

Local Government
Association of NSW



Shires Association of NSW

**Submission to the Independent Local Government Review Panel's
*Strengthening Your Community***

Date

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Opening:

The Local Government Association of NSW and Shires Association of NSW (LGSA) are the peak bodies for NSW Local Government.

Together, the Local Government Association and the Shires Association represent all the 152 NSW general-purpose councils, the special-purpose county councils and the NSW Aboriginal Land Council. The mission of the LGSA is to be credible, professional organisations representing Local Government and facilitating the development of an effective community-based system of Local Government in NSW. In pursuit of this mission, the Associations represent the views of councils to NSW and Australian Governments; provide industrial relations and specialist services to councils and promote Local Government to the community.

LGSA thank the Independent Local Government Review Panel for the opportunity to comment on the key questions in *Strengthening Your Community*.

We understand that the Panel is interested in stakeholder responses to the following questions:

1. What are the best aspects of Local Government in its current form?
2. What challenges will your community have to meet over the next 25 years?
3. What "top 5" changes should be made to Local Government to help meet your community's future challenges?

LGSA' responses to those questions are set in the body of this submission.

As LGSA has had the opportunity through bilateral discussions at the Presidential level and the Executive Committee level to canvass these issues with the Panel we will keep our response to the first phase brief. We will also be brief because we are as interested as the Panel about the rich detail that we expect to emerge from the contributions from our members and the wider stakeholders.

Comments:

LGSA agree with the Panel's observation that 'many councils are adapting well to social, economic and environmental changes and the increasing complexity of modern government. Recent decades have seen significant changes to council boundaries, improvements to strategic planning (notably ...Integrated Planning and Reporting...), new approaches to community consultation, better financial and asset management, use of new technologies in service delivery, increased regional collaboration, and a host of other advances.'

We also agree with the Panel's observation that 'a considerable number of councils are struggling with the impacts of change and to meet the legitimate needs and expectations of their communities, as well as playing their part in the wider system of government. In some cases this is due to declining populations and limited funding... In other cases, councils' resources are being stretched to the limits due to rapid growth.'

Confronted with this divergence across and amongst councils it is critical that reform does not undo the successes in the attempt to address the difficulties. Reform measures must maximise the many acknowledged positive performances as well as mitigate the deficiencies.

1 What are the best aspects of Local Government in its current form?

LGSA suggest, amidst many potential contenders, the best aspects of Local Government in its current form are as follows:

- The respect Local Government holds for its citizens and the respect the citizens hold for Local Government (for further comment see Appendix 1);
- The determination of Local Government to keep rolling out and maintaining infrastructure and services, despite considerable and well documented barriers (for further comment see Appendix 2);
- The demonstrated capacity of Local Government to continue to innovate in myriad ways in its service functions, its regulatory functions and its revenue functions despite the barriers to innovating (for further comment see Appendix 3);
- The determination of Local Government to plan, manage and steward the natural and built environment in a responsible way;
- In developing areas, the effort of Local Government to pursue place making and community building to complement housing;
- The increasing capacity of Local Government to bring the elements of i) reciprocal respect of council and community, ii) pursuit of infrastructure and service roles, and iii) capacity to innovate together into an integrated whole;
- The diverse stable workforce in Local Government and well-developed industrial system in which that workforce operates; and
- The original 'enabling' aspects of the *Local Government Act 1993*.

2 What challenges will your community have to meet over the next 25 years?

Clearly LGSA can only comment on this briefly from the perspective of councils collectively responding to the 'community of NSW'.

The challenges facing the NSW community are well documented and include the NSW community responding to:

- Structural change in world and national economies and local impacts – including the growing influence of the 'economic imperative';
- Social change – including population ageing, population shifts to coastal areas, increasing population densities in the metropolitan area and other major cities, depopulation in parts of rural NSW, changing ethno-cultural mix in different areas;
- Environmental challenges – including more extreme weather events, sea level rise and coastal erosion, waste and carbon management;
- Evolving theories and practices of government and governance; and
- Technological advances effecting how people and organisations communicate, do business and access services;

3 What "top 5" changes should be made to Local Government to help meet your community's future challenges?

LGSA suggest the "top 5" changes that should be made to Local Government to help meet the NSW community's future challenges are as follows:

1. Reshaping the whole system of Local Government (not just councils, but intergovernmental relations with State Government and its agencies) based on respectful institutional relations;
2. Creating different models for say i) metropolitan councils, ii) regional councils and iii) rural councils;

3. Resolving the long running revenue restriction and cost shifting issues between NSW State and Local Government;
4. Improving councillors remuneration substantially and providing guaranteed access to improved credentialed councillor training/education; and
5. Creating incentives for communities and councils that wish to change scale or implement new models.

It is only with these changes that councils can properly play their part in:

- meeting economic goals at a national, state and local level;
- assisting with social progress at national, state and local levels; and
- contributing to environmental sustainability at national, state and local scales.

Reshaping the system emphasising respectful institutional relations

In the lead up to the 2011 NSW parliamentary elections the NSW Liberals and Nationals talked a great deal about empowering communities and restoring trust and civility in all spheres of Government.

They emphasised the following to LGSA: ‘the NSW Liberals and Nationals believe in better governance across all levels of government. We want to restore confidence in our public institutions and government, give people back the power to control their own lives and environments, and restore trust and civility into governance in NSW. We believe in a clear demarcation between state and Local Government responsibilities. If there is any agreement between state and Local Government on additional responsibilities for local councils, there will be an appropriate funding contribution by the NSW Government.’

