



# Destination

*a path together* **2036**

## Action Plan

June 2012

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# MINISTERIAL STATEMENT

The New South Wales Government has a plan to make NSW number one. We plan to rebuild the economy, return quality services, renovate infrastructure, restore accountability to government, and strengthen our local environment and communities.

Local government has a crucial role to play in delivering these better outcomes for our communities. It has a role to play in ensuring the highest standards of civic leadership to raise the reputation of councils, so it can attract and retain high quality councillors and staff to serve and lead local communities. It has a role to play in driving and supporting economic development in cities, towns and villages. It has a role to play delivering quality services and infrastructure that meet the needs of local people at a level they can afford.

It is widely acknowledged that local government needs to change to do this. There are struggling councils now which are unable to deliver all the services their communities require, while maintaining their infrastructure. If NSW does not take action now it will have councils that are 'haves' and councils that are 'have nots'.

The NSW Government and Councils came together last year to develop a plan to tackle these issues. I would like to thank the councils of NSW, who in participating in Destination 2036, have demonstrated their commitment to the essential change that must occur to deliver better outcomes for local communities. I would also like to thank the members of the Implementation Steering Committee (ISC) who, in developing this plan through extensive consultation, have harnessed the desire for change to deliver a solid plan of action.

Many of the issues that we need to tackle are challenging and complex. I am pleased that the Local Government and Shires Association asked me to establish an Independent Local Government Review Panel to draw on independent expertise to help tackle these issues and identify how councils can best govern and be structured to support the future wellbeing and prosperity of NSW communities.

Action cannot be delivered by the ISC, the Independent Panel or councils alone, and nor should it be. Local people, businesses and business groups, unions and other representative groups all have a stake in delivering the Destination 2036 vision of creating strong communities through partnerships. Many of these people and groups have already made a strong contribution to shaping the action plan. I would like to thank them for their contribution. As we continue the journey towards creating stronger communities through partnership, I am committed to continuing to involve this diverse range of interests and stakeholders. This action plan sets out how this will be achieved.

Destination 2036 provides a once in a generation opportunity to make sure we have councils that can support the changing needs of communities. This action plan will ensure that we seize this opportunity with both hands for the benefit of NSW.



**The Hon. Don Page MP**

# IMPLEMENTATION STEERING COMMITTEE FOREWORD

Local Government in NSW has come a long way over the last 150 years. As our communities have changed and progressed so have the institutions that support and serve them, including local government. In many ways, local government is the fabric that binds people together as a community. It is therefore incumbent upon us, as a sector, to ensure that we can continue to support and serve our communities with strength, resilience and flexibility.

On the 17<sup>th</sup> and 18<sup>th</sup> August 2011, NSW civic leaders were afforded the rare opportunity to pause from the day-to-day activities of council life and come together to consider the future of our communities. At this event we began to develop a plan for how we can best serve them over the next 25 years.

*The Destination 2036* project is both ambitious and exciting. As members of the Implementation Steering Committee (ISC), we have worked hard to capture and build upon the energy, vision and goodwill that was displayed at Dubbo. We believe we have prepared an action plan that will serve as a blueprint for the changes we all know must occur in local government to deliver better outcomes for communities. Based on consultation feedback, we believe we now have an action plan that is clear, focused and has widespread support as a tool for driving reform.

Our challenge now is to turn plans into action. Indeed this is already happening. Members of the ISC and councils have been making progress on a number of actions since we came together in Dubbo, for example developing a new model code of conduct and tackling the infrastructure backlog. Many councils and Regional Organisations of Councils have been identifying opportunities for increasing

collaboration. Importantly, the recently announced Independent Local Government Review Panel will bring considerable expertise and drive to identify options to improve the strength and effectiveness of local government in NSW.

The members of the ISC, collectively and individually, are committed to seeing this action plan delivered. The ISC will draw on the expertise in councils and the wider community to ensure progress on actions in this plan for which it is responsible. It will monitor progress and ensure that the identified lead agency delivers on each activity, in a continued spirit of collaboration with the sector and other key stakeholders, such as business and unions. A number of key actions in this plan will be taken forward by the Independent Local Government Review Panel. The ISC will contribute thinking to support the Independent Panel in developing recommendations to strengthen local government.

*Destination 2036* is a long-term reform agenda that will lead us to stronger communities through partnerships. This action plan sets out the important first steps we will take together on the journey towards reform.



**Ross Woodward**  
*Chief Executive, Local Government  
A Division of the Department of Premier  
and Cabinet*



**Cr Ray Donald**  
*President  
Shires Association of NSW*



**Cr Keith Rhoades AFSM**  
*President  
Local Government Association of NSW*



**Mr Mark Ferguson**  
*President  
Local Government Managers Australia (NSW)*

# 1. INTRODUCTION

Over the next 25 years our local communities will undergo considerable transformation. Demographic, economic, technological and environmental change will present significant challenges and opportunities for both our communities and the councils that serve them.

On the 17<sup>th</sup> and 18<sup>th</sup> August 2011, the NSW Government, in partnership with the Local Government and Shires Associations of NSW (LGSA) and Local Government Managers Australia (NSW) (LGMA (NSW)), hosted an historic event in Dubbo - *Destination 2036*. The event sought to consider these issues, and to develop a clear, achievable and shared path to a strong and resilient local government sector, responsive to the current and future needs of our communities.

The *Destination 2036* workshop was the first of its kind for NSW. Every one of the State's 152 general purpose councils was represented, both at the elected and executive levels. Most of the State's County Councils and all of the Regional Organisations of Councils (ROCs) were represented and participated in their own right.

The results from the event have been reported back to the sector, and to stakeholders, through the *Destination 2036* Outcomes Report, which was prepared by the workshop facilitators, Elton Consulting. That report provided a comprehensive record of what transpired over the two days, including the processes and techniques used at the workshop to identify issues for further discussion and consultation.

The Outcomes Report presented a draft Vision for NSW Local Government, which was developed and endorsed by participants at the event, together with possible medium

term 'Directions' to achieve that Vision. It also included a large number of shorter term priority actions that were suggested by participants, based primarily around local government functions, structure, governance, finance and capacity.

Immediately following the *Destination 2036* workshop, the Minister for Local Government, the Hon Don Page MP, announced the formation of an Implementation Steering Committee (ISC) to build on the work of the *Destination 2036* workshop and to refine the list of suggested actions into a draft Action Plan for stakeholder consultation. The ISC comprises the Presidents of the Local Government Association of NSW, the Shires Association of NSW and Local Government Managers Australia (NSW) and the Chief Executive of the Division of Local Government, Department of Premier and Cabinet (DLG) as chair. Secretariat support is provided by the DLG.

**It is important to appreciate that in the most part, this Action Plan does not seek to answer or implement the actions that were suggested at Dubbo. Rather, it provides a pathway and a process for their more detailed consideration.** It represents the opening dialogue in a conversation that the sector, its stakeholders and our communities will be having throughout 2012 and beyond.

Many of the suggested actions will require extensive research and consultation before a preferred position can be determined. Some require the engagement of independent experts, which is why the Minister established the Independent Local Government Review Panel following a request by the LGSA. For some suggested actions, their implementation would require legislative change, which in itself would necessitate further consultation and

consideration. Conversely, there are other suggested actions that have already commenced outside of the *Destination 2036* umbrella, such as the review of the *Environmental Planning and Assessment Act 1979*. There are other actions, such as the review of the Model Code of Conduct, which were being progressed even while the Action Plan was being finalised.

The next steps in the *Destination 2036* process will be exciting. There is a lot of work to be done, and some hard decisions to be made. The end result will be stronger councils providing better services to their communities more efficiently. There is enthusiasm across the sector to tackle the big issues head on. This Action Plan is the next step in the journey that began in Dubbo in August 2011.

We all want a strong and robust Local Government sector, for the communities that we serve, for the ratepayers that fund our operations and for the vast number of employees that work in our councils – not just for today, but for the long term. The *Destination 2036* Action Plan provides a clear pathway to achieve that aim. But it will *require the entire sector*, together with the State and Commonwealth Governments, to work constructively and in partnership with the community and stakeholders to achieve the required reforms.

## 2. HOW HAS THIS ACTION PLAN BEEN DEVELOPED?

Since the *Destination 2036* workshop, the ISC has met frequently to fulfil its brief. It appointed a small group of officers with representation from the DLG, LGSA, LGMA (NSW) and the Australian Centre of Excellence for Local Government (ACELG) to prepare initial drafts for ISC consideration.

The Action Plan was prepared in four stages:

### **Stage 1:**

Refining the draft Vision for Local Government

### **Stage 2:**

Refining the Directions identified at the Dubbo workshop and the Strategic Initiatives contained in the Communiqué to determine the medium term Strategic Directions (i.e. the roadmap), then grouping the suggested actions into logical and achievable Initiatives, with Actions, under the relevant Strategic Directions

### **Stage 3:**

Incorporating feedback from the *Destination 2036 Outcomes Report* consultations

### **Stage 4:**

Incorporating consultation feedback on the draft Action Plan and making links to the Independent Local Government Review Panel

# Stage 1

## REFINING THE DRAFT VISION FOR LOCAL GOVERNMENT

During the first interactive session of the Dubbo workshop, participants considered a number of suggested elements of a Vision for the NSW Local Government sector. On the second day, a small group of volunteer participants worked together to develop a proposed draft based on the key agreed elements. That draft was then presented to the workshop for broader consideration. As noted in the *Destination 2036 Outcomes Report*, participants overwhelmingly supported the draft Vision "...as a basis for further consultation and development"<sup>1</sup>.

As noted below (Stage 3), of those councils that commented on the draft Vision in their submission to the *Destination 2036 Outcomes Report*, the vast majority supported its adoption. The ISC has, however, made one minor amendment to the draft based on feedback, by including "economies" in the second last point.

### THE VISION FOR NSW LOCAL GOVERNMENT

#### **STRONG COMMUNITIES THROUGH PARTNERSHIPS**

By 2036, all NSW communities will be healthy and prosperous – led and served by strong, effective and democratically elected Local Government.

Through leadership, local knowledge and partnerships with community, government and other sectors, we will plan our futures and deliver quality services and infrastructure. We will be recognised, respected and responsible for:

- ▶ Upholding the highest ethical standards
- ▶ Sound financial management
- ▶ Sensitive environmental stewardship
- ▶ Meaningful community engagement, advocacy and leadership
- ▶ Our adaptability, innovation and learning
- ▶ Developing the full potential of our people
- ▶ Responding to our diverse cultures, environments and economies
- ▶ Creating places that people value

<sup>1</sup> A total of 270 participants responded to this question, with 246 (91%) supporting the draft.



