Modernising Local Government: Consultation Report

Summary
The idea of the Modernising Local Government project was to promote a dialogue within the sector about the future that NSW Local Government wanted to forge for itself.

What was exercising the Local Government and Shires Associations of NSW (LGSA) leaders’ minds was that the reforms afoot, and the continuing calls for reform, appeared to be both more relentless and disjointed than ever. They decided what the sector needed was a discussion amongst councils about the future Local Government that communities need.

The idea had been raised at the 2009 Shires Conference and discussed at an open microphone session at the 2009 Local Government Association Conference.

In April 2010 LGSA released the paper entitled Modernising Local Government: discussion paper.

The LGSA encouraged councils to discuss this paper at council; attend focus groups to discuss the questions in the paper; and make submissions in response to the paper.

The LGSA ran a program of Modernising Local Government focus groups from August to November 2010. Groups were held in Sydney, Wagga Wagga, Broken Hill, Blacktown, Lake Macquarie, Dubbo, Inverell, Queanbeyan, Coffs Harbour, Lismore and Nowra. In the end there were 17 groups involving 175 representatives from 62 councils, two ROCs, five peak bodies and DLG.

Written submissions were received from ten Local Government Association member councils, eight Shires Association member councils, two metropolitan ROCS, one rural Strategic Alliance and one insurance pool.

The conclusions can be seen from page 61 on this report; the highlights are set out below:

• There is considerable enthusiasm for reforms or initiatives that assist councils continue to improve. But there is far from a common view about what the key reforms are or how to pursue them. More work is required in what is a long-term and challenging project.

• Overall councils support the need for the NSW Constitution to guarantee that councils are elected by local residents (not appointed, except in cases of extreme corruption or dysfunction). However, this should not be a high priority to campaign on in contrast to other initiatives covered later.

• Councils do not see a compelling case to explore other models for the organisational structure of councils, preferring to maintain, refine and improve the model contained in the Local Government Act 1993.

Councils have diverging views on the idea of mutually agreed service and regulatory functions, with councils falling into the following groups:
• Those who believe it is important for all service and regulatory functions to be agreed between all three spheres of government.
• Those who believe that some service and regulatory functions be carefully defined and agreed, and other service functions be left discretionary.
• Those who believe that it is important for regulatory functions alone to be agreed between all three spheres of Government.
• Those who believe all service functions be ‘enabled’ as in the present Local Government Act, not made mandatory by mutual agreement.

There was a sense that while this was a challenging task it was a significant priority over the short to medium term.

Councils strongly support a revised role for Local Government in Land use Planning, focusing on a complete revision of the Environmental Planning and Assessment Act 1979 and resolving a host of issues relating to the local input, LEP processes, Part 3A, Joint Regional Planning Panels and SEPPs.

Overall councils preferred a downsized role under the revised Public Health Act 2010. However, pursuing this was not seen as an urgent or major priority.

Overall councils strongly supported the development of an alternative system for funding the three emergency services that did not involve Local Government as a contributor; and generally favoured having no future role in funding or providing operational support to the three emergency services. However, there was a minority of councils that favoured maintaining a role in relation to the Rural Fire Service and the State Emergency Service.

Councils were divided on whether they should go further than they do now and formally act as the conduit for community input on all local services, no matter which sphere of government is delivering the service. Those against saw it as a dangerous move setting councils up for criticism on services over which they had no control. Those favouring it saw it as a natural extension of their role in representing communities to other spheres of government and a natural part of Community Strategic Planning.

Overwhelmingly councils do not believe the communities they serve have appetites for larger councils. However, some noted i) some communities want local boundary changes, some communities might be attracted to being organised on a catchment basis and iii) metropolitan communities may accept much larger councils (or even a single council).

Overwhelmingly councils do not believe there is contemporary or emerging evidence supporting amalgamations based on economies of scale. The greater majority cited studies that showed the contrary. The value of resource sharing and other joint strategies was strongly supported as an alternative. Nonetheless, there were suggestions from the last round of amalgamations that new councils now provided facilities and services that were beyond the capacity of the former councils.
Background
In April 2010 Local Government and Shires Associations of NSW released the paper entitled *Modernising Local Government: discussion paper*. The idea had been raised at the 2009 Shires Conference and discussed at a session at the 2009 Local Government Association Conference.

The central idea was to promote a dialogue within and across the sector about the future that NSW Local Government wanted to forge for itself.

What was exercising the LGSA leaders’ minds was that the reforms afoot, and the continuing calls for reform, appeared to be both more relentless and more disjointed than ever. They decided what the sector needed was a dialogue amongst councils about the future Local Government that communities need.

The LGSA recognised Local Government reform in it various guises had been almost constant in NSW since the 1970s (see Appendix A for a brief description).

The LGSA also recognised that lead councils were forging ahead with very sophisticated approaches, building their own visionary plans that predated and/or gave deeper meaning to integrated planning and reporting.

The leaders stressed what was needed was a unifying narrative, which ensures that councils move forward with purpose and coherence.

They hoped that by working on reform in the widest sense they would help the sector define strongly shared goals, so that when the next big round of State-driven functional reforms and/or amalgamations come, the Associations and councils were better placed to respond.

The LGSA stated bluntly: ‘Collectively the Associations and member councils can’t hope to wait out the incessant calls for change. We can’t look the other way and hope. We must work together to find formulae for mutually agreed reform’.

They sought through launching *Modernising Local Government: discussion paper* and the program of focus groups and submission taking, to offer a challenging but nonetheless sympathetic avenue for discussing long term reform.

Section 1 dealt with the idea of a dialogue within the sector that we have just covered.

Section 2 was entitled ‘Looking to the future’ and offered a preliminary goal to shape the discussion. Rather than starting this debate about the future of NSW Local Government with views on the population threshold at which a council are deemed most viable, the LGSA offered a goal to test reforms against as we thought about the future.

That goal was stated as follows:
- To reach a point where we have a NSW Local Government system in which councils are:
  - Democratic (which means elected, representative of local diversity, connected to and cognisant of local communities of interest and/or identity).
  - Working to formal long-term plans for their communities that integrate and balance environmental sustainability, social justice and economic viability.
• Financially viable (which means freed of rate pegging, with significantly better FAGs and/or other Australian Government funding, mutually agreed charging regimes for co-regulatory roles, transfer payments from Australian and/or NSW Government for any Australian and/or NSW Government mandated Community Service Obligations).

• Working with mutually agreed set of functions (which means functions agreed between the three spheres of government for a NSW context):
  o including consideration of which service functions fit together both locally (subsidiarity) or fit together better in the 21st century (rather than they did in 19th century or mid-20th century).
  o including a mutually agreed strategic and statutory land-use planning role.
  o including consideration of which regulatory functions fit together locally and/or fit together better in the 21st century.

• Part of mature, post-colonial, institutions.

• Functioning cohesive geographic units.

• Employers of choice.

This goal was used to frame the information presented for discussion and the questions asked for sections 3 to 10.

Section 3 covered information relating to and posed questions on what reforms might be necessary to enhance democracy in NSW Local Government.

Section 4 covered information and questions on what reforms would assist NSW Local Government maintain long-term environmental sustainability, social justice and economic viability.

Section 5 dealt with reforms that would assist NSW Local Government financial viability.

Section 6 covered information and questions on what reforms would assist NSW Local Government work towards mutually agreed functions.

Section 7 covered information relating to and posed questions on what functions that might be potential candidates for change.

Section 8 covered information and questions on what reforms would assist NSW Local Government become part of mature, post-colonial institutions.

Section 9 covered information relating to and posed questions on what reforms would assist NSW Local Government remain or become functioning cohesive geographic units.

Section 10 dealt with how NSW Local Government could become and remain employer of choice to support the reforms in the next 20 years.
Focus Groups and Submissions
The LGSA encouraged councils to:

- Discuss the contents of *Modernising Local Government: discussion paper*, at council meetings.
- Attend focus groups to discuss councillor and staff reactions to the themes and questions in the discussion paper
- Make submissions in response to the discussion paper.

The LGSA ran a program of *Modernising Local Government* focus groups. The program ran from 31 August 2010 to 26 November 2010.

This involved a significant commitment from a number of Policy Division staff on top of their existing work schedules (see Appendix B). It was useful for staff from all Teams within the Policy Division to get out into the field to visit councils and talk about big picture issues that were not necessarily within their specialist areas.

Groups were held in Sydney, Wagga Wagga, Broken Hill, Blacktown, Lake Macquarie, Dubbo, Inverell, Queanbeyan, Coffs Harbour, Lismore and Nowra. The councils in each area graciously hosted the focus groups.

In the end the LGSA ran 17 groups involving 175 representatives from 62 councils, two Regional Organisations of Councils (ROCs), five peak bodies and the Division of Local Government.

Twenty eight (28) Local Government Association member councils participated, as did 34 Shires Association member councils.

Feedback on the style and quality of the focus groups was most encouraging.

A number of councils also took the opportunity to make written submissions. Written submissions were received from:

- Ten Local Government Association member councils.
- Eight Shires Association member councils.
- Two metropolitan ROCs.
- One rural Strategic Alliance.
- One insurance pool.

The results – what the NSW Local Government sector had to say
With a small number of exceptions councillors and staff responded with enthusiasm to the challenge of entering into a dialogue about the future of NSW Local Government.

All focus groups were noted for candour and good humour for the most part, with a free flow of ideas exchanged.

The greater majority of submissions tackled the questions with a similar spirit.

That is not to say that there was unanimity. As would be expected with such a broad canvas and so many participants there were a variety of opinions. This will be canvassed as we report on the responses to the questions in each section.
Nonetheless, it needs to be noted and accepted that there were a small number of rural councils that were opposed to the LGSA running a process about Local Government reform at all, and strongly opposed any discussion of amalgamation in that context.

It also needs to be noted and accepted that there were a small number of metropolitan councils who objected to the use of the term ‘modernising local government’.

One large metropolitan council noted: ‘The general term “modernising” creates the impression that Local Government as a whole operates as it has in the past, that it hasn’t moved with the times and that as a sphere of government councils can’t address contemporary issues. However Local Government leads the way in dealing with many contemporary issues and in providing a range of modern services’.
What the NSW Local Government sector had to say on the ‘democratic’ settings

As highlighted earlier, Section 3 covered information relating to and posed questions on what reforms might be necessary to assist NSW Local Government remain democratic.