These themes have continued in Local Government’s dealings with the Government in areas important to Local Government such as land use planning reform and Local Government reform.

These ideas need to be captured as we look at the long term future of Local Government system in NSW.

What is of utmost importance is that we negotiate, design and institutionalise an integrated set of mechanisms that guarantee and facilitate a new respect between the NSW State Government and the NSW Local Government sectors.

Elements need to include:

- Changes to the NSW *Constitution Act 1902* to give expression to the two spheres of government existence and interdependence, and to the importance of local democracy linked to local planning and local infrastructure & service systems (albeit this section would in all likelihood need to be non-justiceable and symbolic);
- A guaranteed periodic roundtable involving the NSW Ministers central to the work of Local Government and Local Government leaders – at this point in time this would involve the Treasurer, Ministers for Transport, Roads and Ports, Planning and Infrastructure, Primary Industry and Small Business, Police and Emergency Services, Environment and Heritage, Health and Family and Community Services);
- A protocol on how Ministers will consult (or at a minimum communicate with) Local Government leaders on NSW Government legislative changes that have significant impact on Local Government service, regulatory or revenue functions, before those changes are made;

- A new Act (or extensively revised *Local Government Act 1993*) which grants greater autonomy, pares back prescription, minimises regulation and in particular reduces the compliance burden for small councils;
- Changes to *Local Government Act 1993* to facilitate the return to democracy after council dismissals that involves refinements to s256 and s257 which include i) the period of administration not exceeding 2 years, and ii) a model of administration which addresses the reasons for which the councillors were dismissed with two administrators focusing on different tasks - this may involve one administrator to focus primarily on the business of running council's functions and one administrator to focus on working as a change agent to change either a) the governance or councillor practices that contributed to the dismissal or b) the organisational or staff cultural issues that contributed to the dismissal.

Creating different models for i) metropolitan councils, ii) regional councils and iii) rural councils.

LGSA recognises that the models in the *Local Government Act 1993* are to an extent both flexible and scaleable. However those models have their limitations.

In the course of LGSA *Modernising Local Government* project, while there was agreement there should be different models available, there was also a noticeable undercurrent about the existing model being more than adequate with the hybrid form put in place by the *Local Government Act 1993* largely serving communities well over the past 15 years. The model of councillors focusing on strategic tasks rather than involving themselves in operational matters, and at the same time allowing them to act as conduits of community concern on service levels, seems to approximate the right balance.

More recently at *Destination 2036* representatives recognised the need to reshape the structure, governance and financing arrangements, functions and capacity of the sector to better enable councils to serve their communities in a challenging and rapidly changing environment. There was broad consensus among representatives that change and reform is needed within the Local Government sector to meet changing community needs.

There was universal recognition that a variety of operating models for Local Government are needed that can be applied in the differing circumstances of rural, regional and the greater metropolitan area councils, because one size does not fit all.

We have already canvassed one of the difficulties with *Local Government Act 1993* model as it related to general purpose councils in large land, low population, highly productive areas. The compliance burden the Act places on small and very small council operations is too heavy. It is almost as if the compliance regime was designed for a large, if not very large council, and is ill fitting for small rural councils. In compliance terms alone there needs to be a new regime for smaller councils.

There is also a view gathering support that councils in low population areas may be able with resources to manage a blended Local and central government service role to the advantage of all spheres of government and the local communities. This bears further analysis.

At the other end of spectrum, and especially with the prospect of some metropolitan councils becoming considerably larger over the next decade, there is an emerging interest in a less corporate and more parliamentary model. For very large councils there may need to be an option that involves something like:

- the popular election of the mayor at large;

- the election of a significantly larger number of councillors on the basis of wards; and
- the appointment by the mayor of an executive committee from the councillors;

Resolving the long running revenue restriction and cost shifting issues between NSW State and Local Government

LGSA maintain the following three points are at the head of the list to assist resolve financial stress through the Local Government sector in any reform process:

- Abolish rate pegging;
- Cease the practice of cost shifting and enact legislation that requires Local Government's agreement to take on additional responsibilities; and
- Implement a broad based property levy for funding emergency services.

LGSA maintain that *rate pegging* is an unnecessary intervention that distorts the operation of the rating system and produces negative consequences. Not the least of which is the direct and indirect suppression of the rating effort.

In the long run, rate pegging has resulted in:

- Under-provision of community of infrastructure and services;
- The deferral of infrastructure maintenance and renewal expenditure resulting in massive infrastructure backlog; and
- Undermining the financial sustainability of councils.

Rate pegging was introduced to NSW in 1977 and NSW is the only state in Australia that currently imposes rate pegging. NSW rate revenue growth has consistently lagged behind other jurisdictions resulting in NSW having the lowest per capita rates placing NSW councils in a weaker financial position than councils in other States.

However, the experience of other states and territories also demonstrates that removing rate pegging will not result in dramatic rate increases. While rates have grown more slowly in NSW than in other states in recent years, rates in other states have not increased excessively. The political process holds councils accountable.

Even though NSW councils may apply for special variations to general income which allow for rate increases over and above the rate pegging limit, councils are generally reluctant to do so as rate pegging provides a public benchmark and creates public expectations about maximum rate increases. This places political pressure on councils to stay within the limit and not seek special variations.