# Stage 2

## REFINING THE DIRECTIONS, STRATEGIC INITIATIVES AND ACTIONS

Toward the end of the first day of the Dubbo workshop, the facilitators crafted a number of draft 'Directions', which they believed captured the broad sentiment in the room. Those draft Directions represented a summary of the key issues that participants believed needed to be addressed in the medium to longer term in order to make Local Government stronger and more sustainable.

The Communiqué that was issued at the conclusion of the event listed a number of 'Strategic Initiatives' that needed to be achieved in order to make Local Government strong and sustainable. While there was significant overlap between the Directions developed by the facilitators and the Strategic Initiatives listed in the Communiqué, the ISC has combined and refined them into the following five Strategic Directions. In doing so, the ISC is mindful that the Strategic Directions are inter-related and all are of equal importance and priority.

### STRATEGIC DIRECTIONS FOR NSW LOCAL GOVERNMENT

#### **EFFICIENT AND EFFECTIVE SERVICE DELIVERY**

Establish frameworks that facilitate and encourage effective, responsive and innovative service delivery.

#### **QUALITY GOVERNANCE**

Enhance the governance framework to ensure community confidence in councils and to further enable Local Government to meet community needs and challenges.

#### **FINANCIAL SUSTAINABILITY**

Ensure the financial sustainability of councils.

#### **APPROPRIATE STRUCTURES**

Develop a variety of Local Government structural models to suit different environmental contexts.

#### **STRONG RELATIONSHIPS**

Improve the relationship between the State and Local Government by working as partners, with a clear understanding of respective roles and responsibilities and for the benefit of our communities.

Over 70 actions were suggested at the Dubbo workshop. Some of these suggested actions were quite broad while others were very specific. In addition, there was some overlap between certain actions. The ISC therefore considered each of the suggested actions and their context, and then 'grouped' them where appropriate. As a result, all of the suggested actions were incorporated into one or more initiatives (see Appendix B).

# Stage 3

## INCORPORATING FEEDBACK ON THE DESTINATION 2036 OUTCOMES REPORT

The *Destination 2036 Outcomes Report* was released on 21 September 2011. Councils and other stakeholders were invited to consider the Report and to provide comments by 4 November 2011 on the following:

- 1. Do you support the draft Vision contained in the Outcomes Report?**
- 2. If not what changes would you suggest?**
- 3. What do you believe should be the priorities for the draft Action Plan?**

The ISC received 73 submissions from 69 interested stakeholders.

Overall, most stakeholders were positive about the Destination 2036 process. Of those that attended the event in Dubbo, the vast majority believed that the Outcomes Report represented an accurate reflection of what transpired over the two days.

Fifty-two submissions commented on the draft Vision, with 75% of those supporting it without change. Twelve submissions supported the draft with amendments, while one stakeholder did not support the draft Vision.

In terms of prioritisation of actions, 30% of submissions did not identify priorities, but many of these expressed support for all of the suggested actions to be included in the draft Action Plan.

The most commonly identified priority from submissions is a comprehensive review of the *Local Government Act 1993*. The focus of comments in this regard is that the Act review should take into account that “one size does not fit all”, allowing flexibility in structure and service delivery, and enabling the implementation of new funding models.

The suggested actions regarding finance and revenue-raising elicited some conflicting views. Of the submissions received from industry groups, 80% expressed strong objection to the suggested action 4a (Review options to increase sustainability), particularly around the deregulation of fees and charges, establishing more flexible rating categories and moving to rates valuations based on the improved value of land. Conversely, this suggested action received strong support in submissions from councils.

Similarly, the submissions from industry groups supported the forced amalgamation of councils, while submissions from employee representatives and councils clearly expressed the view that they did not want to see forced amalgamations.

Another clear message from the submissions was that appropriate consultation needed to be undertaken with all stakeholders, including industry groups, employee representatives and the community, in progressing the Action Plan, and that the consultation period for the draft Action Plan needed to be extended until at least February 2012.

Wherever possible, the views expressed in submissions were considered both in the draft Action Plan and in developing the process for its progression, including extending the consultation period.

# Stage 4

## INCORPORATING CONSULTATION FEEDBACK ON THE DRAFT ACTION PLAN

### INCORPORATING FEEDBACK ON THE DRAFT ACTION PLAN

The draft Destination 2036 Action Plan was released for consultation on 3 December 2011 and the closing date for comments was 15 February 2012. One hundred and eleven submissions were received by the Division. Around two-thirds of responses were from councils.

Overall, the vast majority of submissions were supportive of the overall process and content. There were a number of largely one-off suggestions for how the plan could be improved and therefore no identifiable consensus for significant change to the Plan.

In relation to progressing the Action Plan, the submissions indicated that it would be important that there is adequate consultation/engagement with the sector and other stakeholders, such as employee organisations and the broader community. Feedback also suggested that it would be important that timeframes were realistic, particularly if there is to be adequate consultation/engagement. It was suggested that it may be appropriate to prioritise actions in the Action Plan to give priority to those which involve potentially major strategic change and will have the greatest benefit for councils and their communities.

A detailed analysis of the consultation feedback is available at: [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au) along with individual submissions.

Based on the consultation feedback, the ISC made minor changes to the draft action plan.

#### Key changes include:

- The number of initiatives under which the actions were grouped was reduced and some actions merged to simplify the plan
- Minor wording changes were made to some actions to clarify their scope
- A small number of actions were deleted from the plan on the basis that the purpose was unclear
- More specific and realistic timescales for completion have been included
- Actions that fall directly within the Independent Local Government Review Panel terms of reference, and will therefore be referred to the Panel for detailed analysis, have been identified. So too have the actions that will still continue under the direction of the ISC but which will be submitted to the Panel for consideration.

### 3. How is the Action Plan structured?

The Action Plan is grouped under the five Strategic Directions with each of the 12 Initiatives considered in turn.

For each Initiative, the following information is provided:

- **WHY IS THE INITIATIVE IMPORTANT?**
- **WHAT IS THE CURRENT SITUATION?**
- **WHAT ACTIONS NEED TO BE UNDERTAKEN?**
- **LINKAGES WITH OTHER INITIATIVES**
- **WHO IS RESPONSIBLE FOR THE INITIATIVE?**

The Actions for the Initiative are then summarised in tabular form.

# 4. How will the Action Plan be progressed?

## WHO IS RESPONSIBLE FOR DELIVERING ACTIONS IN THE ACTION PLAN?

The actions in this plan are about achieving a shared vision of strong communities through partnerships. Anyone with a stake in this vision - local communities, business groups, unions, councillors, council staff and other stakeholders – therefore has a contribution to make to help deliver the actions.

The ISC will play an important role in facilitating the contribution from these diverse interests and ensuring the actions for which it is responsible for are delivered. The ISC will have a key role in coordinating these actions, monitoring progress and ensuring delivery. Each action the ISC is responsible for identifies a “Coordinating Agency”. The Coordinating Agency will be responsible for ensuring that the tasks set out under the Initiative are undertaken and completed within the timeframes set out in the Action Plan. To support delivery of the Plan, the ISC will make recommendations to the Minister for Local Government as appropriate and share the outputs of key actions with the Independent Panel to inform its work.

The Independent Local Government Review Panel is responsible for providing recommendations to Government on key actions relating to governance, structure and financial sustainability, as outlined in its terms of reference, to improve the strength and effectiveness of Local Government in NSW. It too will play a vital role in facilitating the contribution of the community, councils and other stakeholders. The ISC will also contribute thinking to support the Panel in developing recommendations.

The proposed review of the Local Government Act 1993 (see Initiative 3 – Ensure the Local Government Act supports stronger Local Government) is the third vehicle for delivering actions in the action plan. This will ensure the legislative implications of both the ISC and the Independent Panel’s work as agreed by Government, are captured and enabled. The proposed timeframes in the Plan for the initiatives with legislative implications have been set to ensure that they feed into the proposed review of the Act at an appropriate juncture.

## HOW WILL KEY STAKEHOLDERS BE INVOLVED?

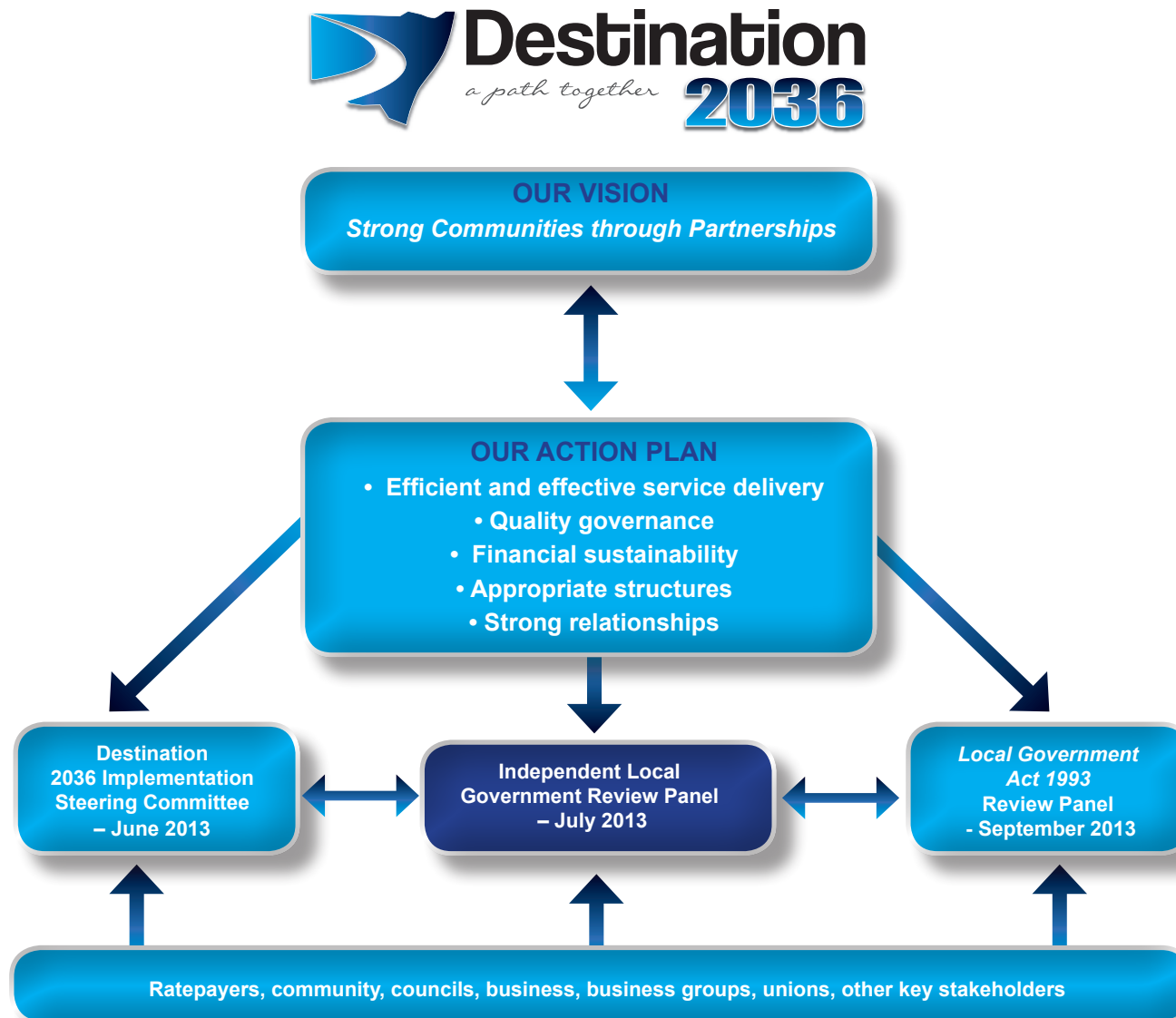
The Minister for Local Government, members of the ISC and the Independent Local Government Review Panel are committed to involving all interested stakeholders in implementing the actions to create stronger communities through partnerships.