In section 3 the following points were made:

• In many discussions about Local Government reform there is a view that the present governance system is sufficiently democratic and the effort needs to be focused in other areas like structure, functions and finances.

• However, it is just as important to remember that being in Local Government is as much about passion for the people you are serving and passion for the place you are stewarding, as it is about the efficiency of the infrastructure and services you provide. Therefore, the Associations believe we ought to pause and test that assumption.

It was observed that given the NSW Constitution simply enables the continuation of a system of Local Government which could have *duly elected or duly appointed* Local Government bodies, the NSW Constitution provided a weak foundation and didn’t particularly value local democracy. This concern for democracy persists because while the purpose, framework and language of the *Local Government Act 1993* are clearly democratic, there are still situations where councils can be dismissed and administrators appointed for considerable periods and this can be construed as undemocratic.

**Is it important for the future of NSW Local Government for there to be better guarantees of democratic Local Government in NSW legislation (i.e. changes to both Constitution Act 1902 s51 and Local Government Act 1993 s255 etc)?**

**The NSW Constitution**

The sentiment for the majority of participants in the majority of focus groups was that they agreed that councils should be elected not appointed except in the most extreme of circumstance, councils should be guaranteed greater autonomy and that this should be spelt out more clearly in the NSW Constitution.

For example, one of the Queanbeyan focus groups suggested that this clarification should include a framework with basic principles starting off with Local Government being the ‘voice of the local community’, as well as a definition of roles and functions of respective spheres of government.

But there were questions about timing. As one participant at the Coffs Harbour focus group observed ‘we need to consider the outcomes of the planned National Referendum on recognising and providing for direct funding of Local Government in the Australian Constitution and then consider implications for relationships with the NSW Government and perhaps the NSW Constitution’.

However, while many participants supported the need for a better democratic foundation statement in the NSW Constitution as a matter of principle, it was not something that aroused strong passion. Many felt there were more important issues for councils and the Associations to pursue in the coming 20 years. Again in one of
the Queanbeyan focus groups there was questioning whether resources spent on campaigns for constitutional recognition, particularly recognition in the Australian Constitution, were wasted because of the risk of getting no traction at all. Symbolic recognition was thought of as rather meaningless; financial recognition was seen as more important.

There were also a number of focus groups where it was clear participants were unaware or didn’t care about the deficiencies of the NSW Constitution.

Finally, there were occasions where focus group participants assumed the question was about the Australian Constitution, and time was devoted to that initiative’s discussion.

Amongst the councils and other groups that made written submissions, and who commented on the status of Local Government in the NSW Constitution, the majority favoured a better democratic foundation statement about Local Government being added. Those supporting the proposition reflected positively on the commentary in the discussion paper.

Those opposed to a better statement in the NSW Constitution had a number of views. One rural shire council noted: ‘regardless of legislative change, it comes back to the will of State and Local Government to work together. The tyrannical attitude of State Governments cannot be removed by mere legislation’. Another said ‘(council) believes that there is little value in State recognition because of the State’s ready ability to alter this at any time. Conversely, Federal constitutional recognition is considered critical to the future of Local Government’ One major metropolitan council simply stated ‘it is not important for the future of Local Government for there to be better guarantees of democratic Local Government in NSW’.

One large metropolitan council summed up the dilemma by observing ‘Local Governments across Australia have existed as ‘creatures’ of the state since the early 20th century. Would a state government change the legal framework under which State and Local Governments function and interact?’ That council went on to observe ‘it is unlikely that the state would relinquish its powers but there is a strong case to review the range of approvals Local Government must obtain from the state. A quest for more autonomy, supported by a strong case, may have a greater chance of success’.

**Dismissal and administration**

Perhaps a little surprisingly very few participants were opposed to the powers to dismiss elected councils and appoint administrators (s255-257) per se. There were a small number of participants who volunteered examples of where the period of administration and the administrator had been seen as beneficial by local communities and the council staff.

Those who objected were quite clear that the principle was wrong. The following points were raised at the Inverell focus group: ‘we object to state government dismissing councils in principle, believing that only the community should dismiss councils. However, we accept that administrators may be required as circuit breakers for a short period. It is acceptable for restructuring, but a council should not be dismissed for operational reasons. This should be a community decision at the ballot box. A time frame should be imposed (e.g. 12 months)’.
There were a small number of participants who recognised in cases of systemic corruption or paralysing political dysfunction administration was necessary but who felt the system needed to be made more sophisticated or sensitive. As a participant at the Coffs Harbour focus group observed ‘there needs to be an intermediate step before Administrator is brought in, like a “Co-administrator” to work with council’.

Nonetheless, the general sentiment for the majority of participants in the majority of focus groups was that there should be a time limit on how long councils could be under administration for and this was a maximum of two years.

For the councils and other groups that made written submissions, few commented on the powers to dismiss elected councils and appoint administrators (s255-257).

Those that wanted the powers to dismiss elected councils and appoint administrators curtailed, tended to cite the discussion paper with approval. For example, one inner metropolitan council stated ‘The Local Government Act should be amended to emphasise democratically elected Councils, and to place limits on grounds for dismissal of Councils and the conditions of appointment of administrators, including time limits’. One metropolitan growth council noted the situations where councils can be dismissed and administrators appointed for considerable periods ‘sits uneasily with Local Government and more importantly with local residents concerned about local democracy’.

A large regional council made the following points:
- Council supports the proposal that there could be an amendment to the Local Government Act to ensure that a new council is able to be elected at the next available election (following the appointment of an Administrator).
- Council supports the proposal that there be the ability to remove some Councillors but not all. Council is concerned however at what may transpire should a dismissed Councillor choose to stand again.

Whilst only one of these councils was directly opposed to making changes to these powers, it was again an issue that gained little support compared to other questions throughout the paper.

Alternate forms for councils
The paper suggested there may be a case for revised or alternate forms of elected councils. As has been observed by Allan, Darlison and Gibbs (2006) ‘Local Government decision structures are unique’. Councils neither completely mirror NSW and Australian Government arrangements nor parallel corporate decision-making processes. Under the Local Government Act 1993, each council is a body politic. The councillors are the governing body and have responsibility for directing and controlling council affairs. In some ways councils operate like a board of directors. But council meeting procedures mimic parliamentary procedures.

Allan, Darlison and Gibbs (2006) proposed that the State Government amend the Local Government Act 1993 to provide for a choice of governance structures. This involved the following two options:
- Corporate Board structure - similar to the current structures except that the maximum number of councillors would be seven, so they could interact like a board rather than a parliament; an electorate of the whole not wards; the election for mayor would be for the full term of the council (four years) instead
of annual; and the mayor would be like a non-executive chair of a board without the power to direct the general manager between meetings of the council.

ii) Parliamentary/Executive structure – large councils (say over 50,000 people) would have the option of a structure that applied the separation of powers doctrine as between the legislature and the executive: up to 15 councillors may be elected on a ward basis; popular election of the mayor at the same time as councillors are elected; the mayor may appoint an executive committee of three persons selected from the councillors with the option of secondments from outside the council; and the general manager, selected by the mayor and endorsed by council, would report to the mayor.

Is it important for the future of NSW Local Government for there to be different models of elected councils?
The view for the majority of participants in focus groups was that different models should be available and councils should have flexibility to adopt the most suitable model. As one participant observed in Inverell there is a difference between metropolitan and country councils and the alternate forms suggested may be useful alternatives to deal with the difference.

There was some support for limiting the number of councillors to 7 (as participants at Coffs Harbour noted it had worked well in Glen Innes Severn). A participant in Queanbeyan observed ‘there should be fewer councillors with more substantive, specific functions’.

Nonetheless many participants were wary of an over-reliance on the Corporate Board structure suggested. Again, as observed in the Inverell focus group, it might be necessary to reconceptualise it as a service rather than a corporate model for smaller councils and support and strengthen service provisions of the Act. Another participant at Inverell stressed the council structure should be ‘democratic’, and democratic principles must be advocated and practiced.

However, across all the focus groups there was generally limited discussion on merits or demerits of the two alternate forms proposed and few extra alternative forms advanced.

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 focusing councillors 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.

There was a small but vocal group who believe ‘all mayors should be popularly elected’. On the other hand there was some concern whether a popularly elected mayor would always be ‘fit for the job’.

There was a small but vocal group who believe ‘there should be adequate remuneration for councillors that fulfilled substantive functions (e.g. committee chair). Remuneration should recognise that leadership positions, particularly the role of the mayor, are full time, onerous jobs’.
Amongst the councils and other groups that made written submissions, and who commented on any need for different models of councils, comments were split very evenly.

One large metropolitan council observed ‘it is important that different roles of elected councils and the relationship to the operating body of council be investigated. The current model has the potential to create a level of uncertainty around the roles and responsibilities of all parties’.

One large regional council noted the following points on this matter:

- Engagement with communities will be critical to both establishing any new or variation models for local democracy and to delivering services and governance under any available models.
- At the same time, our elected council entities will need to offer leadership and decision-making capacity, including the preparedness to manage and resolve those situations where the ‘limits of local democracy’ (page 14) are confronted.
- We fundamentally support structures and arrangements that will clarify and make most effective the separation of powers between the policy makers and the executive administration.

One rural shire noted this was in effect already happening, with popularly elected Mayors and party politics in metropolitan areas compared to what happens in most rural areas and concluded ‘there should be flexibility in the system to allow each Local Government community to decide its style of elected council’.

One metropolitan ROC canvassed four types of activity (i.e. i) mini parliament, ii) service provider, iii) regulator and iv) corporate manager before noting ‘considering this multiplicity of functions and responsibilities, Local Government is an extremely complex operational organisation. Councils operations extend far beyond that of a corporate entity or a simple mimic of other levels of government. In fact some argue it is the most complex organisation within our society’.

As one large regional council observed, there was ‘agreement that the format Local Government currently has served the community needs adequately however the public nature of the Council decision process impacts on its effectiveness – it is important that the public nature of the decision process remains’. Another larger coastal regional council explored this but concluded ‘the provisions of the 1993 Local Government Act are to be preferred’. Yet another coastal regional council noted it ‘supported the option of a Corporate Board structure … and with the Mayor performing the role as a non-Executive chair’. One inner metropolitan council supported the following model: ‘The number of Councillors in any Council should be in the range of 7 to 13. Councillors should be remunerated appropriately, similar to the remuneration of a Director on a Statutory Board’.