The Independent Pricing and Regulatory Tribunal (IPART) is responsible for determining the rate pegging limit and approving special rate variation applications. The rate pegging limit is derived using a Local Government Cost Index. This was welcomed for providing an improvement in transparency. However, this is only as an interim step towards the ultimate removal of rate pegging.

The introduction of Integrated Planning and Reporting with Long Term Financial Planning should have made rate pegging redundant. Under the Community Strategic Planning process the community is effectively determining a council's future revenue paths, including rate increases and there should be no justification for this to be overridden by IPART or any other State authority.

Cost shifting describes a situation where the responsibility for, or merely the costs of, providing a certain service, concession, asset or regulatory function are "shifted" from a one sphere of government onto another sphere of government without the provision of corresponding funding or

the conferral of corresponding and adequate revenue raising capacity. Specifically, we refer to the shifting of costs on to Local Government by NSW and Australian Governments.

Major cost shifting examples for NSW Local Government include contributions to the emergency services (NSW Fire Brigade, Rural Fire Services and Emergency Services NSW), lack of adequate funding for public libraries and the NSW Government's failure to reimburse for mandatory pensioner rate rebates. Councils are also not given sufficient financial resources for responsibilities delegated to them to regulate companion animals, manage contaminated land, control noxious weed, control food safety, manage flood controls, or administer environmental regulation. Finally, councils often have to step in and pay where the NSW Government does not adequately fulfil its responsibilities such as in the provision of medical services or community safety.

According to the LGSA cost shifting survey, cost shifting by the Australian and NSW Government on to NSW Local Government in the financial year 2008/09 is estimated to amount to 5.74% of Local Government's total income before capital amounts or \$440 million. In absolute terms, cost shifting is estimated to have increased significantly from \$431 million in 2007/08; \$412 million in 2006/07; and \$380 million in 2005/06.

Cost shifting continues to be a significant burden on councils' financial situation and is impeding Local Government's ability to deliver services and maintain infrastructure. The annual cost shifting amount of \$440 million in 2008/09 almost equals the estimated annual infrastructure renewal gap of \$500 million per annum (gap between what councils would need to spend on renewing their existing infrastructure and what they actually can afford to spend).

Linked to ending cost shifting is the task of a renegotiating (and untangling if you like) roles in areas where there is continuing friction like medical health services and early childhood health centres, and operational support of emergency services.

Emergency service providers in NSW (i.e. Fire & Rescue NSW, Rural Fire Service and State Emergency Service) are currently funded by contributions from councils, insurance companies, and the NSW Government.

This funding regime falls short of achieving the equity, transparency and accountability that should be required of an effective and efficient tax system. To ensure the sphere of government that provides a function is accountable to those that fund its activities as well as to those who benefit from them, each sphere of government should finance the functions it performs. Funding and performance of functions should be transparent so that the taxpayer understands what he/she is being taxed for.

The provision of emergency services is not a function of Local Government. Councils do not have any operational or strategic decision making role in the provision of emergency services nor do they have any input into emergency service budgets, just as they have no role regarding the NSW Police or ambulance services. Therefore, councils should not be required to fund these services through their limited revenue raising powers.

The current regime fails the test of transparency. The cost of providing emergency services is being hidden in council rates. Ratepayers are not able to identify their contribution to emergency services and are not aware that they pay through their rates for NSW Government services. The scheme imposes a hidden NSW tax on ratepayers.

The current system of contribution for emergency services should be replaced with a broad based property levy (tax) so that all property owners directly finance these NSW Government services in an equitable manner.

Improving councillors remuneration substantially and providing guaranteed access to improved credentialed councillor training/education

Various conference resolutions of both Associations down the years have emphasised the need for a professional remuneration structure to be in place to ensure Local Government attracts appropriately qualified people with the time and dedication to run a modern complex organisation.

LGSA continue to advocate, as they have done in previous submissions to the Local Government Remuneration Tribunal that councillors face an immense task juggling their council's workload, family responsibilities and/or their paid work, and often forgo paid work and study to meet council responsibilities. Such a significant time involvement is not appropriately recompensed through the current remuneration levels determined by the Tribunal.

In order to attract qualified people into Local Government, it is necessary to remunerate them fairly for the time and costs expended in undertaking councillor and mayoral duties, and compensate them for lost earnings.

Remuneration for councillors is most often not sufficient to enable the councillor to leave his/her paid employment. Remuneration for councillors in NSW does not compensate for periods of leave without pay and an absence from paid employment. This is seen as a major deterrent to stand for civic office. With councillor remuneration at the current levels, and many councillors involved in other paid work, additional time commitments, particularly for training, can be difficult. This is reflected in the fluctuations of councillor attendance at training and in the cancellation rates of planned workshops, as reported by training providers.

LGSA submit in a reform process and setting aside the statutory limitations now in place (and covered at the end of this section), that councillors' remuneration should be derived from a percentage of a State Member of Parliament's salary. In submissions to the Local Government Remuneration Tribunal the Associations argued that it is appropriate to draw comparisons between the role and remuneration of mayors and State Members of Parliament (MPs). LGSA believe that the proposed mayor and councillor remuneration rates suggested in their submissions of 17 February 2011 remain applicable. The tables that demonstrate the proposed fees for mayors and councillors can be found at Appendix 4 of this submission.

