSW needs to be improved in terms of both community engagement and local accountability (eg by strengthening audit requirements to include performance audits as in Victoria, and ensuring that audit results are presented to the community in an understandable format).

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Strangely, given the ideas outlined elsewhere in the paper, section 3.3 refers to local government as a ‘business’ and infers a predominant focus on ways of improving service delivery rather than developing a more rounded system of local government. Certainly, new business models for service delivery need to be explored, but they must be balanced with better approaches to community engagement and broader local governance.

Section 3.3 also perhaps goes too far in implying that further amalgamations can/should be avoided. NSW still has many more councils than it needs. The interests of local democracy could be well served with perhaps 30-50 fewer councils – *provided* each council has enough councillors to ensure adequate community representation (the current trend to fewer councillors has gone too far), and/or models such as New Zealand’s Community Boards were introduced as an adjunct to larger local government areas.

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Proposal 1.1: Another key objective of peer review would be to *enhance cooperation* between adjoining/nearby/similar councils by facilitating an exchange of information and views.

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Proposal 2.1: As indicated above, further reductions in numbers of councillors should NOT be an objective except in those cases where the ratio of councilors to population is unusually high (remembering that Australian ratios are already low by world standards), or supplementary mechanisms for community engagement at suburb/locality level are in place (such as the NZ Community Boards). The representational load on councillors is often too great and there is often a strong case for MORE councillors to provide the human resource necessary to handle both representational and policy roles effectively – especially if the Government wishes to see better strategic and corporate planning in local government. Alternatively, consideration should be given to adopting the Queensland approach of allowing councils to have some full-time councillors who can play key leadership roles (eg in a Mayor plus ‘cabinet’ model).

Women in Local Government: the UTS Centre is currently assisting the Australian Local Government Women’s Association to review and update the 2001 Framework for Women in Local Government. We would be happy to discuss this work with the Department.

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Proposal 2.4: The UTS Centre is already working with a network of councils across Australia to explore approaches to community engagement, identify successful practice and develop tools. We would be happy to cooperate with the Department in this work.

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Proposal 3.1: The real need here is much broader. As noted earlier, there is an urgent need in NSW for a more coherent, consistent and supportive State policy framework as *one element of a package* to improve State-local relations. This will be fundamental to the success of the approach canvassed in this paper.

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Proposal 4.1: Asset management plans need to include environmental assets under councils' care and management (eg urban bushland, coastal dunes, roadside vegetation, support for landcare). The figures presented in the recent Allan report appear to exclude the cost of maintaining and enhancing environmental assets, and thus seriously underestimate the challenge facing many councils.

Proposal 4.2: This proposal needs to be broadened to encompass something similar to Victoria's Best Value system, under which services are regularly reviewed and performance as well as finances are independently audited. The current proposal would lead to a distorted emphasis on 'savings' – perpetuating the notion that endless economies can be achieved and rates held at unrealistically low levels. The pursuit of efficiency must be aligned with the delivery of better, more effective services and the concept of an increasing role for at least part of local government advocated in section 2.6 of the paper.

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Proposal 5.1: I will offer comments separately on the Integrated Planning and Reporting proposals. However, two points that should be highlighted here are the need for:

- Effective political involvement, especially through the Mayor, in the *preparation* – not just ratification – of the annual operational plans and progress/annual reports
- Strengthened independent auditing of performance as in Victoria.

Pages 22-23

Proposal 6.1: Previous attempts to set benchmarks have not been productive. Improved and better targeted comparative information, plus effective performance auditing linked to the proposed Integrated Planning and Reporting framework, would probably be far more useful as they could focus directly on the quality of local policy-making and management.

Proposals 6.2 and 6.3: Clusters, alliances and resource sharing may offer a useful way forward in a number of cases. However, the danger is that they can lead to unnecessarily complex arrangements when really amalgamation is more appropriate. As a general rule, the question needs to be asked: if savings of X can be achieved through cooperation, could not greater savings of X+Y be achieved through amalgamation and, if so, are there other genuine, over-riding factors to be taken into account? Again, there is also a risk that the focus will be on a narrow agenda of achieving savings rather than establishing more effective local government.

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Proposal 6.5: The primary purpose of resource-sharing should NOT be seen as containing rate increases below a pre-conceived limit (whether the Government's cap or a figure proposed locally), but rather to improve services and free-up resources to enable councils to play the kind of broader role envisaged elsewhere in the paper. Also, resource-sharing should not be set up as a 'silver bullet' solution to local government's problems: applications for Special Variations should simply have to show that a satisfactory level of efficiency has been achieved, whether by resource-sharing or other means. It needs to be understood that there can be downsides to resource-sharing, such as loss of local control *and accountability*, less-than-optimum standardized forms of service delivery, and complex webs of administration that may add hidden costs.

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Proposal 7.1: This proposal is strongly endorsed. The Centre is keen to develop a proposal in conjunction with the Department and LGSA for a UTS Executive Certificate in Strategic Local Leadership that would be available to Mayors (or aspiring Mayors) and General Managers/Directors. We believe this can best be handled through an independent training organization, and would benefit from the added status of a university certificate. For an Executive Certificate a program of professional development equivalent to two graduate subjects (ie 2 weeks of face-to-face or equivalent learning) plus some form of assessment would be required: given the growing complexity of the tasks and challenges facing local government, this would seem to be an appropriate level of study for an accredited course. It could assist considerably in bringing about the kinds of change and improvement envisaged in the discussion paper, and thus enhancing the status and reputation of local government.