**Is it important for the future of NSW Local Government to move to full-time paid Executive Mayors?**

The majority of focus groups rejected the concept of Executive Mayors, although many accepted it may be suitable for a city the size of Brisbane. One of the Wagga Wagga focus groups simply voted a resounding ‘No’ for their region. As the participants at Coffs Harbour noted they did not like Presidential style mayors for smaller regional communities.
However, the sentiment for the majority of participants in the majority of focus groups was that they supported Mayors being paid properly for the hours they were required to work and recognised that most Mayoral roles were - or were fast approaching being - full time.

For the councils and other groups that made written submissions, and who commented on the concept of Executive Mayors, comments were split fairly evenly split between support and opposition. Those that opposed the model were mainly rural councils and those that favoured or tended to favour the model were mainly metropolitan councils.

For example, one larger coastal shire noted ‘Further differentiation between urban and regional councils is suggested in relation to the role of Executive Mayor and/or paid councillors’.

A regional coastal council noted it did not ‘support the case for an Executive Mayor. While such a role with the political powers and responsibility over appointments, budgets, day-to-day operations and policy may be appropriate for large city councils, it is not appropriate for (us)’.

One inner metropolitan council supported the following: ‘The position of Mayor should be a full-time position with appropriate remuneration. Mayors should be popularly elected for the full Council term’.

However, the following quote from a rural council probably sums up the situation: ‘Local democratic representation should be maintained. A move to full-time paid executive mayors may be appropriate for large councils, particularly in metropolitan areas, however, would generally be inappropriate for smaller, rural/regional councils. Maintain choice as the present legislation provides’.

Is it important for the future of NSW Local Government to have NSW Government funded long-term systemic programs to improve the percentage of women serving as councillors?

At a number of focus groups this suggestion was misinterpreted as the Associations seeking to impose a women’s quota (which it most certainly was not). This tended to colour the discussion at those groups.

The majority sentiment in focus groups on this question was fairly evenly divided between those who did not support having NSW Government funded long-term systemic programs to improve the percentage of women serving as councillors and those who thought such programs should be aimed at a wider group of people who were under-represented on councils.

Those that were opposed to funded programs to improve the percentage of women serving as councillors felt such policies can be divisive. For example one of the Dubbo focus groups agreed that they were against the proposition, stating that ‘if women wanted to stand for council they are quite capable of doing so of their own accord, and they need to stand on their own two feet if they decide to stand for council. They should be aware that there may be factors that may hinder once they have been elected onto council such as family responsibilities’. However, they went on to note that ‘Their council like many others provided baby sitting fees for women
councillors; but is up to individual councils to implement this if and it should not be imposed on councils’. The focus group went on to agree that there should be more mentoring programs in place, and there should be an investigation into a buddy system between metropolitan councils and rural councils, but aimed at new councillors generally not just women.

The participants who fell into the second grouping noted that the question should not be limited to women but should look at diversity of councillors. They could include a number of other groups including young people, disabled people, Aboriginal people or people with English as their second language.

There was a smaller group of focus group participants who strongly supported NSW Government funded programs to improve the percentage of women serving as councillors given that the rate of improvement in representation had reached a plateau over the past decade. These participants were most notable in the Broken Hill, one of the Blacktown, one of the Queanbeyan and the Sydney focus groups.

Among the councils and other groups that made written submissions, and who commented, the majority supported NSW Government funded programs to improve the percentage of women serving as councillors. For example, a regional coastal council noted it ‘supports State Government funded systematic programs to increase the numbers of women Councillors. NSW is lagging behind the national percentage of women Councillors and requires a financial commitment to mentoring and other incentives to attract more women candidates’. One inner metropolitan council observed ‘There should be programs to encourage the election of Councillors reflecting the demographics of the communities that they serve (gender; ethnic backgrounds)’.

Those who were less convinced took a variety of positions. One rural shire council observed ‘if this is to occur it should be a program that is across the three spheres of government’. One large metropolitan council noted as follows: ‘whilst it is acknowledged that there is a need to improve the percentage of women serving as councillors, it is equally important for the future of Local Government that a concerted effort be placed on the education of the community of the roles and responsibilities of councillors. This will contribute to improving the overall diversity and experience of candidates that serve as councillors. The source of funding of any new program would need to be carefully considered’.

Those who did not support such programs took a variety of positions. One rural shire council rejected the concept preferring ‘the existing merit based system’. One larger regional council suggested an alternative approach concentrating on barriers: ‘In order to remove the barriers to becoming a Councillor, consideration needs to be given to: Remuneration, Time of meetings, Family support options, Skill development and Education curriculum amended to include studies of Local Government democracy’.

Is it important for the future of NSW Local Government to have Australian Government long-term systemic programs to improve the percentage of Aboriginal people serving as councillors?

The sentiment in focus groups on this question was fairly evenly divided between three groups - i) those who did not support having Government funded long-term systemic programs to improve the percentage of Aboriginal people serving as
councillors, ii) those who thought such programs should be aimed at a wider group of people who were under-represented on councils and iii) those who supported having Government funded long-term systemic programs.

Again, those that were opposed to funded programs to improve the percentage of Aboriginal people serving as councillors felt such policies can be divisive. The participants who fell into the second grouping believed that the question should not be limited to Aboriginal people or women but should look a diversity of councillors.

The third group were strong in their conviction that programs such as mentoring were important for Aboriginal people if they were to participate at appropriate rates in local community affairs and local governance. A participant in the Wagga Wagga focus group noted that ‘the use of aboriginal advisory councils is encouraging people into the processes of Local Government’.

For the councils and other groups that made written submissions, and who commented the majority supported Australian Government funded programs to improve the percentage of Aboriginal people serving as councillors. Those that supported such programs tended to express support without commentary.

Those who were less convinced took a variety of positions very similar to that offered on women’s programs. The rural shire council again observed ‘if this is to occur it should be a program that is across the three spheres of government’. The large metropolitan council again noted ‘it was equally important for the future of Local Government that a concerted effort be placed on the education of the community of the roles and responsibilities of councillors to contribute to improving the overall diversity and experience of candidates that serve as councillors’.

Those who did not support such programs took a variety of positions. A rural shire council rejected the concept preferring ‘the existing merit based system’. The larger regional council suggested the alternative approach of concentrating on barriers.
What the NSW Local Government sector had to say on the reforms to assist environmental sustainability, social justice and economic viability

Section 4 covered information and questions on what reforms would assist NSW Local Government maintain long-term environmental sustainability, social justice and economic viability.

Is it important for the future of NSW Local Government for there to be Government start up funding and support in the immediate future term to say 2012 to implement integrated planning and reporting?

The sentiment in focus groups on this question was divided between a slight majority who thought start up NSW Government funding was critical and a slight minority that thought councils should shoulder the responsibility themselves.

Those who favoured NSW Government start up funding and support recognised that major reforms need extra resources if central governments want them achieved in an effective and accelerated manner. Both Wagga Wagga focus groups felt this need was self-evident. One Dubbo group agreed that without resourcing it was another unfunded mandate and there will need to be compromises. Another of the Dubbo groups agreed on the following list in response to the question:

- IPR is positive but requires a lot of resources, especially for small councils.
- Hard to get good staff and training.
- Need financial support to implement IPR.
- Rural areas, distances to travel, great diversity of character between each one impact on ability to service entire community.
- Small rural councils don’t have resources to address issues that emerge from CSP process and don’t have skills in-house.

In one of the Queanbeyan focus groups there were views that funding might be needed to cover additional cost of a senior management position kicking off the process of implementing IPR. It was noted that expertise not cash was the issue for many councils and that technical assistance and mentoring was required. It was suggested this could be done regionally. But even then councils are wary: concern was expressed about NSW Government funding always coming with instructions that might bind councils and inhibit their capacity to do it their/their communities’ way.

In the other Queanbeyan group the following concern was raised: ‘The Division of Local Government has no common models or tools for the 10 year financial plan, therefore forcing many councils to use consultants which are expensive and may not be providing consistent outcomes’.

Those that thought councils should shoulder the responsibility themselves felt the challenge was one that councils could and had already accepted. One of the Blacktown focus groups noted this was not an issue for metropolitan councils, that there better uses for the money and it should be allocated elsewhere. One participant observed ‘Councils shouldn’t be told to be planning for the future – there is no need to have a legislative framework to implement the obvious! But this group did concede rural and remote councils may need the framework. Those in the other Blacktown focus group had a slightly different view: ‘Yes there is a cost but a council needs to build it into overall costs of running the organisation and need to be able to raise revenue accordingly. It’s not about IPR – IPR is one of many costs, it is about overall financial viability.’ There were also concerns if funding did materialise ‘group 1 and 2 councils have missed out on funding if any comes up’.
Amongst the councils and other groups that made written submissions, and who commented on the idea of NSW Government start up funding and support to implement integrated planning, the majority favoured such funding and support. For example one large metropolitan council observed ‘whilst integrated planning is important it will certainly be costly and if government financial support is not forthcoming many councils will be forced to divert resources from services delivery to plan making. The benefits of integrated planning have been oversold’.

But as with the focus groups there was a minority that felt funding was unnecessary and should it become available it would be unfair to those that already done it unaided.

Is it important for the future of NSW Local Government for there to be recurrent funding and support mechanisms over the coming decade to grow integrated planning and reporting? If so what form should they take?

This question generated little discussion and little depth of feeling in the majority of focus groups.

The general sentiment was that there needs to be more assistance with sector wide funding and technical support especially for smaller councils.

Other comments on the longer term support for the IPR reform included:

• Need to change mindset about IPR in small rural councils (one Dubbo focus group).
• Would be good to have centralised staff resources that could work with rural councils on a contract basis to assist in developing plans etc; i.e. an IPR “resource centre” (a second Dubbo focus group).
• IPR also needs to be supported by adequate data information systems and the finance to run them and keep them up to date (a second Dubbo focus group).
• There was a need for an independent assessment of the IPR process and the implementation of community strategic plans (one Queanbeyan focus group).
• An independent body should report annually on and benchmark Local Government’s strategic planning and analyse long term trends discovered through the IPR process (one Queanbeyan focus group).