[The *Parliamentary, Local Council and Public Sector Executives Remuneration Legislation Amendment Act 2011* (the Amendment Act) was adopted in June 2011. The Amendment Act changed the *Local Government Act 1993*. It means that the Tribunal is to apply the same government public sector wages cap that binds the Industrial Relations Commission of NSW to the determination of the remuneration for Ministers and other Members of Parliament, councillors, statutory officers, public sector executives and hospital visiting medical officers. The effect is that future remuneration increases for councillors will be by no more than 2.5% per annum. LGSA recently argued that these changes added strength to the argument about linking councillor remuneration to MPs, as the Amendment Act has treated Ministers, other State MPs, and councillors the same by limiting future remuneration increases to 2.5% per annum.]

Alongside, the need to better pay councillors, there is a need to invest in research to identify the barriers to and incentives for the election of young people, women, Aboriginal people, and other under-represented groups and invest in systemic change to respond to this research.

Given the complexities of modern providing leadership and governance to councils, there is also a need for the NSW Government to provide guaranteed access to improved credentialed councillor training/education. Increasingly councillors are highlighting the need for access to training opportunities equivalent to corporate management skills but also taking in community engagement skills and knowledge of rights and responsibilities of various constituent groups.

Creating incentives for communities and councils that wish to change scale

In general terms if the NSW Government adheres to its no forced amalgamations policy but wishes to encourage significant changes to the scale on which communities are governed and at which councils operate, the Government needs to offer incentives that are attractive to those communities and councils.

LGSA believe for communities and councils interested in up-scaling the key incentives are the following:

- community input to the boundaries in any up-scaling;
- council control of regional land use planning;
- enhanced councillor numbers and roles to aid in guaranteeing local democracy;
- significant grants and/or low interest loans to address infrastructure backlogs or service deficiencies; and
- council involvement in NSW Government regional infrastructure and service planning.

It would also be prudent to offer grants for up-scaling reform feasibility studies and planning, and grants and/or low interest loans to assist with implementing reform.

Greater Sydney Metropolitan area

The question of the best shape for the governance of greater Sydney Metropolitan area is on the table and cannot be ignored.

It continues to exercise the minds of industry, commerce and developer groups, and some commentators, academics, politicians and councillors. With the majority of councils pretty much the shape set in the late 1940s, it easy for these groups to argue that greater Sydney Metropolitan Local Government is stuck with 20th century shapes that are ill-equipped for it to deal with the challenges associated with a global city of the 21st century. The solution of reducing the number of councils by amalgamations is the clichéd solution. (Even though councils don't have a great deal of control of the things that facilitate global cities like national and state transport links, national and state communication infrastructure, etc.)

It also seems to exercise the minds of NSW Government Ministers and senior bureaucrats who consciously or unconsciously increasingly use regional plans and regional mechanisms for dialogue with Local Government. A refrain often heard is it would be a lot easier if there were less councils to negotiate and consult with: possibly a legitimate comment from the perspective of a central government looking to the ease of administration. The solution of channelling councils through intermediary structures is the emerging solution.

If central governments believe deeply metropolitan Local Government needs altered responsibilities and boundaries to play a stronger role in the governance of a global city this needs to be discussed openly and in a fresh way.

Anyone can play with numbers, maps and marker pens.

If this is a genuine proposition, what is needed is:

- A thorough re-analysis of geographic underlay after over 200 years of occupation and modification;
- A deep analysis of the commercial and industrial relationships and movements;
- A broad analysis of social, cultural and recreational relationships and movements;
- A critical analysis of people's views of 21st century communities and whether they bear any relationship to preferred infrastructure/service systems; and
- A subsequent deliberative process with citizens to establish their preferences.

Conclusion & Recommendations

While the NSW Local Government sector faces some significant problems it must be acknowledged there is considerable strength in the sector. Reform measures must maximise the many acknowledged positive performances as well as tackle the deficiencies.

LGSA recommends the following changes be made to Local Government to help meet the NSW community's future challenges:

- Reshaping the whole system of Local Government based on respectful institutional relations;
- Creating different models for say i) metropolitan councils, ii) regional councils and iii) rural councils;
- Resolving the long running revenue restriction and cost shifting issues between NSW State and Local Government;
- Improving councillors remuneration substantially and providing guaranteed access to improved credentialed councillor training ; and
- Creating incentives for communities and councils that wish to change scale.

Appendix 1: *Reciprocal respect of council and citizens*

The fact that this point (in some form) is often made about councils, does not diminish its central importance.

Local Government:

- is the most accessible sphere of Australian democracy: Local Government provides a space for high levels of community interaction and engagement. Councils are both a mechanism for and a focus of effective community driven advocacy;
- has high visibility in decision making: The processes which councils are required to implement in community strategic planning and its public exhibition requirements across a number of Acts are designed to empower a community's sense of ownership. It is during these processes that the pathways to decisions and the resulting discussions have maximum public exposure through local media and councillor advocacy;
- uses standing advisory mechanisms in many functions: A snapshot demonstrating Local Government's investment in social policy and community service provision captured in LGSA's *Your council in the community* showed 73% of councils reported having resident advisory groups, 71% had community services advisory groups, 66% had young people's advisory committees (up from 37% in 1999), 64% had advisory groups made up of people with disability, 55% had multicultural advisory groups (up from 14% in 1999), 52% had older persons advisory groups, 44% had Aboriginal and Torres Strait Islander Peoples advisory groups (and another 16% had Aboriginal heritage advisory committees), 39% had a cultural reference group or community arts committee, 35% have families and children advisory groups (up from 20% in 1999), and 18% have health service advisory groups, and
- helps balance power relationships: Councillors live the lives of their communities. They may represent communities or groups who lack political weight and disappear in the broad coverage of state and national processes. The community who will have different understandings about the political process are able to find their local representative and use them as a voice up.