A wide range of consultative arrangements will be established to ensure this, including a community and ratepayer forum, a reference group, focus groups and working parties to draw on the knowledge, skills and experience of those willing and able to contribute.

Details of these will be made available as work on the actions is scoped and developed.

The link between the ISC, Independent Review, Act Review and key stakeholders to deliver the *Destination 2036* vision and initiatives is shown in the chart below.

## 4. How will the Action Plan be progressed?



# 4. How will the Action Plan be progressed?

## DEVELOPMENT OF PROJECT PLANS

In most instances, before commencing an action the Coordinating Agency will be required to develop a project plan for consideration by the ISC. If the action is to be progressed by a working group, the Coordinating Agency should consult with the working group when preparing the project plan. The project plans are to include:

- The objective of the action
- How the Initiative will be achieved
- How linkages with related Initiatives and actions will be maintained
- Engagement with key stakeholders
- Resource requirements
- Timeframes and milestones

## REPORTING PROGRESS AND OUTCOMES ON THE ACTION PLAN

The ISC will report quarterly on progress against actions for which it is responsible for. Coordinating Agencies will be required to submit to the ISC a schedule listing the actions they are responsible for, together with their project plans, or a status report on their project plans if they have not been completed. The ISC will provide a report on the outcomes achieved by June 2013, to inform both the Independent Local Government Review Panel and the Minister for Local Government in making and considering recommendations and next steps in arrangements for delivering the vision for local government.

# 5. THE ACTION PLAN

The action plan comprises 5 Strategic Directions, 12 Initiatives and 34 actions to achieve the vision of Strong Communities through Partnerships. These are detailed in this section and summarised in Appendix A.





# DIRECTION: Efficient and Effective Service Delivery

Establish frameworks that facilitate and encourage effective, responsive and innovative service delivery.

Local Government is all about delivering services to the local community. Any initiatives that can increase the efficiency and effectiveness of service delivery will result in improved outcomes for the community. It will also provide councils with greater flexibility to expand service delivery, increase opportunities for employees and enable new and innovative ways of doing things.

## **This Direction will be achieved through the following Initiatives:**

### **INITIATIVE 1**

Establish Local Government as an employer of choice

### **INITIATIVE 2**

Encourage and facilitate innovation

# Initiative 1 – Establish Local Government as an employer of choice

## Why is this important?

Many councils, particularly in rural areas, have difficulty recruiting and retaining skilled staff, while councils in metropolitan and regional areas can have difficulty competing with other sectors of the economy, such as private planners and the mining industry, to retain qualified staff. The sector recognises the need to make Local Government an attractive, interesting and rewarding place to work if it is to attract and retain a highly skilled workforce to provide communities with the services they want and deserve.

## What is the current situation?

A number of initiatives have been pursued in recent years to increase the profile of Local Government as an employer of choice, to increase diversity and to assist in addressing skills shortages. In 2005, the DLG established a Skills Shortages Taskforce, which included a range of key stakeholders and which resulted in a number of positive outcomes, not least of which was to raise awareness of the issue and to encourage councils to be proactive.

By 1 July 2012, all councils should have in place a Workforce Management Plan, in accordance with Integrated Planning and Reporting, and they should be using those plans to increase the diversity and skills of their workforce.

Councils should also be looking to grow their own workforce through the establishment of apprenticeships, cadetships and traineeships. A number of councils have been very successful in building their workforce capacity through such processes. These types of positions provide an entry level opportunity for young local people which helps to offset the ageing workforce. It also helps to grow the pool of talent in the NSW Local Government sector.

However, there continues to be a mixed public perception of Local Government as a preferred place to work.

## What actions need to be undertaken?

A number of specific actions were suggested at Destination 2036 related to ensuring a more flexible workplace, both for employers and employees, establishing shared specialist teams and formalising rural/city partnership arrangements. The establishment of apprenticeships, cadetships and traineeships should be seen as a key way to increase the diversity and skill range of council staff.

Participants at Destination 2036 suggested that the legislation should be reviewed to more easily allow councils to establish contractual arrangements to provide services to each other and to remove barriers to sharing staff, including general managers and senior staff, and commercialising services.

## Linkage with other Initiatives

Initiative 2 (Encourage Innovation)

## Who is responsible for this Initiative?

Both the LGSA and LGMA (NSW) have a key role in coordinating this Initiative. As a registered employer body, the LGSA plays a pivotal role in industrial matters. As a body that represents the broad range of local government professionals and senior managers, the LGMA has a direct interest in efficiencies, innovation and flexibility also.

Whilst the LGSA and LGMA will coordinate this initiative, it is vital that they draw on the skills, knowledge and experience of employees in councils and actively involve those who represent them. Actions under this initiative will be developed and delivered in partnership with the employee bodies who represent council workers – the United Services Union, Local Government Engineers Association and the Development and Environmental Professionals Association.

Key Actions	Coordinating Agency	Expected completion
1a Develop a program for sharing specialist professional, technical and other staff between councils in rural areas on a regional basis and between urban and rural councils	LGMA (NSW)	June 2013
1b Develop a program for partnering and mentoring between large/small and urban/rural councils	LGSA	June 2013
1c Explore opportunities for increasing flexible working arrangements to support a variety of models of local government	LGMA (NSW)/LGSA Submit to Panel	April 2013
1d Identify barriers to establishing inter-council contractual arrangements sharing staff, including general managers and senior staff, as well as commercialising services	LGMA (NSW) Submit to Panel	April 2013
1e Develop and implement strategies to increase the diversity and skill range of council staff	LGMA (NSW)	Ongoing

# Initiative 2 – Encourage and facilitate innovation

## Why is this important?

There are a number of initiatives that councils could be pursuing to reduce costs to ratepayers and improve service delivery to local people. It is therefore important to identify any barriers that are currently preventing councils from being innovative and exploring new ways of delivering services.

Technological advances are also providing opportunities for councils to operate in new ways. With this new technology comes new ways of thinking. Public sector organisations must embrace these technologies and look at how they can use them to be more innovative, efficient and effective.

Most councils are involved in different forms of resource sharing and cooperation, whether it be through project-specific bilateral arrangements or through formal structures such as Regional Organisations of Councils (ROCs), alliances, or through the peak bodies including LGSA and LGMA (NSW). Participants at the Destination 2036 workshop recognised the significant benefits these arrangements provide in terms of improved efficiency, enhanced service delivery, reduced duplication, financial savings, consistency of processes and practices, and addressing skills shortages. However, it is clear that there are a number of barriers to achieving a greater level of resource sharing and cooperation.

While there are a number of legitimate regulatory functions for councils at the local level, their primary role is to provide services to their communities. It is therefore important that council resources are freed up to the maximum extent possible to focus on providing services to meet local needs, rather than being bogged down in process and compliance activities.

## What is the current situation?

The NSW Government, through the new State Plan - NSW 2021, is committed to encouraging and nurturing a culture of innovation in the public sector. Goal 30 of the State Plan (Restore trust in State and Local Government as a service provider) states *“Through innovation, we can shape a modern, forward-thinking public sector that embraces new ideas to improve services and efficiency”*.

Many councils pursue and encourage innovation through their Business Improvement Systems, but more can be done at a sector level to encourage a culture of innovation and to share learning.

The Local Government legislation can make it difficult for councils to provide services to each other, to operate specific services more commercially and to share senior staff. These legislative barriers are sometimes reinforced by administrative and political barriers, all of which can reduce the capacity of councils to improve services to their communities. This issue was the most commonly identified priority from submissions to the *Destination 2036 Outcome Report*.

Commencing in 2005, DLG began systematically collecting information about and promoting collaborative arrangements between NSW councils. The information was summarised in *Collaboration and Partnerships between Councils – A guidance paper* which was released at the 2007 Strategic Alliance Network Conference.

*Collaboration and Partnerships* provided a strategic context for council resource sharing and practical guidance to councils about a range of issues including strategic/business planning, stakeholder engagement, business models, benefits realisation and managing relationships. At the time it was released, councils were advised that this was a starting point and it would be updated.

In January 2010, DLG surveyed councils and council managed collaborative arrangements to update its database of collaborative arrangements. It also sought to obtain councils' views on factors supporting collaborative arrangements as a means of meeting community needs. Over 110 councils responded to that request.

Over 600 council partnerships were identified and over 160 detailed project descriptions were submitted. In addition, comprehensive information was provided about the projects managed by ROCs. The information was compiled and analysed in the *Collaborative Arrangements between Councils Survey Report* which was released by the Minister for Local Government at the June 2011 NSW Shires Association Annual Conference.

Continued support for collaboration between councils, as well as strengthened recognition of ROCs as a mechanism for regional strategic planning, regional Local Government service delivery and Local Government capacity building, emerged as significant issues worthy of detailed consideration. These findings were reinforced by the participants at the *Destination 2036* workshop and reflected in the Outcomes Report suggested actions.

Furthermore, the NSW Government is looking to ROCs as a key regional planning, consultation and delivery mechanism for the new State Plan – NSW 2021, as well as other regional planning initiatives, such as Regional Transport Plans.

## What actions need to be undertaken?

The sector needs to develop and nurture relationships with education and research institutions to identify new innovative approaches and better practice in Local Government, both in Australia and internationally. The National Broadband Network (NBN) will also provide new opportunities and councils need to link in with these developments.

Importantly, learnings and developments need to be shared throughout the sector, so mechanisms will need to be put in place to facilitate this sharing.