For the councils and other groups that made written submissions, and commented on the idea of funding and support mechanisms over the coming decade to grow integrated planning, the greater majority favoured such funding and support.

One rural shire council noted support needed to take the form of training and ongoing support as follows: ‘Training needs to be compulsory for councillors and executive staff, with a mentor being provided to guide each council through the process’. This council also stressed that ‘definitive guidelines are needed now with a moratorium on changes for at least four years’.

One coastal regional council noted funding was needed: ‘(council) budgeted for community engagement for the development of those Plans but, with an increasingly engaged community and a Council that is desirous of improved community involvement, financial support for future phases of integrated planning and reporting is fully endorsed’.
One inner metropolitan council highlighted the need for financial support: ‘The introduction of the Integrated Planning and Reporting Framework has meant that Councils need to take a more strategic approach to the planning, delivery and resourcing of services to their communities. The strategic approach is supported. However the development of long-term strategic plans, delivery programs and operational plans and the ongoing review of such plans do take considerable effort and resourcing by Councils. Government funding support for integrated planning and reporting would ensure its consistent implementation across NSW as well as its ongoing review and updating’.

One large metropolitan council highlighted the need for ongoing practical support: ‘the Division of Local Government should be commended on the support mechanism that they have provided to date, but it is important that there is continued practical support provided to councils, including information provided on its website. For example the recent forum provided an excellent opportunity for sharing knowledge by councils that had already commenced down that path’.

A number of councils highlighted the need for finance to deal with the issues of substance that the Community Strategic Plan was addressing in some way.

One coastal regional council offered the following more general thoughts:

- The ability to share our learning, at staff and councillor levels, and to access best practice models would be highly valuable and should be achievable.
- The application of community engagement will be much wider than compliance with requirements of the IPR framework.
- It is critical that elected councillors embrace the IPR framework’s implicit shift to direction setting and planning of a strategic nature for the longer term in the exercise of our governance and leadership functions.

The rural council that rejected start-up and ongoing funding and support made the following points: ‘council firmly believes that the integrated planning and reporting regime is able to be managed, facilitated and funded from within the Local Government itself. It is not necessary to go all out and have an over the top process which is expensive. What council believes is that both State and Federal Governments need to ensure that they place their funding exactly where it is required, that being infrastructure upgrades of many of the assets in our community’.
What the NSW Local Government sector had to say on the reforms to assist financially viable

Section 5 dealt with reforms that would assist NSW Local Government become financially viable.

The first and most obvious question posed was ‘is it important for the future of NSW Local Government for rate pegging to be removed?’

The majority of focus group participants favoured the removal of rate pegging, but for many it had caveats and qualifiers as to its overall importance in the NSW Local Government financial picture.

Support for the unequivocal removal of rate pegging was strong amongst participants in Wagga Wagga, Lismore, Dubbo, Queanbeyan, Blacktown and Sydney. As one Blacktown participant observed ‘Yes… It is all about politics, not about service provision. This is the only state that has it. State government doesn’t apply it to its own enterprises’. As a participant at Lismore said, ‘Yes of course. Rate pegging is not based on a good argument or a well established science – if it was a more realistic figure would result that would be more acceptable to Local Government’. As one Queanbeyan group observed rating was not a good revenue tool being an 18th century model.

However, while still supporting removal of rate pegging there were many participants that didn’t see it as the cause it had once been. For example, participants at Inverell noted LGSA has made some progress on rate pegging and the determination of rate increases by IPART is an improvement. Participants at Lismore similarly noted: ‘Having IPART taking on the role of assessing rates may be suitable – more objective and open process that includes changes for section 94 levies’. There was also a view that it is not significant to many small councils as their rate base is so small that removing rate pegging will not make much of a difference.

Participants at Inverell felt the successful implementation of IPR should strengthen the case for removal and as a secondary benefit, may help restore State Government confidence in Local Government. Focus group participants at Dubbo, Broken Hill, Sydney and Lake Macquarie had similar thoughts.

There were many who supported it but only if held in context. For example, the discussion in the Coffs Harbour focus group traversed the following points:
• The importance of rate pegging is overstated (a point echoed in two Dubbo and one of the Blacktown groups).
• If IPR is right then there should be no need to remove pegging (see previous paragraph for widespread support in other focus groups).
• Why fight the political fight when you can do it from the business point of view.
• The Question is ‘is Local Government ready for removal of rate pegging?’ (No!)
• If it is removed what will Local Government do to explain why it can’t deliver?
• There is the need to educate community about ‘levels of service’ and the community needs to understand implications of asking for something.
• Need to have conversation with community about what services cost.
• What will replace rates to determine what to charge?
• Must explore relationship with land values and funding.
• Rely on property based tax (ICV) not rates to fund Local Government activities.
• Remove as matter of principle the master/servant relationship with NSW Government (which is reinforced by constitution).
• There is already a suggestion that rates are ‘at the limit’, that is, the community is fully taxed (a similar sentiment was expressed at one of the Blacktown groups where it was observed ‘Good idea but with the costs for other services skyrocketing would councils raise their rates anyway and at Lismore where it was pointed out: ‘in Lismore the rates were as high as the community could carry as there had many more rate defaults over the last few years. Hence even if rate pegging was relaxed the rates could not be significantly increased anyway’).
• Has Local Government been lazy in hiding behind rate pegging?

Amongst those who generally support its removal there were those with questions about timing. For example, generally and with a long term view, one Queanbeyan focus group thought ‘rate pegging should be removed with such abolition regarded as resulting in better local choices (e.g. to have better/more services and pay for it) and making councils more accountable. However, in the short term rate pegging should remain as abolition would be “political suicide” for councils’.

There were some participants who were prepared to say in some ways rate pegging has been good for Local Government, enforcing a discipline that may not otherwise have been there. One Sydney participant was prepared to argue that while rate pegging should be reviewed to address historic anomalies but it should be retained and councils should seek the lowest possible rate rises as a marketing exercise to ratepayers.

For the councils and other groups that made written submissions, and commented on rate pegging, the overwhelming majority favoured abolition.

The greater majority were unequivocal and the commentaries well known. For example, one inner metropolitan council explained:

Councils must be in the position of managing their own revenue, and that includes determining the level of rates income required to pay for the provision of infrastructure and services to the local community. Rate-pegging does not exist in any other State of Australia, apart from NSW. In all other States, Councils determine on an annual basis what will be the rates payable by the rate-payers of their communities, and they are accountable to their communities for these decisions.
Rate-pegging is a totally ineffective way of enabling Councils to determine the revenue required to cover the true costs of providing services. The maximum allowable increase determined each year by the Minister has not been based on any objective assessment of the increases in costs of continuing service delivery to the community, although this may change under IPART.

These themes were echoed in larger or smaller ways by the other submissions.

One large metropolitan council, however, noted as follows: ‘most proposals in this section rely on the unlikely scenario that the State government will remove rate pegging and boost funding to Local Government. The paper has ignored the need for Local Government to be more efficient and productive and deliver services at market rates and is out of step with the direction at the Federal level. The involvement of IPART in determining the rate cap and special variations may be the only shift from rate pegging as we currently know it. The IPART process will be a more transparent
process for rate setting. The process will also be more rigorous and will test the
efficiency of councils… Expansion of the rating base … and reducing the number of
rate exemptions are options worth pursuing’.

One rural council said ‘council is of the opinion that rate pegging should be retained’.

Is it important for the future of NSW Local Government to develop additional revenue mechanisms?
There was almost universal agreement amongst all participants at focus groups that it is important for the future of NSW Local Government to develop additional revenue mechanisms. There were a small number of participants at Blacktown and Sydney who felt the abolition of rate pegging alone would solve the problems for their councils.

Beyond that firm agreement to develop additional revenue mechanisms there were few common threads about i) any new revenue raising ideas for Local Government in NSW and/or ii) what could be done to generate fresh ideas for Local Government revenue raising.

Indeed one participant in Wagga Wagga noted that while the sector once had many ideas the Local Government Act 1993 has closed down innovation. Another participant in Coffs Harbour noted the Hawker Review was good opportunity to look at roles and responsibilities and funding of the three spheres of government and the sector needed to follow through on it.

Amongst the councils and other groups that made written submissions, and commented, the majority favoured developing new revenue mechanisms.

If so what new or enhanced revenue measures are needed?
Amongst the new or enhanced revenue measures mentioned in focus groups were the following:
• Move away from reliance on rates and reform tax base (raised at Inverell).
• Seek to remove outdated rate exemptions (raised at Inverell).
• Special levies (e.g. environmental and open space levies); these have been effective in raising extra funding; this has worked in well in some metropolitan councils, however, more certainty is needed from IPART where the community supports the levy (raised at Blacktown).
• Using assets such as developing council land to provide income (raised at Blacktown).
• Closing down old facilities and services and moving to contemporary models, e.g. Instead of loosing $2 million annually on outdated swimming pools council is looking to provide a regional pool-leisure centres for which the business case is better; but this is politically difficult (raised at Blacktown).
• US models may be relevant, e.g. sales taxes, share of income taxes (raised at Inverell).

For the councils and other groups that made written submissions, their suggestions covering new revenue mechanisms are set out below.

One inner metropolitan council set out their thinking as follows:
… the capacity of councils to raise revenue by other means is limited and changes in the financial environment can have a significant impact on that
capacity. For example, councils have come to rely on developer contributions for the development of new infrastructure. With changes to the planning legislation and the development contributions framework, councils will now face restrictions on their ability to provide community infrastructure to meet growing community need.

Statutory fees, such as fees for development assessments, also do not cover the true costs of providing such services.

Councils, particularly those in the metropolitan area of Sydney and in regional centres, have been able to generate revenue from other sources, for example rental income from Council-owned properties and fees from parking stations and meters. However such revenue is naturally limited to what the community can or is prepared to pay, and there are limited opportunities for expansion.

The system of valuation in NSW, and the application of rates to land value leads to distortions and inequities in the rating system. This is particularly the case in inner urban areas where land values are high and there is considerable development of medium and high density housing. The system of Capital Improved Value would take into account development of land, and could provide for greater equity in rating between low density and high density developed land. Whilst a different valuation system may smooth out the distortions in rating, however, it would not lead to an overall increase in rating revenue in a rate-capping environment and would result in a redistribution of the existing rating burden.