Appendix 2: *Broad and responsive infrastructure, facility and service mix*

Local Government provides distinct and diverse services depending on the communities it serves.

Despite rate pegging and other revenue constraints Local Government keeps rolling out and maintaining a remarkable suite of infrastructure, facilities and services.

This suite includes the following: community services and facilities, public health services and facilities (including rural GPs etc.), cultural, educational and information services and facilities, sporting, recreational and entertainment services and facilities, environment conservation, protection and improvement services and facilities, waste removal, treatment and disposal services and facilities, pest eradication and control services and facilities, transport infrastructure, public transport services, water, sewerage and drainage works and facilities (outside the metropolitan area), storm water drainage and flood prevention, protection and mitigation services and facilities, housing, industry development and assistance, tourism development and assistance, and land and property development.

But it is worth reminding ourselves of some of the examples when we consider reform.

Local Government transport infrastructure is a good example. Local Government is responsible for the Local Road Network. The Local Road Network in NSW totals about 164,000 km, (or about 90% by length of all roads in NSW, including over 18,000 km of higher level Regional Roads). The Local Road Network also comprises about 8000 bridges including 2000 timber bridges.

In the face of challenging funding arrangements, councils' local road network has dealt with:

- increased travel exposure associated with the continuous expansion of the domestic economy in the last 15 years;
- increased freight movements – within NSW there are a large number of key freight routes supporting the vital heavy vehicle industry. It is projected that the overall freight task in NSW will almost double over the next 20 years, including on vital local government owned and managed 'first and last mile' connections, as well as extensive cross-border movements where origin and destination are outside council or even state boundaries; and
- urban development and travel patterns – household travel patterns have changed with travel growth greatest in the developing outlying suburbs, reflecting continued population growth.

In addition to their own local road responsibilities, 81 regional and rural councils are currently involved in Road Maintenance Council Contracts (RMCCs) on behalf of the NSW Government on the state road network. The overall value of these contracts is about \$146m.

Councils have over 29,000km of dedicated bicycle pathways.

Councils are also responsible for the management and maintenance of a large number of airports in NSW, especially in regional and rural areas. This includes some 26 centres served by scheduled Regular Public Transport (RPT) services. Traffic through these council owned airports totals about 2.1 million passengers per year, and notwithstanding recent fluctuations due to the GFC, these traffic levels are expected to continue to expand into the future. The network of regional and rural airport infrastructure also provides the essential capacity to respond to emergencies such as floods, fires, transport accidents and medical emergencies.

Local Government social infrastructure is another good example. Councils practice social planning, community development, cultural development and health promotion and provide a general community services, child care services (long day care, outside school hours care, family day care,

preschools), child health services (immunisation and early childhood centres), youth services, aged and disability services (home and community care and aged housing services), and community transport services. The depth of that provision has continued to grow over the past decade. A quick selection of statistics help fill in the picture.

Councils own facilities that are used by the whole community. They include 644 Public Halls, 310 Community Centres, 90 Neighbourhood centres, 30 Men's Sheds, 95 Leisure facilities and 291 Swimming pools. If we turn to services to young people 91% of councils deliver a Youth Week program and 21% facilitated celebrations for International Youth Day. Council owned 121 youth centres and 56 youth centre services were operated by councils. 29% ran youth safety programs. In the ageing area: 88% of councils deliver a Seniors Week program, 54% provide Meals on Wheels services and 27% provide Home Modifications and Maintenance services. Councils have 125 seniors centres and 70 HACC centres.

In the cultural area, 37% of councils provided for community arts activities, up significantly from 14% in 1999, 32% commissioned 81 public art works, compared with 17% commissioning 52 works in 1999. 64% of councils run art galleries, up from 27% in 1999, 62% of councils run museums, up from 35% in 1999, 57% of councils have theatre /performing arts centres, up from 16% in 1999, 57% of councils run a cultural grant program, up from 33% in 1999, and 36% of councils run community arts centres, up from 11% in 1999.

Local Government has also continued to expand its work on progress towards healthy resilient landscapes. Local Governments make a significant contribution towards NRM-related activities, estimated at around \$1.7 billion per year across NSW (Estimation based on ABS 'Environmental Expenditure by Local Government' reporting (2002-03) and ABS 'Local Government Finance Data' (2008-09) and on projected NSW LGA expenditure for 2009-10, and operational and program investment reported as a percentage of total LGA investment for the following categories: environmental protection (wastewater management, conservation of biodiversity and habitat, protection of soil and groundwater resources, cultural heritage) and natural resource management (land management and development).

In this context it is worth looking briefly at environmental volunteering where we have some evidence. In Sydney metropolitan area, environmental volunteer work is done on public land and around waterways managed by councils and government agencies. Environmental volunteering programs are now an accepted and successful partnership between many land management organisations and community members. Councils support the majority of the work done by environmental volunteers. In Sydney, most of these organisations co-ordinate volunteer programs that are commonly known as Bushcare, although names such as Landcare, Streetcare, Parkcare, and others are used. These programs are about groups of people looking after natural areas over an extended period of time. Council supported for Bushcare in Sydney in 2009 involved 6156 regular volunteers, 7159 one-off volunteers and 148 705 Total Volunteer Hours and an estimated value of \$4 461 150

Appendix 3: *Innovation in service, regulatory functions and revenue functions*

LGSA believe NSW Local Government has continued to innovate in myriad ways despite the barriers. These innovations occur across its service functions, its regulatory functions and its revenue functions and at various scales.