Given the wide recognition of the important role ROCs can play, ROCs should be, and are, working with their member councils, and with each other, to identify the range of services or activities ROCs can undertake on behalf of their member councils. In doing so, ROCs are encouraged to strengthen their network and help each other to identify opportunities and learn from each other. Similarly, councils should be seeking out the opportunities that their ROCs, or other alliances, can provide. The State Government has indicated that it is keen to work with ROCs on regional planning matters and ROCs are encouraged to leverage off these opportunities and to develop networks within State Government agencies.

In this context, the limited capacity of some of the smaller ROCs will need to be considered.

Looking forward, there is a need to examine how the role of ROCs can be strengthened in regional strategic planning, tendering and procurement and Local Government service delivery; and how the current barriers, including legislative, attitudinal, financial and administrative, can be overcome.

There is also a need to further develop regional collaborative models (including ROCs, county councils, strategic alliances and service specific projects).

There are also opportunities to examine and develop state-wide models for shared services capturing the benefits of large scale procurements (e.g. electricity) and technology (e.g. library operating systems) which could result in significant savings and improved service delivery outcomes for communities.

There is a need to identify those areas of the legislation that create unnecessary red tape and that could be removed or reduced without adversely impacting on accountability and good governance. The Productivity Commission

recently undertook a national review Business Regulation Benchmarking – Role of Local Government and the findings from that review may provide valuable input.

Finally, it is important to consider how performance measurement and programs to support improvement, such as the Promoting Better Practice Program, encourage and facilitate innovation as well as drive continuous improvement.

### Linkage with other Initiatives

Initiative 1 (Employer of Choice)

Initiative 8 (Structural Models)

### Who is responsible for this Initiative?

The LGSA, LGMA, DLG and the Independent Panel have responsibility for coordinating individual actions under this Initiative. Again it will be vital to involve a wide range of key stakeholders, in particular unions and business.

Key Actions	Coordinating Agency	Expected completion
2a Develop options and models to enhance collaboration on a regional basis through ROCs	Independent Review Panel	July 2013
2b Undertake research into innovation and better practice in Local Government in NSW, Australia and internationally	Independent Review Panel	July 2013
2c Ensure councils take advantage of the National Digital Economy Strategy and the National Broadband Network to improve capacity and service delivery	LGSA	June 2014
2d Develop a consistent performance measurement approach for councils and a comprehensive program to support improvement	DLG	June 2013
2e Develop alternative service delivery business models	LGMA (NSW) Submit to Panel	April 2013
2f Examine and develop options for state-wide procurement and technology	LGSA/DLG	December 2013
2g Review all legislation for impact on local government and identify opportunities to reduce red tape while ensuring accountability and not compromising good governance	LGSA Submit to Panel	December 2012

# DIRECTION: Quality Governance

Enhance the governance framework to ensure community confidence in their council and to further enable Local Government to meet community needs and challenges.

When referring to governance, we mean how the responsibilities of those in power are exercised, how decisions are made and how community members and stakeholders have their say in such decisions. This includes, but is not limited to, the resources and structures that allow good debate and good policy making to occur. Quality governance is critical to the sustainability of councils. The overwhelming majority of council failures in NSW have been caused by issues of poor local governance.

During the course of *Destination 2036*, a number of suggestions were made about improving the decision making processes of councils, both in terms of enhancing the community's confidence in the performance of elected representatives and in the systems underpinning council decision making processes.

As many of the solutions to these issues rest with the requirements of the Local Government legislation, this Direction includes actions specifically related to the proposed review of the *Local Government Act*.

## **This Direction will be achieved through the following Initiatives:**

### **INITIATIVE 3**

Ensure the Local Government Act supports stronger local government

### **INITIATIVE 4**

Ensure strong and effective local governance

# Initiative 3 – Ensure the Local Government Act supports stronger Local Government

## Why is this important?

With over 150 councils in NSW of varying geographic size and population, it is essential that the legislation does not adopt a “one size fits all” approach, but rather is flexible enough to accommodate the different capacities of councils and community needs, while at the same time ensuring accountability, transparency and effectiveness. This means that the legislation should not be overly prescriptive, but provide sufficient measures to ensure a quality governance framework exists for all councils.

A large number of Initiatives in this Plan will require legislative change if adopted. It is essential that the proposed review of the *Local Government Act* recognises and incorporates these actions where appropriate.

## What is the current situation?

The NSW Government has announced its intention to undertake a review of the *Local Government Act*. Details of the proposed process will be available shortly. In determining the scope, process and timeframe of the proposed Act review, one of the key issues to be considered will be the alignment with Initiatives under the Action Plan and the timescale for the Independent Review of Local Government.

## What actions need to be undertaken?

Each action in this Plan may identify legislative change that is required to strengthen local government. The Coordinating Agency should ensure this is captured and submitted to the proposed Act Review. The timing of the Act review will be set to allow this.

## Linkage with other Initiatives

Potentially all initiatives

## Who is responsible for this Initiative?

The DLG is responsible for this Initiative.

Key Actions	Coordinating Agency	Expected completion
3a Identify legislative implications of Destination 2036 activities and advise the Local Government Act review	DLG Submit to Panel and Act Review	September 2013

# Initiative 4 – Ensure strong and effective local governance

## Why is this important?

In order to ensure public confidence in councils and council decision making, it is essential that appropriate governance structures are in place and that councillors are well-informed and are representative of their community. While strong governance structures are essential, they are of little value without strong leadership, culture and communication.

In order to ensure the highest standards of governance, participants at *Destination 2036* suggested that we need to examine how we currently deal with instances of unacceptable councillor behaviour, what alternative governance models are available, and the need to improve training and development and to encourage greater diversity among councillors.

## What is the current situation?

Over recent years, DLG has, in consultation with the LGSA and LGMA (NSW), been pursuing a number of strategies to improve council governance. These include the Promoting Better Practice Program, the introduction of Integrated Planning and Reporting, the Councillor Development Strategy (the provision of councillor induction and refresher training), and the development of the Model Code of Conduct.

DLG recently commenced a review of the Model Code. Following a comprehensive consultation process, the DLG has published a revised draft Code and Procedures. The DLG is also working on strategies to increase diversity and is considering options for future candidate and councillor development.

## What actions need to be undertaken?

The types of actions identified include:

- Review and amend the Model Code of Conduct and relevant provisions of the *Local Government Act* and provide appropriate training to ensure the highest standards of behaviour by councillors and council officials
- Develop and implement strategies to increase the diversity and skill range of candidates and councillors across the sector
- Develop and implement a councillor development strategy which recognises prior learning

## Linkage with other Initiatives

Initiative 3 (Act Review)

Initiative 8 (Structural Models)

## Who is responsible for this Initiative?

While the DLG has primary carriage for setting the governance system for Local Government, it is councils themselves that are responsible for how they apply and comply with that system. In addition, the LGSA and the LGMA (NSW) have important roles in developing, implementing and promoting strategies to improve the quality of governance and of those that govern.

Key Actions	Coordinating Agency	Expected completion
4a Review and amend the Model Code of Conduct and relevant provisions of the Local Government Act to ensure the highest standards of behaviour	DLG	September 2012
4b Develop strategies designed to increase the diversity and skill range of candidates and elected councillors	DLG/LGSA	Immediately and ongoing
4c Develop and implement a Councillor Development Strategy	DLG/LGSA	October 2012 and ongoing



# DIRECTION: Financial Sustainability

Ensure the financial sustainability of councils.

Financial sustainability is arguably the key requirement to achieving strong and sustainable councils that can deliver services that the community wants and can afford. Financial sustainability was identified as the most important challenge currently facing councils in NSW. This is particularly important in terms of “own source revenue”. Councils need to ensure that they are collecting income from their local communities efficiently and effectively and at levels that are sustainable.

Our communities have differing capacities and willingness to contribute more. The Productivity Commission<sup>2</sup>, for example, found significant variation between classes of councils in their ‘fiscal capacity’. It concluded that “...capital city councils have the highest fiscal capacities and urban fringe councils the lowest, on average”. It also found that, if all councils increased their own source revenue to capacity “...the majority of rural and remote Local Governments would remain highly dependent on Australian and State Government grants”. Unfortunately, however, the greater a council is reliant on grants from other levels of government, the less autonomy it has over its own future.

It is therefore essential that the revenue framework for Local Government in NSW provides sufficient flexibility for councils to optimally utilise their revenue bases, while ensuring that local communities and businesses are protected from excessive taxes and charges that are economically and socially damaging. It should also address the inherent differences between local government areas, particularly between rural and metropolitan, in their capacity to fund infrastructure investment. In addition, the revenue framework needs to recognise that smaller rural and regional councils do not have access to the broader range of income sources that many larger councils have, such as parking meter revenue, which means they are more reliant on general rates as their main form of own source revenue.

## INITIATIVE 5

Review the revenue system to ensure greater flexibility and self reliance

## INITIATIVE 6

Develop strategies that maximise opportunities to secure funding from other levels of Government

## INITIATIVE 7

Establish a range of funding models to enable the long term maintenance, replacement and creation of different classes of assets

# Initiative 5 – Review the revenue system to ensure greater flexibility and self reliance

## Why is this important?

In 2005, the LGSA commissioned a major Inquiry into Local Government finances<sup>3</sup> (Allan Inquiry) in response to widespread concerns about Local Government's financial capacity to meet the growing demand for infrastructure and services. The terms of reference required the Inquiry to:

- assess adequacy of Local Government infrastructure and services
- assess financial capacity of Local Government to meet statutory obligations, expected functions and new challenges
- identify possible funding, administrative, governance and intergovernmental reforms to address any shortcomings uncovered
- address specific issues already identified by the LGSA (e.g. cost shifting, rate pegging and exemptions)

The then NSW Government provided a comprehensive response to the Inquiry recommendations. This included requesting the Independent Pricing and Regulatory Tribunal (IPART) to inquire into the impact of rate pegging. More generally, the introduction of Integrated Planning and Reporting was seen as an important reform to councils' financial and asset management practices that would help to put councils on a more financially secure long term path.

There have been a number of developments since the Allan Inquiry, and it would be timely to assess the impact of those developments on the position in 2006.

## What is the current situation?

Since the Allan Inquiry, the former NSW Government transferred responsibility for rate pegging and the assessment of special rate variations to IPART. IPART has since developed a Local Government Cost Index to calculate the rate peg which is designed to be reflective of cost pressures faced by councils. It has also implemented a rigorous process to the assessment of special rate variations. The DLG has ensured that the special rate variation process adopted by IPART has aligned with the implementation of Integrated Planning and Reporting. The intent of this alignment is to provide councils with a long term revenue path through their Resourcing Strategy, reflective of and supporting their four year Delivery Program.