One coastal regional council outlined its thinking on the possibilities as follows:
Alternate revenues suggested include: royalties or toll for log and quarry trucks, head taxes, broadening of demand management and natural resource taxes (timber, rock, sand), with valuations based on resource capacity.

It is suggested that legislation created by government should attract an appropriate fee or tax to recover costs of regulating that legislation. It is noted much state legislation is regulated by local government. The Hawker enquiry into cost shifting reinforced this approach. It is suggested a review of the regulatory costs of State Government imposed legislation on Local Government should be undertaken to examine impact on local business and council activity.

Council’s financial strategy promotes the principle of “narrowing the gap”, suggesting land taxes and access charges be applied against infrastructure maintenance and renewal; usage charges recover the costs of operation of utilities; application fees and regulatory charges be deregulated to enable full recovery of those service costs; while grants, contributions and special levies fund non-property based services.

It is also suggested Local Governments assume responsibility through the relevant government funding for the on ground operations of catchment management and rural lands protection authorities.
One rural shire council felt that ‘state government policies should be relaxed to allow councils into more entrepreneurial activities. For example the state government has been reluctant to allow councils to create companies’.

Interestingly one metropolitan growth council took the view that ‘broadly speaking, it is more important to fix existing revenue mechanisms than it is introducing new ones. Councils are far too dependent on rates income and need to explore other avenues to assist meeting the cost of services provided to the community’.

One large metropolitan council signalled caution and highlighted the following: ‘While it is important that Local Government consider options for additional revenue sources, it should be noted that there is an overwhelming responsibility for the provision of affordable services to the community and the two ideas do not necessarily work together, especially in a small community. The identification of other revenue sources can often lead to a lack of emphasis on core services. The entrepreneurial activities that are conducted in most Local Government areas generally relate to land which is an acceptable risk for most councils. The need for additional revenues for some councils in the recent past has seen exposure to unacceptable risks in the form of CDOs which had a major detrimental effect to many Local Government areas. In developing additional revenue mechanisms, business risk needs to be clearly understood and measured’.

One rural shire council took a dissenting view on additional revenue measures and noted ‘smaller rural based councils do not have the growth potential that can generate additional revenue mechanisms’.

Is it important for the future of NSW Local Government that there be an overhaul of intergovernmental fiscal relations and transfers?

There was almost universal agreement amongst participants at focus groups that it is important for the future of NSW Local Government that there be an overhaul of intergovernmental fiscal relations and transfers. However, there was an undercurrent of cynicism about whether the other spheres of government want to listen to the merits of any Local Government case.

Amongst what was needed in an overhaul of intergovernmental fiscal relations in focus groups were the following points were mentioned:

- The need to revisit debate about roles and functions and revenue following functions (incl. maintaining asset base).
- Recognition in the Australian Constitution of the of Australian Government’s power to directly fund Local Government.
- A guaranteed share of Australian Government taxation income and direct Australian Government funding.
- Need for Australian Government to fully fund horizontal equalisation under FAGs (currently only about 45%).
- Royalties for Regions (RforR) with payments direct to councils.
- An Australian Government funded Community Infrastructure program similar to Roads to Recovery.
- FAGS needs to be adjusted to properly recognise costs of rural councils like travel distances.
Amongst the councils and other groups that made written submissions, and commented on the idea of overhauling intergovernmental fiscal relations, the majority favoured such an overhaul. The suggestions included those set below.

One inner metropolitan council agreed and noted ‘Local Government should be guaranteed a reasonable fixed percentage of Australian Government taxation receipts, rather than the diminishing amount of Financial Assistance Grants, which is the case at the present time’. This was echoed by a number of other councils of various sizes.

One large regional council agreed saying ‘a good starting point would include arrangements where payments are made direct from the Federal Government to Local Government. Council supports the constitutional recognition of Local Government which it is felt would validate the payment of funds from the Federal Government to Local Governments. Council also supports the creation of regional government in lieu of state and Local Government’.

One coastal regional council stated Councils should receive a share of fuel taxes, heavy vehicle charges and vehicle registration fees to secure adequate funding for roads.

Is it important for the future of NSW Local Government for an alternative system for funding the three Emergency Services to be developed?

There was almost universal agreement amongst participants at focus groups that it is important for the future of NSW Local Government for an alternative system for funding the three Emergency Services to be developed.

The overwhelming support for councils to be disassociated with the funding of the NSW Government emergency services had three main themes – i) that the system of funding is in itself unfair and antiquated, ii) the system of funding finds councils inappropriately funding NSW Government services and iii) the services that councils are contributing to are no longer local in the sense that gave them any connection to Local Government.

For example, the sentiment in inland rural areas is summarised in the following points from one of the Dubbo focus groups:
• The RFS has become a big bureaucracy and is no longer a ‘volunteer’ organisation.
• Expectation is that Local Government will continue to pick up the tab.
• Emergency services should be funded by the NSW Government and leave Local Government out of it.
• Emergency services should be coordinated e.g. RFS and Fire Brigades being better joined up.

For example, the sentiment in coastal areas is summarised in the following points from the Coffs Harbour focus group:
• Why is Local Government involved?
• Why separate entities, isn’t this costly duplication?
• What are costs and benefits to the community?
• Need to reform 3 services, reducing costs of providing equipment and facilities.
• One service trained better is preferable to 3 undertrained.
• Volunteers are poor cousins in terms of training.
• Why does Local Government have fire service assets on register but no control over operations and maintenance?
• Used by NSW government to hide truth about underfunding of emergency services.
• Need to focus on bigger discussion on roles and responsibilities of each sphere of Government.

For example, the sentiment in metropolitan areas is summarised in the following points from one of the Blacktown focus groups: ‘There should be an alternative system. It should be funded by NSW government. It should not be based on land values. Why are we collecting this revenue on behalf of NSW government? This is cost shifting. Urban councils are subsidising rural and regional councils because of land value. Not transparent, not accountable’.

Nonetheless it needs to be recognised there remain some concerns that if the NSW Government takes over RFS then a local area the area will lose its local volunteers and the NSW Government would have to pay staff. Therefore, Local Government may have the need to stay involved (one of the Dubbo focus groups).

Among the councils and other groups that made written submissions, and commented on the idea of developing an alternative system for funding the three Emergency Services, the overwhelming majority favoured such action. The thrust of the majority of responses was similar to the following from a rural shire council: ‘The involvement of councils in the provision of and responsibility for funding emergency services is outdated. Councils now find themselves responsible for paying for services and assets over which they have no effective control’.

26
What the NSW Local Government sector had to say on mutually agreed functions
Section 6 covered information and a question on what reforms would assist NSW Local Government work with mutually agreed functions.

This section centred on the following question: Is it important for the future of NSW Local Government for all service and regulatory functions to be mutually agreed?

The sentiment in focus groups on this question was fairly evenly divided between three groups:
• Those who believed it important for all service and regulatory functions to be mutually agreed amongst the spheres of government.
• Those who believed it important that that some functions be carefully defined and others left discretionary.
• Those who believed all service functions should be enabled not mandatory.

There was also a view that definition and agreement might be more readily worked up when it came to regulatory functions rather than service functions.

One of the Wagga Wagga focus groups and one of the Dubbo focus groups were unanimous that all service and regulatory functions to be mutually agreed amongst the spheres of government, with a mandated function list developed.

Both of the Queanbeyan focus groups were generally supportive that all service and regulatory functions to be mutually agreed amongst the spheres of government. In one group there was fundamental agreement that this was important. Participants noted that there should be core functions (e.g. roads) and optional functions (e.g. community centres). Participants noted that additional functions needed to be agreed to by Local Government and not just left to it because other spheres of government ceased to perform them (e.g. medical centres). (Interestingly once the example of medical centres was raised, there was disagreement as to whether councils should refuse to provide this service as it was State Government responsibility or, as the government of the local area, should be able to take up this service if the community wanted it.)

In the other Queanbeyan focus group, they agreed there is cost shifting, and that mutually agreed functions may stop this. But they went onto observe councils would take on more service functions but there is a lack of funding for Local Government. Moreover, they observed many councils are evolving an agreed service level anyway, and that the community will generally accept that councils will have to withdraw from many functions that are not identified by their communities as core Local Government function. This suggested that they have an ‘enabled’ rather than ‘mandated’ view of the list of functions.

One of the Blacktown focus groups started out supportive of the proposition that all service and regulatory functions be mutually agreed amongst the spheres of government, but added qualifiers as they progressed. They said ‘…it will stop cost shifting’. They suggested an approach where you have broad definitions of what State and Commonwealth will do, with Local Government doing everything else’. But they went on to say there ‘needs to be flexibility within these parameters and the roles will vary from council to council’. They then noted service needs will vary and...
some will be willing to fund responses to this variation. Nevertheless, the group concluded by one participant firmly noting councils should not do immunisations.

Another of the Blacktown focus groups supported the idea of mutually agreed functions as a matter of principle, noting it relates to constitutional debate and funding issue. But in discussion they noted everyone in the debate needs a realistic appreciation of the practical obstacles. There were questions such as i) what is the scope of the functions that need clarity ii) how much clarity is already apparent and what needs further clarity and iii) how do we define the detail of the agreed functions. Members went on to observe that RTA and Sydney Water are very hard to negotiate with on functional questions. Working through issues with state agencies has been complex and restricted releasing new development areas. Further items where clarity is lacking such as storm water and dredging were raised as issues in Gosford.

One of the Wagga Wagga focus groups supported the idea of mutually agreed functions in part suggesting there may be room for some definitions of core a possibility but the core list could not be definitive. However, the themes in this group then began to diverge from this initial position. It was suggested the time was right for ‘thinking beyond what we do now’. Then came a number of questions: ‘Was it better to have service level agreement regarding functions? Does everything we do now need to be Local Government responsibility? What about doing some more functions through regional bodies?’ (Although, this prompted the rejoinder that some ROCS are too big as physical areas.). Why not use a ‘community of interest’ test which might be different for different service functions?’

The views in the Sydney focus group were divided for and against the idea of mutually agreed functions: One participant observed ‘What is the point of trying to be consistent – what I have learnt about Local Government is its immense variety – what is point of streamlining (in Coles, not every store has a deli)’. Another participant noted whilst the idea was reasonable there was surely the need for a structural analysis before going to the functional analysis: is the function best delivered by i) the commercial sector or ii) the public sector? There was the need for a more sophisticated taxonomy and the need to address how we manage transition from one phase to another. Equally there may be the opportunity to re-envision Local Government as a service point for all spheres of government and figure out a new delivery model. There may be a great opportunity to get back into energy market, especially in terms of renewable energy and/or get into local transport (as an environmental sustainable measure) and/or to take back leisure centres that were outsourced twenty years ago.