While we will in no way attempt to canvass all the innovations we think it is worth setting out a few to support our view.

Aboriginal Communities Water and Sewerage Program - a negotiated and long term innovative service partnership involving two spheres of government and the NSW Aboriginal Land Council.

To enable Local Government to assist Aboriginal people in obtaining appropriate water supply and sewerage services, on behalf of councils the Associations are working in partnership with the NSW Government and the NSW Aboriginal Land Council on a program to deliver improved water supply and sewerage services to discrete Aboriginal communities in NSW.

The Aboriginal Communities Water and Sewerage Program, which commenced on 1 July 2008, provides long term funding (over \$200 million over 25 years jointly funded by the NSW Government and the NSW Aboriginal Land Council) for councils and their local water utilities to provide operational, maintenance, and monitoring services of water supply and sewerage systems in Aboriginal communities. Drinking water supply and sewerage services have been poor in many Aboriginal communities and most communities lack the resources and skills to operate and maintain systems in the long term. The aim of the program is to address the pressing need to improve this situation and bring to an end its negative social, health, environmental and economic impacts.

Of the 62 communities eligible under the program, 21 have been found to receive a satisfactory service which is equivalent to neighbouring communities as they are part of a reticulated local water utility system. Seven other communities now have long term service agreements in place for local water utilities to provide full water and sewerage services equivalent to that in similarly located communities. A further 25 communities have interim arrangements in place for the local water utilities to provide “best endeavour” in delivering water and sewerage services that are equivalent to that expected in the wider community in similar positions with the aim to establish long term service agreements. Further investigations and, in some cases construction of backlog works, are required before the systems are fully robust in these communities.

The Food Regulation Partnership - a negotiated and long term innovative regulatory partnership across two spheres of government.

The Food Regulation Partnership (the Partnership) is a regulatory program that formalises the partnership between the NSW Food Authority (the Authority) and councils in NSW. Under the Partnership, the Authority shares with councils the responsibility for ensuring that retail and food service businesses are inspected and comply with the food safety regulations. Councils undertake routine inspections of retail/food service businesses while the Authority provides support and assistance to help improve the consistency of inspections and interpretation of food laws, standardising inspection processes and giving technical advice.

The Authority receives ongoing government funds of \$850,000 per annum to resource a five-member Local Government Unit (LGU) that provides the support and assistance underpinning the Partnership. This work includes supporting the statutory Food Regulation Forum that provides high level policy and strategic advice on the Partnership.

Since the introduction of the Partnership in 2008, the LGU has focused on working with councils to implement foundational program requirements including:

- setting up mandatory reporting arrangements and establishing council and LGU service levels,
- preparing guidelines, advice and protocols for councils,
- preparing standard regulatory tools for inspection, compliance and enforcement,
- creating effective state and regional communication networks (by coordinating state-wide and regional meetings with councils, and meetings with retail food businesses, councils and the Authority), and
- conducting targeted training sessions to improve Environmental Health Officer (EHO) skills and knowledge with the view to standardising inspection practices across NSW.

A recent evaluation found that the Partnership is working as intended and many foundational program requirements are well implemented by both the Authority and councils. Both retail managers and councils agreed that the Partnership has been effective in improving the safety of retail food in NSW. Further support for this view was the overall decreasing trend in confirmed and suspected foodborne illness outbreaks in retail/food service sector in NSW since 2007, but with no clear trends showing a reduction in the number of people becoming ill.

Under the Partnership, food businesses' compliance has improved. Both retail managers and councils agree that business compliance with food safety standards has improved since 2007. This is supported by the fact that compliance rates for retail food businesses have improved by two-thirds since 2007.

As reported by both councils and retail managers, levels of cooperation between the Authority and councils regarding food regulation have improved under the Partnership. Low levels of duplication of regulatory services were also reported. However, councils gave specific examples where a form of regulatory overlap still exists.

Councils and retail managers reported improvements in the effectiveness of food safety surveillance by councils and the Authority. Multi-outlet retail managers indicated that councils are now more effective in providing food regulatory services than in 2007, and the frequency of annual food inspections was considered appropriate.

Compared with 2007, both retail managers and councils perceived some positive changes in the food surveillance and enforcement consistency experienced by businesses, but there is room for improvement.

Levels of EHO efficiency have also improved under the Partnership. Inspection rates for metropolitan, regional and rural areas increased initially, and then stabilised within the past two years. Currently, 95% of councils are meeting stipulated inspection frequencies and the number of councils meeting the minimum inspection targets has almost doubled since 2008. A high proportion of councils have implemented Partnership protocols and guidelines. Two areas identified for further improvement are 1) addressing the level of council implementation of the standard inspection tool and 2) the nationally based enforcement protocol.

The Partnership has been cited by the Productivity Commission as a leading example of the reduction in red tape that can be achieved through partnerships between government spheres in its report *'Performance Benchmarking of Australian Business Regulation: The Role of Local Government as Regulator'*, commonly known as the Red Tape Report.

The Electronic Housing Code - a negotiated and long term innovative e-planning partnership across two spheres of government.

E-planning initiatives, such as the Electronic Housing Code (EHC) improve the management and streamlining of the development process. The Local Government and Shires Associations are working in partnership with the NSW Department of Planning to implement the EHC in order to improve processes within councils, leading to a better outcome for applicants and communities.