While the reforms were designed to provide councils with greater flexibility in determining their income requirements in consultation with their communities, a number of other changes over the period, such as the cap on developer contributions under section 94 of the *Environmental Planning and Assessment Act 1979*, have negatively impacted on revenue flexibility for some councils.

## What actions need to be undertaken?

In the first instance, a review should be commissioned to understand the latest position on financial sustainability. This review should consider what other legislative or policy changes can be made to increase own source revenue flexibility and self reliance, while ensuring that local communities and businesses are protected from excessive rates and charges that could be economically and socially damaging.

In addition, the current rating provisions of the Local Government legislation should be reviewed to ensure the system is contemporary in the context of the principles of Local Government taxation; namely equity, benefit to the community, capacity of ratepayers to pay, the efficiency of the impact of the taxes, and the simplicity of the taxation system.

The impending introduction of the Carbon Tax will also impact on councils to varying, but as yet unknown, degrees. There will therefore need to be consideration of how councils will be able to fund this impost.

3- The *Independent Inquiry into the Financial Sustainability of NSW Local Government* (Percy Allan Report), 2006

## Linkage with other Initiatives

Initiative 2 (Encourage Innovation)  
Initiative 3 (Act Review)  
Initiative 6 (Grant Funding)  
Initiative 7 (Asset Funding)  
Initiative 8 (Structural Models)  
Initiative 9 (Functions)

## Who is responsible for this Initiative?

DLG will be responsible for reviewing the financial sustainability of councils, given linkages between this action and the infrastructure work. It will draw on the expertise in TCorp, who are already assessing the sustainability of councils applying for funding under the Local Infrastructure Renewal Scheme, to support the Independent Local Government Review Panel to consider the financial sustainability of each local government area and the revenue system that underpins it.

Financial sustainability lies at the heart of creating strong communities through partnerships and has a critical impact on local people, business and the wider economy. It will therefore be essential to consult with the community and ratepayers, business groups (such as the NSW and Sydney Business Chambers and Property Council), as well as councils, in examining the revenue system.

Key Actions	Coordinating Agency	Expected completion
5a Review the financial sustainability of councils	DLG Submit to Panel	December 2012
5b Examine current Local Government revenue system to ensure the system is contemporary, including rating provisions and other revenue options	Independent Review Panel	July 2013

# Initiative 6 – Develop strategies that maximise opportunities to secure funding from other spheres of Government

## Why is this important?

In the absence of a broad and readily accessible income base, funding from other spheres of government will continue to be essential to maintaining Local Government sustainability, particularly in rural areas.

## What is the current situation?

Under the provisions of the *Local Government (Financial Assistance) Act 1995* (C'wlth), the Commonwealth Government provides untied financial assistance grants to local government bodies to spend according to their own priorities. The scheme's national entitlement for 2011/12 amounts to \$2.152 billion, of which the NSW share is \$674.263 million, or about 30%. The allocation of these funds to individual councils is determined by the NSW Local Government Grants Commission using 'horizontal fiscal equalisation' principles.

Financial assistance grant funding has been steadily declining as a percentage of Commonwealth revenue, from almost 1.1% in 1992/93 to 0.6% in 2008/09. It has increased slightly since then, but this has been due to Commonwealth revenues dropping due to the Global Financial Crisis.

The Commonwealth Government has announced that it will conduct a review into the equity and efficiency of the current funding provided through the FAGs program. This review is due to be completed in 2012-13.

In addition, Local Government has become heavily reliant on the Commonwealth's Roads to Recovery Program. This Program commenced in 2000/01. It has a limited life-span and is due to expire in 2013/14, although it has been renewed on a number of occasions. Local Government has become reliant on these funds and its lack of permanency creates great uncertainty for councils in terms of planning for the maintenance of their roads.

## What actions need to be undertaken?

The NSW Government, the LGSA and individual councils need to actively participate in the Commonwealth review of FAGs to ensure an increase in the total pool of funding for all councils in Australia. The Local Government sector, through the Australian Local Government Association (ALGA) nationally and the LGSA in NSW, is campaigning for increased permanent funding under the Roads to Recovery Program.

More broadly, there is also a responsibility on every council in NSW to do what it can to apply for and secure grant funding from other levels of Government. Councils should also be looking at working together to secure such funding on a regional basis, and for the LGMA (NSW) to play an active coordination role and to assist smaller rural and regional councils to develop skills in applying for, and acquiring, grant funding.

## Linkage with other Initiatives

Initiative 2 (Encourage Innovation)  
Initiative 12 (Constitutional Recognition)

## Who is responsible for this Initiative?

The LGSA has primary responsibility for this Initiative, although every council must play a proactive role. The LGMA (NSW) should also develop a program or assistance arrangement to help small councils secure grants.

Key Actions		Coordinating Agency	Expected completion
6a	Representations to the Commonwealth Government to provide Local Government with a greater share of income and a "fairer" distribution of funds between councils through the Commonwealth's review of Financial Assistance Grants	LGSA	Ongoing
6b	Representations to the Commonwealth Government to ensure permanency of the 'Roads to Recovery' program	LGSA	Ongoing
6c	Enhance skills in rural and regional councils to better ensure that they secure grant funding from other levels of Government	LGMA (NSW)	June 2013

# Initiative 7 – Establish a range of funding models to enable the long term maintenance, replacement and creation of different classes of assets

## Why is this important?

One of the key roles of councils, as identified at the *Destination 2036* workshop, is the provision of infrastructure. It is therefore not surprising that participants at the workshop identified 'infrastructure and asset issues' as the most important challenge facing councils in NSW. This challenge relates to maintaining existing infrastructure stock and providing for future infrastructure needs.

## What is the current situation?

The infrastructure backlog facing Local Government throughout the State cannot be addressed overnight. For some councils, the backlog is insurmountable and cannot be addressed without significant change. In 2006, the Allan Inquiry estimated that the annual infrastructure renewal gap for all NSW councils was approximately \$500 million, with a total infrastructure renewal backlog of \$6.3 billion.

Since that time, there has been significant policy focus on this issue. Under the Integrated Planning and Reporting framework, for example, all councils are required to have an asset management policy, strategy and plans. At the time of

the Allan Inquiry, less than one in five councils managed their infrastructure through a management plan. The Commonwealth Government has also been placing great importance on the need for councils throughout Australia to better manage their assets as a condition of Commonwealth infrastructure grants.

As part of the State Plan - NSW 2021, the Government has committed to increase expenditure on critical infrastructure throughout the State and it will be identifying local priorities through the development of the Regional and Local Action Plans.

## What actions need to be undertaken?

A number of the actions proposed at the *Destination 2036* workshop are already underway.

As part of its Local Infrastructure Backlog Policy, the Government has implemented a number of interrelated initiatives, including an audit of each council's infrastructure backlog so there is better information on where investment is needed, and the establishment of a Local Infrastructure Renewal Scheme.

The Government is also supporting councils through the Commonwealth's Local Government Reform Fund (LGRF) allocation of \$3,250,000. In conjunction with the LGMA (NSW), the LGSA and the Institute of Public Works Engineers Australia (IPWEA), DLG is implementing a support program for all councillors and council senior management, as well as providing targeted financial support and asset management advice to 42 councils assessed as most in need.

The Minister for Local Government, ALGA and LGSA, will continue to make representations to the Commonwealth Government and COAG to provide a coordinating mechanism for Federal, State and Local Government infrastructure strategies and associated funding processes.

## Linkage with other Initiatives

Initiative 5 (Revenue System)  
Initiative 6 (Grant Funding)

## Who is responsible for this Initiative?

The DLG has primary responsibility for this Initiative.

Key Actions		Coordinating Agency	Expected completion
7a	Establish and implement the Local Infrastructure Renewal Scheme to assist in investment in infrastructure	DLG	Already commenced. Annual program funded until 30 June 2015
7b	Provide support to councils to develop asset management plans and better understand asset management issues	DLG	June 2012
7c	Representations to the Commonwealth Government to develop coordinated infrastructure strategies and funding	LGSA	Ongoing
7d	Undertake a council-by-council audit of asset backlog	DLG Submit to Panel	June 2013

# DIRECTION: Appropriate Structures

Develop a variety of Local Government structural models to suit different environmental contexts.

There are 152 councils in NSW serving significantly different population sizes over vastly different geographic areas. Currently, all of these councils are treated the same. One of the key questions asked at the *Destination 2036* workshop was, “what models of Local Government are most appropriate, and where?” An entire session at the workshop was dedicated to this question.

The primary message which emerged from a large proportion of the sub-groups was that civic leaders do not want to see a “one size fits all” model of Local Government in NSW. This aligns with the responses to the Online Survey before the workshop, in which 85% of respondents agreed that councils of the future should be using a range of structural models enabled by legislation.

In addition, it is clear that where desirable boundary changes have been identified by councils that will better enable them to serve their communities, the process for achieving such change is cumbersome and costly.

**This Direction therefore focuses on**

## **INITIATIVE 8**

Develop a number of different structural models for Local Government

# Initiative 8 – Develop a number of different structural models for Local Government

## Why is this important?

We need to recognise that one size does not fit all and we need to develop a number of different models that can accommodate the different types of councils and their communities.

While the State Government has a policy of no forced amalgamations, there are instances where voluntary amalgamations and/or boundary changes make sense and will allow for communities to be better served, and they should be encouraged. Further, where amalgamations and/or boundary alterations are proposed by the affected councils, the process for achieving them should be made less cumbersome, less costly and less time consuming.

## What is the current situation?

There is wide acceptance among the sector that a number of different models should be applied, primarily depending on geographic location or environment, and the *Destination 2036* workshop achieved some headway in sketching out some of the alternative models.

The process for achieving a boundary alteration or amalgamation is complex and costly. It is legislated under the *Local Government Act*. The Local Government Boundaries Commission, which is an independent statutory authority constituted under s260 of the Act, has the function of examining and reporting on any matter referred to it by the Minister for Local Government regarding the boundaries of local government areas. Section 263(3) specifies factors which the Boundaries Commission must have regard to when considering amalgamation proposals.

In 1999, the Act was amended to simplify the process for achieving voluntary amalgamations and boundary adjustments. However, since that time, only four amalgamations have proceeded at the request of the affected councils.

## What actions need to be undertaken?

There is a large variety of Local Government structural and governance models in Australia and internationally. In the first instance, it is important for us to understand what these alternative models are, their key features and why they exist the way they do. We can then determine their applicability to the NSW context.