The Lismore focus group initially seemed to be concerned about what functions were in and out, rather than whether there should be a mutually agreed set of functions. The group commenced with the point that ‘our rural councils do not get overly involved in community services. We seem to step into the breach when pushed (e.g. art galleries)’. It was then observed that Local Government is well placed to deliver services as long as there is appropriate funding. We need the dollars to do the work. It is time for a new debate about what Local Government should we be responsibility for - issues such as child care and caravan parks, aged care support, and public health.’

The group then warmed to the issue of funding, noting ‘funding needs to be ongoing without ongoing administration or maintenance ignored and noting start-up funding
often results in a cost burden in the longer run’. It was also noted that with ‘financial challenges facing Local Government – wages increasing, but the rate base is limited and roles increasing under legislative change e.g. food laws, doesn’t add up’.

A number of participants then observed that Local Government should not be restrained about what they do; they need to be able to respond to local needs. There was opposition in stipulating what functions were in and out. It was noted there are opportunities for Local Government to take on health services in regional areas. It was even suggested that ROCs /councils should run hospitals rather than establish new regional boards.

One of the Dubbo focus groups noted the question is too broad and suggested a process approach was needed. In such a process the following points need to be observed:

• Beware loss of flexibility if set in stone, because one hat does not fit all – some areas do not have resources to provide some function e.g. child care.
• Need meaningful discussion with State Government.
• Important that funding is appropriate.

However, participants agreed particularly that consultation and mutual agreement was needed on regulatory functions. Regulation requirements often place onerous burden on Local Government. Regulatory functions need to be realistic for regional rural and remote councils.

The Inverell focus group favoured some defined functions but noted ideally functions of council should be determined by the local community. Councils should have options provided community is prepared to pay for it. Some also thought Local Government should take over more State Government functions.

Generally, the Coffs Harbour focus group noted a preference to rely on “enabling provisions” of the Local Government Act 1993 for service functions and then there is no need to have list of services provided by Local Government. Integrated Planning and Reporting or Community Strategic Planning should set the direction for what councils do. As one participant said ‘Each council and community can decide what it wants to be involved with’. Nonetheless, some participants noted that this theory and practice can break down because i) Local Government is not good at saying “no” or ii) the NSW Government has funded pilot projects and then discontinued, leaving council to take over.

The group also conceded that this analysis doesn’t work well with regulatory functions which are imposed or carried on a state-wide basis.

Another Dubbo focus group said something similar saying ‘leave it to local communities to decide priorities’. One participant noted the example of a crime wave, where there is a community expectation for council to take some action even though it is a state government responsibility.

Another of the Wagga Wagga focus groups suggested the idea of mutually agreed functions was difficult as everyone’s circumstances differ (e.g. rural, urban) and therefore at best there was only a possibility of having some broad ones.
Participants went on to note the analysis is complicated as some services should not be being undertaken by Local Government (child health, GP incentives etc.) but the councils are doing it because no one else is. Having said that it was noted that what ‘we need to do is not back away from things that are challenging. We need to make the State Government more accountable. Local Government could agree to continue to undertake some roles but in collaboration with the State Government – need their commitment as councils don’t want to see services lost from their community’.

It was also noted service functions need not all be strictly local. Participants asked ‘should we continue to encourage councils to work regionally through county councils and ROCs for some issues? Already happening for weeds, libraries etc. Concern that the bigger we go the more “local” is lost but some efficiencies may exist. Can be efficiencies but need to ensure we get it right. Look at “communities of interest” rather than existing regional structures’.

Among the councils and other groups that made written submissions, and commented on the idea of service and regulatory functions being mutually agreed amongst the spheres of government, the majority favoured the idea.

One rural shire council noted ‘council considers it critical that the future of Local Government is based upon an agreed set of responsibilities, or at least a range it can work within, that is supported by an agreed, realistic and protected funding model.

One metropolitan growth council agreed and set out its views as follows:

Local Government has long suffered a fate of inheriting services and functions from other spheres of government without adequate consultation and appropriate recurrent funding. In 2005, Inter-Agency Agreements were promoted as a solution to this problem but five (5) years on we still see a proliferation of functions being thrust upon councils. Many of these additional functions/activities are seen as ‘best practice’ in the eyes of other spheres of government and therefore don’t fit the Inter-Agency Agreement argument. In some cases, Local Government views these functions/activities as compliance centric with little or no community value or benefit.

A vigorous debate about what services and functions should rest with Local Government needs to take place with other spheres of government. Once a mutually acceptable set of functions and services have been agreed upon, a mechanism needs to be put in place that enables Local Government to have its say on what additional services and functions it might take on. Other spheres of government need to be respectful of Local Government’s (and its community’s) decision to say no when that particular function or service is not warranted or does not add value to the community.

One regional coastal council agreed the functions required review but went on to suggest a different way of classifying the functions: ‘It is acknowledged the traditional functions are categorised to support accounting codes and ABS returns. It is suggested functions be refined to accord with Quadruple Bottom Line (QBL) classifications supported through IPR. Similarly it is suggested those classifications be styled in such a way to enable aggregation upwards into state and national accounts’.
Another regional coastal council made the following more general points: ‘We firmly support an approach that can facilitate services and service level adaption over time, and while we support identifying and addressing some key areas now, we would also encourage the pursuit of dialogue towards appropriate mechanisms through which the on-going balance of governments’ service delivery can be managed. (Moreover) our Local Government tendency to progressively add and enhance services but rarely remove or rationalize them needs to be recognized as either part of the future model, or an aspect that should be better managed in consultation with communities’.

Yet another coastal regional council was opposed to the idea of mutually agreed functions as it may be too limiting. That council stated ‘Local Government should remain alert to possibilities and opportunities that their communities want pursued, therefore, the answer to this question is “no”’.

One rural council opposed the notion of mutually agreed roles in terms of achievability. They said ‘in good consensus government, that is always an achievable outcome, but the reality is that the way the legislation is currently written, is that state government will always be the parent government body. The goal needs to be more focused on Local Government autonomy’.
What the NSW Local Government sector had to say on functions to change
Section 7 covered information relating to and posed questions on what functions potential candidates might negotiate.

One of the Wagga Wagga focus groups made a suggestion for future process as LGSA moves on in the dialogue - they suggested that for councils to fully consider the more specific issues more detailed papers were needed on each of the service and regulatory functions set out in chapter 7. This would provide more detail on the implications of these decisions and result in more considered responses from councils. Moreover it could be useful to have a short paper on how to think creatively on the subject to assist us in thinking into the future.

The first question in chapter 7 was as follows: Is it important for the future of NSW Local Government for councils to be completely removed from Fire protection and Emergency Services?
The sentiment in focus groups on removing Local Government from Fire protection and Emergency Services was divided between groups:
• A majority who favoured removing Local Government from funding and having any role in supporting Fire protection and Emergency Services.
• A minority who favoured removing Local Government from funding Fire protection and Emergency Services but maintaining some form of support role to those services.

One of the Wagga Wagga focus groups, both Blacktown focus groups, and the Sydney focus group unanimously supported removing Local Government from Fire protection and Emergency Services. One of the Queanbeyan focus groups agreed with the model proposed by LGSA (i.e. broad based property levy charged by the State Government).

Similarly half of the Coffs Harbour focus group favoured getting out. Some participants in the Inverell focus group supported stepping away. In one of the Dubbo focus groups a minority supported removing Local Government from Fire protection and Emergency Services, because as councils had already lost control they should completely exit the function.

Some participants in one of the Dubbo focus groups which was divided on the issue, supported the need to examine roles and funding, and suggested it would be better if the NSW Fire Brigades runs both fire services.

Another of the focus groups at Wagga Wagga agreed that councils should be removed from the funding of Fire protection and Emergency Services, but noted more work was needed on the residual roles. The third Dubbo focus groups suggested for ‘big councils perhaps yes, small councils perhaps no’. They went on say ‘there was community expectation that councils will continue to be involved’. Lismore was similar believing while they should not be paying for the three services, they had a role to support the local volunteers. (Nonetheless, there was an observation that there are economic benefits in combining police, emergency services, and ambulance at a regional/local level as this would result in administrative efficiencies.)

In one of the Dubbo focus groups the majority was opposed to removing Local Government from Fire protection and Emergency Services. The view was put that if
the State Government takes over emergency services they will lose their volunteers. In this context participants felt it was important that councils are involved to provide support for volunteers. They felt councils need more say in budget process. Similarly half of the Coffs Harbour focus group favoured continuing to support the volunteer services noting if they didn’t there may be no service.

Some participants in the Inverell focus group were of the view that RFS should be a local service and returned to Local Government. They felt councils will be less relevant if they give back functions and instead councils should take back functions. One participant at Coffs Harbour felt the RFS and SES should be merged into one and given to Local Government to run effectively.

Some participants in one of the Dubbo focus groups which was divided on the issue were more concerned about budget processes for RFS and SES being out of synchrony with Local Government budget processes and supported an ongoing role for Local Government provide facilities, and equipment etc.

The other Queanbeyan focus group favoured further investigation of the issues.

For councils and other groups that made written submissions, and commented on removing Local Government from Fire protection and Emergency Services, the majority favoured the idea. Almost all preferred to be removed from funding and operational support roles. Two councils were specific that they thought Local Government should be spared from funding emergency services but were happy to continue in a support role largely to support volunteers or ensure a presence in particular localities.

One large metropolitan council noted that it doubted that ‘councils can be removed from fire protection because as an owner or provider of care and control has responsibility for managing its bushland and ensuring it isn’t a threat to other land owners. So council will always have a responsibility for hazard reduction, asset protection zone and fire trail maintenance as the owner of these resources’. The council’s view on being spared the funding role depended on the final model.

One rural shire council was opposed to any change, on the grounds that this is a very important part of a rural community’s makeup and removing Local Government from it would reduce community input to a very important function.