Many councils have already successfully adopted innovative on-line DA tracking and on-line advertising of DAs, which assist both applicants and communities in understanding, and councils in fast tracking, the DA process. However, the EHC project extends this by assisting applicants in lodging complying developments under the NSW Housing Code and allowing them to be approved in a much shorter time frame.

The EHC began in late 2011 with 10 pilot councils (Bankstown, Blacktown, Lake Macquarie, Port Macquarie-Hastings, Rockdale, Shellharbour, Sutherland, Tamworth, The Hills and Tweed Shire Councils) and in 2012 Camden, Campbelltown, Coffs Harbour, Great Lakes, Holroyd, Kogarah, Penrith, Warringah, Willoughby, Wingecarribee and Wyong Councils were successful in gaining funding to join the program.

In the council areas where the EHC is currently operating, residents can get online housing approvals in less than one week. This compares to the average 63 day processing time if the EHC isn't used and the applicant has to rely on the standard development application process.

Weed Management - a negotiated and long term innovative service partnership across two spheres of government.

Weed management by Local Government has come a long way over the last 10 years. No longer is it just about spraying a few weeds around a guide post along the side of a road, or telling a farmer to control his blackberry. Today's efforts are grounded in science-based policy, which target high priority weeds and high risk pathways of spread for inspection and management. They are carried out by highly qualified and skilled professionals, who have expertise not only in technical on-ground operations, but also strategic planning, information management, community education, monitoring, evaluation and reporting (MER).

Building on this evolution, the Weeds Action Program (WAP) was introduced to change how weed management was addressed throughout NSW. It challenged councils to adopt a new approach to weed management – a challenge they have embraced. In fact, it is Local Government that has pushed the boundaries of innovation to deliver the best outcomes.

In line with broader NRM approaches, weed programs are now co-ordinated at the regional level. However, importantly, implementation is still locally based. Councils, supported by other stakeholders, are working together on Regional Weed Advisory Committees to implement regional strategic planning, data collection, reporting and other priorities. All the while, councils continue to deliver services to their communities through local implementation.

Through WAP the NSW Government provides about \$8 million per year to support regional projects in noxious weed management. The matching contribution by Local Government to these projects is nearly \$25 million (a leveraged return on over 3:1). Councils also invest a significant amount in the management of environmental weeds through bushland management, bush regeneration, riparian restoration, Bushcare, Coastcare, Landcare, and many other activities.

Councils are the established local authorities on weed issues within their communities. They have developed a close rapport with local landholders, industry and community bodies. They are leaders in community consultation, on-ground implementation and developing partnerships with diverse stakeholders in achieving solutions. These qualities have been pivotal in delivering successful weed management services at a local and regional scale.

Statewide Picture - WAP Outputs Year 1

In Year 1 (2010-11) Local Control Authorities across NSW inspected over 23,000 sites totalling nearly 1.3 million hectares, and over 150,000 km of high risk pathways (roads, rivers, railway lines). The leveraged investment ratio for the WAP was over 3:1 (for every dollar invested by the NSW Government, another \$3 was invested by Local Government and other stakeholders). Following are examples of some of the work being done across NSW under the WAP.

Set out below are some regional examples:

Macquarie and Lachlan Valleys

- Noxious weed inspections last year; over 63,000km of roads; 2,500km of rail corridors; 6,400km of water courses and nearly 7,000 private properties.
- Each weed officer has on average over 600,000ha to cover (2.5x the size of the ACT)
- All 19 Local Control Authorities meet minimum training requirements (3 years ahead of schedule) with 12 LCAs meeting full regional qualification benchmarks (certificates and/or diplomas in Conservation & Land Management).

Riverina

- Partnership between 22 LCAs, 4 CMAs and 3 LHPAs - one Riverina WAP coordinating weed management across the region to deliver 4 Regional Weed Strategies.
- Inspected 2,948 high risk sites (63,463ha) and 34,404kms of high risk pathways.

Northern Inland

Strategies, policies and plans developed under the WAP:

- Regional Weeds Strategy 2010-2015
- Regional Weed Action Business Plan
- Regional Inspection Program 2010-15
- Regional Rapid Response Plan 2010-15
- Regional High Risk Pathways and Site Management Plan 2010-15
- Regional Weed Incursion Plan 2010-15
- Regional MERI Plan 2010-2015
- Regional Communications Strategy 2010-15
- Regional Weed Officer Education Pathway Plan

Mid-North Coast

Co-ordinated response to new incursion of aggressive perennial weed, Tropical Soda Apple, including ground-breaking technique of incursion tracing through National Livestock Identification System (NLIS).

Councils at the local or subregional scale

Set out below are a variety of Innovations that have been rewarded and acknowledged in the LGSA awards processes, which again show Local Government across the state is applying innovative solutions to improve local and regional service, regulatory and revenue functions.

Cootamundra Shire Council - Small Town - Big Solar

Installed solar panels on a sports stadium and on a number of local halls to reduce power usage and allow the redirection of hard earned funds from power bills to general maintenance and improvement of the facilities.

Cowra Shire Council - Aboriginal Consultation Policy

Policy developed to provide clarity regarding the consultation process for development activities with the potential to impact on Aboriginal cultural heritage values in the Cowra Shire LGA.

Eurobodalla Shire Council - WaterSmart Business Program

This program identified the 30 highest non-residential water users in the Shire and provided support to take steps towards reducing their water consumption.