The structural models developed at the workshop covered all areas of NSW, but in general tended to focus on urban, regional or rural areas. These models can serve as a starting point for further consideration. Specific models suggested at *Destination 2036* include, but are not limited to:

- a model with greater and more formalised regional service delivery and resource sharing
- a model for small to medium councils with shared administrations but independent elected bodies
- a two tier model, with roles and responsibilities separated between local and regional councils
- a model for larger councils with a corporate board structure and/or corporatized service delivery

Examining the pros and cons of different governance models are a key part of developing structural models.

This could include the consideration of issues such as:

- minimum and/or maximum terms that Mayors and Councillors can serve
- half term elections
- a “portfolio model”
- greater flexibility to determine mayoral election
- remuneration of councillors
- wards
- roles and responsibilities



This Initiative will require the identification of the barriers, either legislative, administrative or political, that currently prevent councils from adopting boundary adjustments or any voluntary amalgamations that would benefit their communities. It will then require the identification of what changes are required to remove those barriers.

In addition, it is recognised that any voluntary amalgamations or boundary alteration process creates short term costs. As with any organisational change, it can be disruptive to staff and the community and it can result in stress and anxiety. It is therefore important to also identify what incentives can be provided to help mitigate these short term costs.

### Linkage with other Initiatives

Initiative 2 (Encourage Innovation))

Initiative 3 (Act Review)

Initiative 5 (Revenue System)

Initiative 9 (Functions)

### Who is responsible for this Initiative?

These actions will be taken forward by the Independent Local Government Review Panel, who will make recommendations to the Minister for Local Government. As required by the Panel's terms of reference, it will ensure extensive and effective consultation with the community, ratepayers, business groups, unions, councils and other key stakeholders.

Key Actions	Coordinating Agency	Expected completion
8a Examine the pros and cons of alternative governance models	Independent Review Panel	July 2013
8b Research and develop alternative structural models, identifying their key features and assessing their applicability to NSW	Independent Review Panel	July 2013
8c Identify barriers and incentives to encourage the voluntary amalgamation or boundary adjustment of councils	Independent Review Panel	July 2013



# DIRECTION: Strong Relationships

Improve the relationship between the State and Local Government by working as partners, with a clear understanding of respective roles and responsibilities and for the benefit of our communities.

There was a strongly held view throughout the *Destination 2036* workshop that Local Government has not been treated as an equal partner by the other spheres of government. Rather, there is a perception that Local Government is just another stakeholder for consultation, rather than a legitimate and equal partner in strategic decision making. In particular, there has been growing frustration within the sector that even when it has occurred, consultation by the State Government has historically been tokenistic, particularly where State Government policies impact on councils. Participants did, however, recognise that the new State Government wanted to improve the relationship.

The lack of clarity in functions, roles and responsibilities and the often poor communication and consultation manifests not only in a strained relationship between State and Local Government, but it can result in poor planning, duplication or gaps in service provision, additional unfunded financial pressures for councils and ultimately poor outcomes for local communities.

These themes were reflected in the Directions proposed at the workshop for the next 1-4 years. The suggested directions included creating "...a respectful, honest and professional partnership based upon agreed values", "...defining the roles and responsibilities of the three tiers ..." and "...removal of cost shifting..."

## ***This Direction will be achieved through the following Initiatives:***

### **INITIATIVE 9**

More clearly define the functions, roles and responsibilities of Local and State Government

### **INITIATIVE 10**

Align State and Local Government planning frameworks

### **INITIATIVE 11**

Negotiate a new Inter-Governmental Agreement (IGA)

### **INITIATIVE 12**

Recognise Local Government as a legitimate and important sphere of government

# Initiative 9 – More clearly define the functions, roles and responsibilities of Local and State Government

## Why is this important?

Better understanding and more clearly defining the functions, roles and responsibilities of the three spheres of government is a high priority for all stakeholders. It is fundamental to building strong relationship and partnerships between the three spheres of government. Issues such as accountability and cost shifting will stand a stronger chance of resolution when there is a clear definition of the respective roles

## What is the current situation?

The *Local Government Act 1993* and the Local Government (General) Regulation 2005 currently specifies a number of functions and activities that councils are responsible for and that they must perform. Some functions of Local Government are specified in other legislation, such as the Environmental Planning and Assessment Act. In most instances, where councils are responsible for a particular regulatory activity, the legislation seeks to provide the capacity for councils to raise funds through fees or charges to cover the costs of the activity.

In addition to these specific functions, the Council Charter, which is contained in Section 8 of the *Local Government Act*, is very broad in terms of the functions and activities that councils can undertake. The charter is based on the principle that councils have a broad role and are empowered to make decisions on behalf of and with their communities. An overly prescriptive definition of the role and functions of

Local Government could go against the wishes of the local community. In short, councils should have the flexibility to provide services and facilities that best meet the needs of their particular community.

It must also be recognised that society's needs and demands are not static and the three spheres of government need to retain a degree of flexibility in order to respond to these changes. Any attempt to define functions and responsibilities must therefore include a mechanism to negotiate and agree on who should perform new functions and how those functions will be funded – indeed, this is a major feature of the Inter-Governmental Agreement (IGA). Therefore, this is a matter that will need to be considered in the context of Initiative 11 (New IGA).

## What actions need to be undertaken?

In order to more clearly define the roles and functions of Local Government and the State Government, it is important to firstly identify the current status.

The key action for this Initiative therefore is to undertake a stocktake of the current functions, roles and responsibilities that are mandated for Local Government, and the legislative provisions under which those functions are required. This will provide a clear snapshot of the core functions that councils are currently required to perform, particularly in terms of regulatory functions. It will also help to identify the funding sources available to perform the tasks.

Once this work has been undertaken, it will be possible to consider whether a set of core functions for Local Government should be prescribed in the *Local Government Act*.

## Linkage with other Initiatives

Initiative 3 (Act Review)  
Initiative 5 (Revenue System)  
Initiative 8 (Structural Models)  
Initiative 11 (New IGA)

## Who is responsible for this Initiative?

The Independent Local Government Review Panel and Act Review will both have a role to play in implementing this action, based on extensive consultation.

The LGSA have done extensive work on this issue as part of its *Modernising Local Government* program, which the Panel will draw upon.

Key Actions	Coordinating Agency	Expected completion
9a Identify those functions that are clearly State or Local Government responsibility, those that cannot be readily defined and those that have been legislated/regulated as core functions	Independent Review Panel/ Act Review	July 2013

# Initiative 10 – Align State and Local Government planning frameworks

## Why is this important?

Both the State and Local Government have important roles in strategic and land use planning. The Environmental Planning and Assessment Act (EP&A Act) sets out how responsibility for environmental planning is determined between the NSW Government and Local Government. As a result of a range of amendments over the last 30 years, the NSW planning system is now characterised by its complexity, multi-layering of plans and policies, multiple development approval pathways and consent bodies, and lack of integration of land use and infrastructure planning.

More broadly, under the Integrated Planning and Reporting reforms, councils are now required under the *Local Government Act* to prepare a long term Community Strategic Plan and Long Term Financial Plan for their area. The Community Strategic Plan is for the entire community, not just those elements within the council's control. Under the reforms, councils are required to give due regard to the State Plan and any regional plans, although there is no requirement for the State to consider council plans.

## What is the current situation?

The State Government has already set in train a number of significant initiatives to improve the alignment of state and local planning.

In terms of land use planning, the NSW Government has abolished Part 3A determinations under the EP&A Act. More broadly, it has commenced a comprehensive review of the Act. The review includes a comprehensive process of consultation across the State. DLG has been liaising with the EP&A Act Review Panel to ensure that issues of commonality are understood.

In terms of strategic planning, the new State Plan – NSW 2021 gives explicit recognition of Local Government as an important element of and contributor to the delivery of the State Plan. Regional Ministers and Members of Parliament are consulting with Local Government and communities across the State to develop Regional and Local Action Plans aligned to NSW 2021. These plans will focus on the most important actions the NSW Government can take to improve outcomes in each region and locality.

## What actions need to be undertaken?

There are a number of actions that can be undertaken by the Local Government sector and other stakeholders to improve planning systems and outcomes.

Firstly, all councils and other affected stakeholders should take the opportunity to contribute to the review of the EP&A Act. The LGSA, as the sector's representative body, should make representations to the Review to ensure greater integration of planning processes and greater involvement with Local Government in the development of Strategic Land Use Plans. The DLG will also continue to liaise with the EP&A Act Review Panel.

With regard to the alignment of strategic planning, local councils and their communities and ROCs must be actively engaged in the development of the Regional and Local Action Plans. The process for the development of these plans will, in itself, help to strengthen the relationship between individual councils and their ROCs and their respective Regional Ministers and Regional Coordinators. Strengthening these relationships will assist councils to establish broader State Government relationships. DLG will be an important advocate for councils' involvement in this.

The DLG will also continue to develop tools and provide information, including data sources, to assist councils in preparing their Integrated Planning and Reporting plans and will review the IP&R framework at the conclusion of the first cycle.

## Linkage with other Initiatives

Initiative 2 (Encourage Innovation)

Initiative 9 (Functions)

Initiative 11 (New IGA)

Initiative 12 (Constitutional Recognition)

It has also been noted that there are a number of regional boundaries that are used by different agencies for different purposes. This often adds to confusion and potentially results in overlap or gaps in regional representation. The Southern Councils Group (SCG) are developing a project to identify these different regional boundaries. Given the project's relevance to this Initiative and the work of the Independent Panel, this will be an important external project to link with.

## Who is responsible for this Initiative?

The NSW Government has already taken a lead on this Initiative outside the *Destination 2036* framework. There is clearly a shared responsibility with Local Government to ensure that the sector actively participates in the new processes that the Government is establishing. DLG will have the main responsibility for this initiative.

Key Actions	Coordinating Agency	Expected completion
10a Contribute to the review of the EP&A Act	LGSA	June 2013
10b Contribute to Regional and Local Action Plans that link to NSW 2021 and that address the key issues in each region and local area	DLG	December 2012
10c Review IP&R framework including access to data and regional planning	DLG	December 2013

# Initiative 11 – Negotiate a new Inter-Governmental Agreement (IGA)

## Why is this important?

An Inter-Governmental Agreement can underpin and help to strengthen the relationship between State and Local Government. It can provide a robust framework and mechanism to establish a strong partnership through addressing specific roles and responsibilities, dealing with changes in responsibilities (i.e. address cost shifting) and resolving disputes. It could also serve as an umbrella under which the *Destination 2036* Initiatives can be progressed.

## What is the current situation?

An Inter-Governmental Agreement between LGSA and the NSW Government (NSW IGA) was signed in October 2010. That Agreement formalised the relationship between the two sectors, and commits to working together to build a strong and sustainable Local Government sector.