The second question was as follows: **is it important for the future of NSW Local Government for a renewed mandate and enhanced funding for Noxious Plants to be negotiated?**

The sentiment in focus groups on a renewed mandate and enhanced funding for Noxious Plants was divided between groups:

- A clear majority that supported a renewed mandate and enhanced funding.
- A small minority that preferred for councils to exit the role.

The following focus groups supported the proposal: all three in Dubbo, both in Wagga Wagga, both in Blacktown, one in Queanbeyan and the one in Inverell.

All these groups highlighted noxious weed management is a critical first step to manage the environment, and is chronically underfunded. They highlight problems with weeds control in National Parks, ARTC and crown land, and these spreading on
to private and council managed lands. There is a view that NSW State agencies are not doing their part, and they need better practice; legislation needs be altered so something may happen.

There was discussion about the role of Livestock Health and Pest Authorities (LHPAs) in this area. The observation was made at one of the Wagga Wagga focus groups that there was the ‘need to see the end of LHPAs and the funding goes to Local Government to do Pest, weeds, etc. Local Government would provide cost savings and be more effective’.

Interestingly one of the supportive focus Groups (Wagga Wagga) suggested a note of warning. They said while it needed to be renegotiated but it was not the highest priority. Their concern was ‘if too many things get declared noxious this will create a huge impost on councils’.

However, the Lake Macquarie focus group preferred for councils to exit the weeds management role based on two main points. The first point revolved around the view that noxious weed infestations don’t bear any relation to Local Government boundaries and therefore it is illogical to tackle them within LGA boundaries – they should be managed at a Catchment level at least. The second point related to overall Local Government reform – councils cannot be efficient unless councils divest themselves of areas where they are inefficient and weeds management is an area where councils cannot be efficient.

About half of the participants in one of the Queanbeyan and the Coffs Harbour, Lismore and Nowra focus groups were of similar opinion. For example, at Coffs Harbour it was suggested it needed another lead agency not Local Government. It was observed this may be better a role for LHPAs or CMAs and even a suggestion to ‘give it to RFS and get them to do it in down time’. In Queanbeyan views ranged from councils should hand function over to CMAs (catchment strategic approach) to councils should do all of it.

Among the councils and other groups that made written submissions, and commented on the proposal for negotiating a renewed mandate and enhanced funding for Noxious Plants, the overwhelming majority favoured the proposal. The case is the familiar one of a role which is not supported by sufficient NSW Government funding. As one metropolitan growth council noted the mandate has for some time been in place. This has not been eroded per se. Rather the ability to deliver in accordance with the mandate has been limited due to a lack of community awareness and education and a similar lack of Local Government resources in the areas of enforcement and weed eradication. For some time, Local Government agencies have been attempting to grow community cooperation and action in relation to the eradication of noxious plants. This has been somewhat challenged by the inability for Local Government to adequately resource eradication of Noxious Plants on their own land holdings. Enhanced funding would enable Council to provide two key outcomes. The first would be an educative program, to assist land owners within the community to understand and appreciate the importance of noxious plants management and eradication. The second outcome would be an ability for Councils to better resource the management of Noxious Plants on their own landholdings, thereby providing a level of responsible leadership to the community in relation to flora pests.
Is there any appetite in your community to continue early childhood health centre provision in the present format?

In a curious turn of events there were very few councils at the focus groups that still provided early childhood health centres for Area Health Services nursing staff to operate from. There were also a number of groups where participants took the opportunity at this point to discuss the merit or otherwise of councils being involved in either other health care services or in child care.

Nonetheless most groups had a view.

The following focus groups felt it should not be a Local Government responsibility: Inverell, one from Wagga Wagga, one from Queanbeyan, one from Blacktown and two from Dubbo.

One of the Blacktown focus groups suggested they were not needed in metropolitan areas but they might be needed in rural communities.

The participants at the Coffs Harbour focus group were divided between those who supported the role and those that didn’t.

In contrast one of the Wagga Wagga focus groups said it was important but not a priority. One of the Queanbeyan focus groups agreed councils would take on services such as early childhood health centres but without appropriate funding it is very limited to what they can provide for their communities.

For the councils and other groups that made written submissions, and commented on whether there was any appetite in their community to continue early childhood health centre provision in the present format, views were evenly divided. But just like the focus groups few of the responding councils actually seemed to be involved in providing the centres.

When the follow up question of ‘if not, is it important to negotiate with the NSW Government about exiting from early childhood health centres’ was asked there were even less responses, with only one focus group agreeing to a negotiated exit (one of the Dubbo groups)! A number repeated that it was state responsibility (both Wagga Wagga groups and two Dubbo groups).

The Inverell group noted Local Government would be negligent if it backed away from health service provision generally and ideally, Commonwealth and State governments should fund it and Local Government should facilitate it. Again one of the Queanbeyan groups noted councils would take on services such as early childhood health centres with appropriate funding.

For the councils and other groups that made written submissions, and commented on whether there should be negotiation on exiting from early childhood health centres, the majority favoured handing the responsibility to NSW Health.
Is it important for the future of NSW Local Government to negotiate with the NSW Government for a revised role in Land use Planning?

The greater majority of participants in all focus groups agreed it was very important for the future of NSW Local Government to negotiate with the NSW Government for a revised role in Land use Planning.

The participants at one of the Dubbo focus groups unanimously agreed with the dot points on page 49 of the modernising local government discussion paper.

In one of the Wagga Wagga focus groups participants highlighted the Environmental Planning and Assessment Act needs a complete revision. This was echoed in Inverell, Coffs Harbour, Lake Macquarie, Nowra, Sydney, two of the Blacktown and two of the Dubbo groups. Although a participant at Coffs Harbour did highlight ‘it is not badly enough broken to throw out, there are some worthwhile checks and balances in system – we need evolution not revolution.’

There was considerable discontent with the present LEP process, especially in rural areas. There was widespread concern with the loss of local flavour. Another Dubbo group noted there was the imperative to recognise flexibility to meet local needs and be relevant to local community. As one participant at Dubbo stated ‘it takes forever to update LEPs’. Or as one participant at Wagga Wagga said ‘LEP planning is a nightmare’ and another said ‘Rural areas are experiencing frustration with LEPs’. At another group in Dubbo it was observed ‘the LEP template is not a good fit for rural councils – needs more flexibility, staff get frustrated with standard LEP template’. It was also observed that State government departments are slow to respond and do not always contribute useful data to councils LEP consultation processes.

One of the Queanbeyan focus groups expressed concerns about the interaction of local and regional planning. The lack of regional land use strategy was leading to isolated development control instead of future strategic planning.

Most participants had some level of concern with the erosion of council roles through Joint Regional Planning Panels (JRPPs). This was expressed most strongly at Coffs Harbour, Lismore, Nowra, Lake Macquarie and by about half of the participants at one of the Blacktown focus groups. Although it was reported a local mayor was on one and found the process refreshing (Coffs Harbour). There was also one participant who wondered ‘are JRPPs and Part 3A a result of Local Government pushing too hard, getting in the way of NSW Government priorities?’

Another of the Queanbeyan focus groups gave voice to a widespread frustration when they highlighted that councils feel a sense of powerlessness in relation to section 3A decisions.

Interestingly, the discussions in the second Blacktown focus group took a different tack. The participants explored the idea that if Local Government wants to hold onto the land use planning process it needs to have a regional focus. One participant took the view that ‘we work more on a regional basis or we get out of it all together’. There was a reasoned discussion on this point. It was concluded there ‘needs to be a body of work on the issue of Local Government taking planning regional’.
Finally there were minority views expressed:

- One participant at Lake Macquarie observed ‘councils have not been great at land use planning in past because they did not have a long term view.
- One participant at Coffs Harbour took the view that this whole question was impacted by a wider issue; i.e. ‘planning is a science and councillors do not have training to deal with it’ and ‘councils need to articulate reasons why they dispute and overturn staff recommendations’.
- One participant at Sydney suggested that planning better done at state level, e.g. only have 3 LEPs – metropolitan, regional, rural or alternatively planning should be based on natural regions or catchments.

Among the councils and other groups that made written submissions, and commented on whether there should be negotiation with the NSW Government for a revised role in Land use Planning, the greater majority favoured a renegotiated role.

For example, one larger regional council responded in the affirmative saying the recent removal of powers for councils to determine certain types of development applications has been a backward step and discussions with the incoming State Government should occur.

A rural council made the following points: ‘One of the most frustrating issues for Local Government in this state is the role State Government plays in Land use Planning. The State Government is too involved, and has stated clearly that they do not trust Local Government to deal with Land Use Planning issues – this is an absurd stance that they have taken. On top of this the Department of Planning has limited understanding of rural and regional issues and making all of the decisions from Sydney is totally inappropriate. It is important that Local Government has control within its own community of its future directions, under the guise of a high level policy direction. For the State Government to have such control of planning in this state shows a lack of trust and respect for the excellent work the talented staff and Council experience that Local Government has. Sometimes the work done at local level is done a lot more efficiently, effectively and timely than ever a state government would be capable of doing’.

As one regional coastal council pointed out ‘(council) focuses on strategic land-use planning rather than DAs but our community expects to have a say in local planning approval decisions and for their elected members to closely examine some DAs to ensure better outcomes. The imposition of State mechanisms on local planning decisions is regarded as a return to centralized planning powers that fail to recognize community interest or the need to more tailored responses’.

In contrast another regional coastal council pointed out ‘It is considered the balance between state and local government planning assessments and controls is improving. However, there is still a perception NSW Planning is metro-centric, for example the imposition of bush fire zones and “biodiversity zones” dictate local land use planning to the extent it impacts availability of complying development. Thus costs to process developments, and levels of uncertainty, are increased for council and communities. There is a cost to councils to remain “tooled up” with staff to process Part 4 Certificates should the private sector not provide that service. State Government should provide strategic and spatial intelligence on climate change and natural resource capacity of all private and public lands per LGA’.
Is it important for the future of NSW Local Government to negotiate with the NSW Government for a renewed mandate and enhanced funding for Local Water Utilities (LWUs)?

The majority of regional and rural participants agreed that it was important to negotiate with the NSW Government for a renewed mandate for Local Water Utilities. This found support in the Inverell focus group, the Lismore focus group, the Nowra focus group, the two Queanbeyan focus groups, the two Wagga Wagga focus groups and three Dubbo focus groups.