Great Lakes Council - Wetlands Strategy for Wallis Lake

Strategy sets out the vision, guiding principles and actions for positive wetland recognition, conservation and restoration across the Wallis Lake catchment. It also embeds a recognition and need for wetland management across all facets of Council decision-making and activities.

Greater Taree City Council - Cattai Wetlands

Council purchased the 486ha farm property in 2003 to restore it to its natural beauty, and to improve the water quality of the Manning River by remediating acid sulfate soils. However a range of other environmental benefits have also been achieved including coastal wetland rehabilitation and floodplain management.

Inverell Shire Council - Bridge to Bridge Project

A partnership project between Council and Border Rivers-Gwydir CMA to restore a 6km section of the Macintyre River and its tributaries through the town of Inverell in Northern NSW.

Mid-Western Regional Council - Roadside Corridor Management Project

The development and implementation of a package of management tools, practices and training that provides council staff, and the community, tools to understand the value of and effectively manage the issues relating to roadside corridors.

North Sydney Council - Urban Forest Strategy

Council has long recognised the importance of trees and vegetation to maintaining a healthy and sustainable environment in the urban setting. The new strategy is the culmination of several years of research and mapping of the local urban forest; it provides an in-depth look at how 'green infrastructure' is performing now and considers how to maximise its performance into the future.

Palerang Council - Water Resources Mapping

The project developed a range of digital maps of water resources across the western Palerang LGA to support council decision making, including analysis of the sustainability of water resources for improved strategic land use planning.

Riverina Eastern Regional Organisation of Councils (REROC) - Safe Sharps

The project developed an interactive website (www.safesharps.org.au) that allows users of sharps to identify locations where used sharps can be disposed of appropriately.

Shellharbour City Council - Building Backyard Biodiversity

Innovative environmental protection and enhancement project engaging local residents and schools in creating an urban biodiversity corridor across a highly urbanised landscape. This includes

encouraging the community to undertake actions to support the biodiversity corridor by planting native vegetation and creating habitat in residential yards and school grounds.

Shoalhaven City Council - Threatened Species Protection

In 2010-2011, the Shoalhaven experienced a boom of the endangered Green and Golden Bell Frog. The population expansion was the most significant natural recovery of any threatened vertebrate species in the state, and effectively halted many Council maintenance and construction activities. This project focused on collecting the scientific knowledge to develop mitigation measures to enable Council to manage this population explosion, protect habitat, and undertake routine maintenance activities without having a significant impact on the species.

Sutherland Shire Council - Taren Point Shorebird Reserve

The project involved regrading and rehabilitating grassy foreshore to create a protective buffer area between shorebird habitat and a newly upgraded reserve. This encouraged sediment deposition and sand accretion to enhance intertidal habitat. Salt marsh was planted to recreate the site's original vegetation and provide additional roosting habitat for shorebirds. The project demonstrated that, through careful planning and design, a balance can be achieved between conservation and recreation.

Tweed & Byron Shire Councils - Bush Futures Project

The Bush Futures Project was developed as a joint project between Tweed and Byron Shire Councils to address a common need for improved bushland management in urban and peri-urban areas. Through on ground works and extension, this project will achieve the sustainable management of a number of State and regionally significant urban and peri-urban bushland areas within the two Shires.

Tumut Shire Council - Reclaiming Water

To eliminate the consumption of fresh potable water by irrigation systems at the golf club and oval this project designed, built, and commissioned a recycled water system in Tumut. The use of recycled water to irrigate the golf course and oval has also reduced treated effluent disposal into Tumut River from the sewage treatment plant by 4.3% with the potential to further reduce emissions by 18.5%.

Willoughby City Council - Carbon Reduction Strategy

Council initiated broad scale energy saving initiatives across its operations with the aim of reaching its 50% carbon reduction target by the end of the year. Key strategies included an Energy Savings Action Plan, the installation of a 173kW co-generation system and water filtration system at a leisure centre and the roll out of the photovoltaic strategy.

Wollongong, Shellharbour & Kiama Councils - Illawarra Biodiversity Strategy

A regional strategic approach that makes best use of knowledge and resources is more likely to improve co-ordination and management of biodiversity across the Illawarra. The Illawarra Biodiversity Strategy provides clear direction on biodiversity priorities, and consolidates the Illawarra Councils' commitments to a range of higher order targets set at the national, state and regional level.

Appendix 4: Annual remuneration as proposed to Tribunal

Proposed Annual Fees for Mayors
by council category

	Maximum Fee	Maximum as % of State MP
<i>Category 4</i>	\$50,624	40%
<i>Category 3</i>	\$75,936	60%
<i>Category 2</i>	\$75,936	60%
<i>Category 1</i>	\$88,592	70%
<i>Category 1A</i>	\$101,248*	80%*
<i>S4</i>	\$31,640	25%
<i>S3</i>	\$12,656	10%
<i>S2</i>	\$101,248*	80%*

*Benchmark rate

The following shows councillor fees as a percentage of State MP salaries, this figure is also 50% of the mayoral fee in the same category.

Proposed Annual Fees for Councillors
by council category

	Maximum Fee	Maximum as % of State MP
<i>Category 4</i>	\$25,312	20%
<i>Category 3</i>	\$37,968	30%
<i>Category 2</i>	\$37,968	30%
<i>Category 1</i>	\$44,296	35%
<i>Category 1A</i>	\$50,624	40%
<i>S4</i>	\$15,820	12.5%
<i>S3</i>	\$6,328	5%
<i>S2</i>	\$50,624	40%