The Agreement acknowledges the *Inter-Governmental Agreement Establishing Principles Guiding Inter-Governmental Relations* on Local Government Matters signed by the Commonwealth Government, the NSW Government and all other State and Territory Governments, and the Australian Local Government Association (ALGA) in 2006. It seeks to complement the objectives of that Agreement to achieve the best possible outcomes for communities. Following a recent review of the National IGA, members will now investigate regular performance measurement and a reporting framework at all three levels of government. Following that, members will examine the potential to broaden the National IGA's scope.

The existing NSW IGA seeks to ensure the efficiency, effectiveness and coordination of service and infrastructure provision by State and Local Government, promote transparency and accountability in both spheres of Government, promote open and timely communication and consultation between State and Local Government, enhance councils' accountability to their communities and their capacity for self-governance and continuous improvement, recognise the diversity of councils' financial capacity and the need to strengthen this financial capacity, and promote consistent and complementary strategic directions.

A Ministerial Round Table is the mechanism in the IGA which allows State and Local Government to come together to address significant, complex and challenging issues as they arise.

## What actions need to be undertaken?

The existing NSW IGA needs to be revisited. While it contains a number of important principles, it was developed and signed by the previous NSW Government and it does not reflect the current Government's strong commitment to working in partnership with the Local Government sector.

In the first instance, it is proposed that a working group be established to explore ways in which the NSW IGA can be strengthened.

## Linkage with other Initiatives

Initiative 5 (Revenue Framework)

Initiative 6 (Grant Funds)

Initiative 9 (Functions)

Initiative 10 (Planning Frameworks)

Initiative 12 (Constitutional Recognition)

## Who is responsible for this Initiative?

DLG will work with the LGSA on this Initiative.

Key Actions	Coordinating Agency	Expected completion
11a Establish a forum and a process to review the existing IGA	DLG/LGSA	October 2012

# Initiative 12 – Recognise Local Government as a legitimate and important sphere of government

## Why is this important?

Local Government has been in existence in NSW since 1842. It is an integral sphere of government and plays a key role in delivering a range of services to the local community. It also has primary responsibility for local strategic and land use planning matters. Local Government is a State Government responsibility and it is recognised in the NSW Constitution. It operates under State legislation, primarily the *Local Government Act 1993* and the Local Government (General) Regulation 2005.

Although Local Government receives a significant share of its funding from the Commonwealth Government, it is not recognised in the Australian Constitution. The constitutional basis for such funding is, however, doubtful and the need for reform was clearly highlighted in 2010 by the decision of the High Court in *Pape v Federal Commissioner of Taxation*. In that case, the High Court set out the limitations of the Commonwealth Government's powers and indicated that the Commonwealth Government does not have the power to fund Local Government directly, thus potentially casting doubt on the validity of some of the funding programs.

## What is the current situation?

The Commonwealth Government intends to put a referendum question to the Australian people on the recognition of Local Government in the Australian Constitution by 2013. It has appointed an Expert Panel on Constitutional Recognition for Local Government and the Panel released a Public Discussion Paper in September 2011. The Expert Panel reported to the Commonwealth Government in December 2011.

The Local Government sector, through the Australian Local Government Association (ALGA) nationally and the LGSA in NSW, is seeking a change to the Australian Constitution which will allow the Commonwealth Government to fund Local Government directly. Direct funding of Local Government by the Commonwealth Government already occurs through programs such as Roads to Recovery, which benefit local communities and councils, their state jurisdictions and the nation as a whole.

## What actions need to be undertaken?

Required actions will become clearer over the coming months now the Expert Panel has reported back to the Commonwealth Government. However, given that a referendum on this issue has failed on two previous occasions, the Local Government sector will need to undertake initiatives to garner broad community support for the proposal.

## Linkage with other Initiatives

Initiative 6 (Grant Funding)

## Who is responsible for this Initiative?

LGSA

Key Actions	Coordinating Agency	Expected completion
12a Support and promote the recognition of Local Government in the Australian Constitution	LGSA	December 2013

# Appendix A: Summary of Action Plan Initiatives and Key Actions

<b>Efficient and Effective Service Delivery</b>		
<b><i>Initiative 1 - Establish Local Government as an employer of choice.</i></b>		
<b>Key Actions</b>	<b>Coordinating Agency</b>	<b>Expected completion</b>
1a Develop a program for sharing specialist professional, technical and other staff between councils in rural areas on a regional basis and between urban and rural councils	LGMA (NSW)	June 2013
1b Develop a program for partnering and mentoring between large/small and urban/rural councils	LGSA	June 2013
1c Explore opportunities for increasing flexible working arrangements to support a variety of models of local government	LGMA (NSW)/LGSA Submit to Panel	April 2013
1d Identify barriers to establishing inter-council contractual arrangements sharing staff, including general managers and senior staff, as well as commercialising services	LGMA (NSW) Submit to Panel	April 2013
1e Develop and implement strategies to increase the diversity and skill range of council staff	LGMA (NSW)	Ongoing
<b><i>Initiative 2 - Encourage and facilitate innovation.</i></b>		
<b>Key Actions</b>	<b>Coordinating Agency</b>	<b>Expected completion</b>
2a Develop options and models to enhance collaboration on a regional basis through ROCs	Independent Review Panel	July 2013
2b Undertake research into innovation and better practice in Local Government in NSW, Australia and internationally	Independent Review Panel	July 2013
2c Ensure councils take advantage of the National Digital Economy Strategy and the National Broadband Network to improve capacity and service delivery	LGSA	June 2014
2d Develop a consistent performance measurement approach for councils and a comprehensive program to support improvement	DLG	June 2013
2e Develop alternative service delivery business models	LGMA (NSW) Submit to Panel	April 2013
2f Examine and develop options for state-wide procurement and technology	LGSA/DLG	December 2013
2g Review all legislation for impact on local government and identify opportunities to reduce red tape while ensuring accountability and not compromising good governance	LGSA Submit to Panel	September 2012

# Appendix A: Summary of Action Plan Initiatives and Key Actions

<b>Quality Governance</b>		
<b><i>Initiative 3 – Ensure the Local Government Act supports stronger local government.</i></b>		
<b>Key Actions</b>	<b>Coordinating Agency</b>	<b>Expected completion</b>
3a Identify legislative implications of Destination 2036 actions and advise the Local Government Act review	DLG Submit to Panel and Act Review	September 2013
<b><i>Initiative 4 - Ensure strong and effective local governance.</i></b>		
<b>Key Actions</b>	<b>Coordinating Agency</b>	<b>Expected completion</b>
4a Review and amend the Model Code of Conduct and relevant provisions of the Local Government Act to ensure the highest standards of behaviour	DLG	September 2012
4b Develop strategies designed to increase the diversity and skill range of candidates and elected councillors	DLG/LGSA	Immediately and ongoing
4c Develop and implement a Councillor Development Strategy	DLG/LGSA	October 2012 and ongoing



# Appendix A: Summary of Action Plan Initiatives and Key Actions

<b>Initiative 5 - Review the revenue system to ensure greater flexibility and self reliance.</b>		
<b>Key Actions</b>	<b>Coordinating Agency</b>	<b>Expected completion</b>
5a Review the financial sustainability of councils	DLG Submit to Panel	December 2012
5b Examine current Local Government revenue system to ensure the system is contemporary, including rating provisions and other revenue options	Independent Review Panel	July 2013
<b>Initiative 6 - Develop strategies that maximise opportunities to secure funding from other levels of government.</b>		
<b>Key Actions</b>	<b>Coordinating Agency</b>	<b>Expected completion</b>
6a Representations to the Commonwealth Government to provide Local Government with a greater share of income and a “fairer” distribution of funds between councils through the Commonwealth’s review of Financial Assistance Grants	LGSA	Ongoing
6b Representations to the Commonwealth Government to ensure permanency of the ‘Roads to Recovery’ program	LGSA	Ongoing
6c Enhance skills in rural and regional councils to better ensure that they secure grant funding from other levels of Government	LGMA (NSW)	June 2013
<b>Initiative 7 - Establish a range of funding models to enable the long term maintenance, replacement and creation of different classes of assets.</b>		
<b>Key Actions</b>	<b>Coordinating Agency</b>	<b>Expected completion</b>
7a Establish and implement the Local Infrastructure Renewal Scheme to assist in investment in infrastructure	DLG	Already commenced. Annual program funded until 30 June 2015
7b Provide support to councils to develop asset management plans and better understand asset management issues	DLG	June 2012
7c Representations to the Commonwealth Government to develop coordinated infrastructure strategies and funding	LGSA	Ongoing
7d Undertake a council-by-council audit of asset backlog	DLG Submit to Panel	June 2013

# Appendix A: Summary of Action Plan Initiatives and Key Actions

## Appropriate Structures

### *Initiative 8 - Develop a number of different structural models for local government.*

Key Actions	Coordinating Agency	Expected completion
8a Examine the pros and cons of alternative governance models	Independent Review Panel	July 2013
8b Research and develop alternative structural models, identifying their key features and assessing their applicability to NSW	Independent Review Panel	July 2013
8c Identify barriers and incentives to encourage the voluntary amalgamation or boundary adjustment of councils	Independent Review Panel	July 2013

## Strong Relationships

### *Initiative 9 - More clearly define the functions, roles and responsibilities of Local and State Government.*

Key Actions	Coordinating Agency	Expected completion
9a Identify those functions that are clearly State or Local Government responsibility, those that cannot be readily defined and those that have been legislated/regulated as core functions	Independent Review Panel/ Act Review	July 2013

### *Initiative 10 - Align State and Local Government planning frameworks.*

Key Actions	Coordinating Agency	Expected completion
10a Contribute to the review of the EP&A Act	LGSA	June 2013
10b Contribute to Regional and Local Action Plans that link to NSW 2021 and that address the key issues in each region and local area	DLG	December 2012
10c Review IP&R framework including access to data and regional planning	DLG	December 2013

### *Initiative 11 - Negotiate a new Inter-Governmental Agreement (IGA).*

Key Actions	Coordinating Agency	Expected completion
11a Establish a forum and a process to review the existing IGA	DLG/LGSA	October 2012

### *Initiative 12 - Recognise Local Government as a legitimate and important sphere of government.*

Key Actions	Coordinating Agency	Expected completion
12a Support and promote the recognition of Local Government in the Australian Constitution	LGSA	December 2013

# Appendix B: Suggested Actions from Destination 2036 Outcomes Report – Linkage to Destination 2036 Action Plan Initiatives

Outcomes Report No.	Outcomes Report - Suggested Actions About Functions	Action Plan Initiative Reference
1a	Establish a task force to identify the roles and responsibilities of Federal, State and Local Government and formalise the shared understanding through a MOU or other similar agreement	9
1b	Review and clarify functions provided by Local Government, including identifying core or key functions as well as discretionary functions	9
1c	Ensure that the review of the <i>Local Government Act</i> defines core functions and enables discretionary functions	3,9
1d	Develop a procedure to be implemented when functions are proposed to shift between levels of government	11
1e	Explore the potential for councils to be directly funded to provide some State and Federal Government services, particularly in regional, rural and remote areas	6
1f	Clarify and reach agreement on responsibility, and associated funding arrangements, for emergency and fire services	5
1g	Develop and fund a program to increase the number of aged care facilities in rural and remote areas	6
1h	Align and integrate strategic planning between State and Local Government, including improving the interrelationship between state, regional and local plans	10
1i	Align federal, state, regional and local planning for population growth	10
1j	Promote population, business and industry growth in regional, rural and remote areas	10
1k	Review the Environmental Planning and Assessment Act to increase flexibility and local autonomy	10
1l	Develop greater community awareness and ownership of the Metropolitan Strategy and other city-wide land use planning policies and strategies	10
1m	Align state, regional and local planning for transport	10
1n	Develop integrated regional plans for affordable and social housing in metropolitan and regional areas	10
1o	Develop and implement strategies for productive agricultural land, to provide food security and encourage the localisation of food production	10
1p	Align state, regional and local planning for coastal management to help provide greater clarity for service provision	10
1q	Align state, regional and local planning for flooding to help provide greater clarity for service provision	10
1r	Align state, regional and local planning for disaster management to help provide greater clarity for service provision	10

# Appendix B: Suggested Actions from Destination 2036 Outcomes Report

## – Linkage to Destination 2036 Action Plan Initiatives

Outcomes Report No.	Outcomes Report - Suggested Actions About Functions	Action Plan Initiative Reference
1s	Align state, regional and local planning for economic development to help provide greater clarity for service provision	10
1t	Identify and remove barriers to stronger and more effective resource sharing and shared service provision, with enabling legislation incorporated into the review of the <i>Local Government Act</i>	2,3
1u	Develop a more formalised program for councils to use volunteers and retirees to help provide services	1
1v	Develop and run a campaign to promote Local Government and to inform the community about its roles, responsibilities and functions	1

Outcome Report No.	Outcomes Report - Suggested Actions About Structure	Action Plan Initiative No.
2a	Develop, refine and enable a variety of models of Local Government in NSW, potentially including: <ul style="list-style-type: none"> <li>a model with greater and more formalised regional service delivery and resource sharing</li> <li>a model for small to medium councils with shared administrations but independent elected bodies</li> <li>a two tier model, with roles and responsibilities separated between local and regional councils</li> <li>a model for larger councils with a corporate board structure and/or corporatized service delivery</li> </ul>	8
2b	Undertake and support pilot programs with volunteer councils to test new models of Local Government	8
2c	Undertake engagement with stakeholders on the proposed models of Local Government	8
2d	Identify and implement incentives to encourage the voluntary amalgamation of councils and remove roadblocks to amalgamation in the <i>Local Government Act</i> and other relevant mechanisms	8
2e	Undertake a wide ranging review of the <i>Local Government Act</i> , based on the principle that the Act be more enabling than prescriptive and incorporate a variety of models of Local Government	2,3
2f	Review the Local Government Award to ensure that it enables flexible staffing arrangements to support a variety of models of Local Government	1
2g	Incorporate enabling legislative arrangements for Regional Organisations of Councils into the <i>Local Government Act</i> , including the ability to incorporate	2,3

# Appendix B: Suggested Actions from Destination 2036 Outcomes Report – Linkage to Destination 2036 Action Plan Initiatives

Outcome Report No.	Outcomes Report - Suggested Actions About Structure	Action Plan Initiative No.
2h	Review ways in which the regulatory responsibilities of councils can responsibly be reduced and incorporate the outcomes into the review of the <i>Local Government Act</i> and any associated legislation	3
2i	Work to align the regional and sub regional boundaries used by State and Local Government, including by State Government agencies and Regional Organisations of Councils	2
2j	Review the process and relevant legislation for Local Government boundary changes, including establishing an independent, high level panel to determine Local Government boundaries in NSW	8
Outcomes Report No.	Outcomes Report - Suggested Actions About Governance	Action Plan Initiative No.
3a	Review the Inter Governmental Agreement and use it as a basis to continue to improve the working relationship between State and Local Government	11
3b	Develop a process for State Government Departments to meet regularly with Regional Organisations of Councils to discuss local issues	2,11
3c	Develop and formalise processes for State and Local Government, including State Government agencies and Regional Organisations of Councils, to work together on integrating strategic planning at a state, regional and local level	2,10
3d	Investigate terms for Mayors and Councillors, including the possibility of a minimum Mayoral term	4
3e	Investigate the option for half term elections	4
3f	Review national and international governance models in which Councillors assume responsibilities for specific portfolios or policy areas and incorporate the outcomes into the development of models of Local Government for NSW	4
3g	Require referendums as part of Local Government elections to allow communities to determine whether to have popularly elected Mayors	4
3h	Review remuneration for Mayors and Councillors	4
3i	Explore ways to introduce postal and electronic voting in Local Government elections and enable through the <i>Local Government Act</i> , Electoral Act or other relevant legislation	4
3j	Pursue the recognition of Local Government in the Australian Constitution	12

# Appendix B: Suggested Actions from Destination 2036 Outcomes Report

## – Linkage to Destination 2036 Action Plan Initiatives

Outcomes Report No.	Outcomes Report - Suggested Actions About Governance	Action Plan Initiative No.
3k	Consider including provisions in the Council Charter to clarify that Councillors are required to consider the interests of the entire Local Government area, rather than an individual ward	3,4
3l	Reconsider the provisions in the <i>Local Government Act</i> relating to the establishment of wards and, in particular, the proportion of variation allowed between the number of electors in each ward	3,4
3m	Consider incorporating provisions in the <i>Local Government Act</i> to limit the legal liability of councils	3
3n	Amend the <i>Local Government Act</i> to provide broader options rather than the dismissal of an entire council eg dismissal of individual Councillors	3,4
3o	Ensure the Local Government Act talks to other Acts	3
3p	Review the Code of Conduct	4
3q	Implement programs to encourage a diversity of elected representatives on councils	4
3r	Review requirements and arrangements for Councillor training, including considering the potential for Councillors to undertake training from the Australian Institute of Directors or similar professional body	4
3s	Develop a joint understanding of the role of the Division of Local Government, including consideration of a more facilitative and less regulatory role	9
3t	Develop and promote new processes and structures for community engagement, including the use of social media and exploring options for virtual councils	2
3u	Develop a 'My Council' website to enable comparison between councils	2

# Appendix B: Suggested Actions from Destination 2036 Outcomes Report – Linkage to Destination 2036 Action Plan Initiatives

Outcomes Report No.	Outcomes Report - Suggested Actions About Finance	Action Plan Initiative No.
4a	<p>Review, and develop processes for implementing, specific options to increase the financial sustainability of councils, including:</p> <ul style="list-style-type: none"> <li>• removing, phasing out or further revising rate pegging</li> <li>• deregulating fees and charges</li> <li>• establishing more flexible rating categories</li> <li>• moving to rate valuations based on the improved value of land</li> <li>• reviewing pensioner rate rebates</li> <li>• removing or reducing rate exemption categories</li> <li>• allowing councils to invest in businesses</li> <li>• considering the application of Public Private Partnerships to council service provision</li> <li>• investigating the South Australian Local Government banking model</li> <li>• examining other options to improve financial sustainability</li> </ul>	5
4b	Amend the <i>Local Government Act</i> to make it easier for councils to establish corporate entities	3,5
4c	Pursue a reasonable and fixed allocation of Federal Government tax revenue for Local Government	6
4d	Lobby to increase the total amount provided to councils in Federal Assistance Grants	6
4e	Review the formula used for assessing disadvantage as part of Federal Assistance Grants	6
4f	Lobby the Federal Government to ensure the ongoing continuation of the 'Roads to Recovery' program	6
4g	Lobby COAG to provide a coordinating mechanism for Federal, State and Local Government infrastructure strategies and associated funding processes	6,7

# Appendix B: Suggested Actions from Destination 2036 Outcomes Report

## – Linkage to Destination 2036 Action Plan Initiatives

Outcomes Report No.	Outcomes Report - Suggested Actions About Finance	Action Plan Initiative No.
4h	Explore, and develop processes for implementing, alternate methods for funding council infrastructure, including: <ul style="list-style-type: none"> <li>• establishing an infrastructure fund</li> <li>• establishing infrastructure bonds</li> <li>• investigating the ability for councils to borrow funds against assets</li> <li>• providing low or no interest loans for infrastructure</li> </ul>	5,7
4i	Review the way in which infrastructure maintenance and renewal is budgeted and reported	7
4j	Establish a 'Royalties for Regions' program, particularly for areas affected by mining	5
4k	Consider the implications of the Henry Tax Review and identify opportunities for Local Government	5,7
4l	Simplify State Government grant funding processes to Local Government	6
4m	Identify the characteristics of a sustainable council compared to an unsustainable council	5
4n	Review Section 94 arrangements in the Environmental Planning and Assessment Act, including the ability for funding to be used more flexibly	10
Outcomes Report No.	Outcomes Report - Suggested Actions About Capacity	Action Plan Initiative No.
5a	Facilitate contractual arrangements for councils to provide services to each other	1
5b	Enable Regional Organisations of Councils or similar regional bodies to share a common workforce	1,2
5c	Identify and remove barriers to sharing administrative and back of house staff, including GMs and senior staff	1
5d	Develop a formalised program for sharing specialist professional, technical and other staff between councils in rural areas, on a regional basis and between urban and rural councils	1



# Appendix B: Suggested Actions from Destination 2036 Outcomes Report – Linkage to Destination 2036 Action Plan Initiatives

Outcomes Report No.	Outcomes Report - Suggested Actions About Capacity	Action Plan Initiative No.
5e	Explore opportunities for increasing workforce flexibility, including <ul style="list-style-type: none"> <li>• working from home and telecommuting</li> <li>• attracting new and younger staff</li> <li>• retaining experienced and older staff</li> <li>• facilitating portability of staff between Local and State Government</li> </ul>	1
5f	Develop a formalised program for partnering and mentoring between large/small and urban/rural councils	1
5g	Undertake and communicate research into innovation and best practice in Local Government in NSW, Australia and internationally	2
5h	Develop a toolkit of ways that councils can take advantage of the National Broadband Network to improve capacity and service delivery	2
5i	Investigate the potential for councils to operate from a shared information technology platform	2
5j	Prepare case studies and best practice models of the use of new technologies to improve council capacity and service delivery	2
5k	Improve sharing of, access to and monitoring of data between State and Local Government	10