Coffs Harbour focus group tended to the view that it was not an issue. The Blacktown, Sydney, Broken Hill and Lake Macquarie focus groups noted as it was not a function for the majority of their councils it was also not an issue.

The majority of regional and rural participants did not feel there was a need to negotiate on funding, as most LWUs were operationally self-sufficient. The issue is capital for small towns and villages.

Among the regional and rural councils and other groups that made written submissions, and commented on whether there should be negotiation with the NSW Government for a renewed mandate and better funding for Local Water Utilities, the greater majority favoured a renegotiated mandate and enhanced funding.

Is it important for the future of NSW Local Government to investigate with NSW and Australian Governments and possibly the private sector alternative ways of dealing with regional and rural Airports?

The question on regional and rural airports elicited no strong pattern of support or dissent amongst focus group participants. Only one of the groups in Dubbo answered this question directly in the affirmative.

On rural and remote airports the views included:
• Important to be able to keep remote airports open for air ambulance services even if they are not open for passenger travel (Dubbo focus group).
• Airports are essential and needed just like parks (Wagga Wagga focus group).
• Vital to community viability (Dubbo focus group).
• Rural and regional airports are essential for services - it is important to maintain it but it is costly - it is also for state services e.g. health. The NSW & Australian Governments should be assisting with funding (Wagga Wagga focus group).
• Airports should never be privatised. They are a key public service (Inverell focus group).
• Councils would have to continue to provide the service as the private sector was not interested (lack of profitability) (Queanbeyan focus group).
• Councils should be in it - most not viable for privatisation (a Dubbo focus group).
• Small airports are money pits (Wagga Wagga focus group).
• Big impost on council’s finances - but in some areas mail delivery is dependent on it. (Wagga Wagga focus group).
• For smaller airports needs to be a better funding model (a Dubbo focus group)
• Local operated rural airports should be funded by the Australian government but controlled by councils (Dubbo focus group).
• It is becoming over bureaucratic; the standards are the same for Sydney airport and Cootamundra air port (Wagga Wagga focus group).
On regional airport views included:

- Larger airports are self funding and important for economic growth (Wagga Wagga focus group).
- Important for retaining regional city status (Coffs Harbour focus group).
- The current situation economically protects the township (Lismore focus group).
- Airports are regional assets (Wagga Wagga focus group).
- Need to have a levy for the maintenance of these airports – needs long term assistance for the maintenance (Wagga Wagga focus group).
- Risk to service continuity if handed over to the private sector (Lismore focus group).
- Australian Government could provide financial assistance (Lismore focus group).
- Security measures need to be considered (Dubbo focus group).
- Cost of providing security screening mechanisms could be prohibitive for some airports (Dubbo focus group).
- Concerns about councils’ ability to fund upgrades to cater for jet airplanes (Queanbeyan focus group).
- Climate change impacts on infrastructure (Queanbeyan focus group).

The Blacktown, Sydney and Lake Macquarie focus groups had no strong views about a function they had no role in.

Among the regional and rural councils and other groups that made written submissions, and commented on the future of regional and rural airports, there was again no clear pattern.

**Is it important for the future of NSW Local Government to investigate any exit strategies for Rural Roads, Bus shelters or caravan parks?**

Amongst the focus groups there was very little appetite for exit strategies on rural roads, bus shelters or caravan parks.

Most participants at one of the Wagga Wagga focus groups, one of the Queanbeyan focus groups, and both of the Blacktown focus groups felt the question on each of these items did not warrant discussion.

The greater majority of participants at the three Dubbo focus groups, one of the Wagga Wagga focus groups, one of the Queanbeyan focus groups, and the Inverell, Coffs Harbour, Lismore and Nowra focus groups were clear that rural roads should remain a core responsibility no matter how difficult some of the demands and anomalies are. The key was that funding from other spheres of government needs to be enhanced. The point was made that Local Government is not like a business that can shed staff or responsibility for economic reasons; it has to continue service with less financial viability.

There was some limited support for dispensing with bus shelters expressed: at one of the Dubbo focus groups and the Lismore group. As one participant remarked at Lismore: ‘Why should bus shelters be Local Government responsibility – shouldn’t it be the responsibility of the Department of Transport?’

There was some limited support for dispensing with caravan parks at one of the Dubbo focus groups and at Broken Hill. However, there was greater support for maintaining a role in managing caravan parks. The motivations were varied and included i) keeping caravan parks as an accommodation source for low
socioeconomic groups or travelling workers, (supported at one of the Dubbo focus groups and at Lismore) and ii) keeping caravan parks as an accommodation source for tourism and the attendant benefits for the region (supported at the Nowra focus group). At one of the Blacktown focus groups it was suggested caravan parks are important revenue source for some councils.

A small number of groups suggested other facilities that could be candidates for an exit strategy: e.g. Swimming pools – whilst there is an expectation that councils will provide pools in every town, but council can’t afford to maintain (one of the Dubbo focus groups); Immunization programs – should they still be operated by councils (one of the Blacktown focus groups); Cemeteries – given land availability for cemeteries and their locations (one of the Blacktown focus groups); and iv) Land remediation - councils would rather not be responsible for land remediation, because councils need to buy in skills and the funds provided by the NSW Government aren’t adequate to cover the costs (one of the Wagga Wagga focus groups).

Similar to the focus groups, for the councils and other groups that made written submissions, and who commented, there was very little appetite for exit strategies on rural roads, bus shelters or caravan parks.

Is it important for the future of NSW Local Government for the revised public health role set out in the Public Health Bill 2010 to be renegotiated?

It is fair to say there was limited knowledge among focus group participants on the Public Health Bill 2010 and the changes to various health protection roles it contained.

One of the Wagga Wagga focus groups was opposed to trying to renegotiate what was contained in the Bill until there were more resources for those roles. One of the Dubbo focus groups felt renegotiation was unnecessary as NSW Health should provide all health services including regulatory health protection functions. Another Dubbo was opposed to renegotiating feeling health is a national government issue and Local Government should get out of it. Some participants at the Coffs Harbour focus group felt it was simply not a role for Local Government and renegotiation was admitting a role which should not be agreed to.

In contrast one of the Dubbo focus groups favoured trying to renegotiate what was contained in the Bill with an eye to lowering the cost to councils. (This group then moved onto discussing how councils had to step in to ensure GP and related health services in the face of market failure and in the face of absence of Australian and NSW Government action.) One of the Queanbeyan focus groups, and the Broken Hill, Lismore and Nowra focus groups supported the idea of renegotiating health protection roles. The Inverell focus group supported a review of who does what and who pays. Some participants at the Coffs Harbour focus group supported a renegotiation as long as the question resources to meet new roles were genuinely part of the renegotiation.

The other Wagga Wagga focus group was concerned the NSW Government were bringing in the Victorian style of health plan and were opposed to that aspect but relatively comfortable with the rest of the Bill.

Both of the Blacktown focus groups were comfortable with the Public Health Bill as it stood.
Among the councils and other groups that made written submissions, and commented on the revised public health role set out in the *Public Health Bill 2010*, the majority favoured a renegotiated role which was preferably both less in scope and/or discretionary rather than mandatory.
What the NSW Local Government sector had to say on being party to mature institutional arrangements

Section 8 covered information and questions on what reforms would assist NSW Local Government become part of mature, post-colonial institutions.

At one of the Dubbo focus groups it was noted ‘post-colonial’ is an old-fashioned phrase, and is not appropriate in the Modernising local government context.

Is it important for the future of NSW Local Government for enhanced recognition in the NSW Constitution?

Having been discussed at an earlier point, most groups and submissions jumped over this question.

For the record almost all focus groups supported enhanced recognition of Local Government in the NSW Constitution. Although one group in Dubbo noted enhanced recognition in the NSW Constitution is only important in so far as it gets Local Government ‘a piece of the action’. For the councils and other groups that made written submissions, and commented, the majority favoured enhanced recognition in the NSW Constitution.

Is it important for the future of NSW Local Government to have a formal whole-of-government Inter Government Agreement between the NSW Government and Local Government?

Both Queanbeyan focus groups, both Wagga Wagga focus groups, two of the Dubbo focus groups, one of the Blacktown focus groups and the Inverell, Lismore, Broken Hill and Nowra focus groups strongly supported a formal whole-of-government Inter Government Agreement between the NSW Government and Local Government. The second Blacktown focus group was divided with some strong supporters and some doubters.

At Inverell it was suggested that LGSA should now go forward with to the Coalition with a more ambitious agreement.

At one of the Queanbeyan focus groups which supported the IGA there was a view that it is important that the IGA spell out that councils would act as the catalyst and conduit for community input on all local services, no matter which sphere of government is delivering those services.

In contrast, one of the Dubbo focus groups and the Coffs Harbour focus group were less enthusiastic. At Dubbo it was observed that agreements should not be sought if they become an end in themselves and do not effect substantial change. At Coffs Harbour the following question was posed ‘what teeth does the IGA have’ and it was noted because of power imbalance between the two spheres of government one needs to maintain healthy scepticism. At one of the Blacktown focus groups it was asked how Local Government could hope to enforce the agreement.

For the councils and other groups that made written submissions, and commented, the greater majority favoured a formal whole-of-government Inter Government Agreement between the NSW Government and Local Government.

One large regional council said ‘Yes. An IGA would be a very sound basis for better/more equitable/more stable funding’.
But one rural shire council noted: ‘any inter government agreement should be between the three levels of government and should include an agreed framework of responsibilities and funding’.

One metropolitan ROC made a point about intergovernmental relations and the role of the present Division of Local Government that is worth mentioning at this point.

That ROC observed as follows:
Council activities are driven by a mix of statutory and non-statutory responsibilities. Oversighting the performance of statutory responsibilities of Local Government is the State Government. The portfolio of Local Government (formerly the Department of Local Government and currently the Division of Local Government) is the administrator of NSW Local Government oversight…
This portfolio and its function is rarely discussed in the context of Local Government reform however it can be argued that it has a significant impact on the success of Local Government. A key criticism in recent times has been the lack of advocacy by the portfolio for the needs of Local Government and the failure to promote connections with other critical portfolios such as transport and planning…
Councils argue that the current State Government is too focussed on its policing or compliance role with Local Government…
A further concern has been the lack of advocacy by the Department for improvements in complementary development such as major infrastructure coordination. For example, the recent Community Strategic Planning process is an illustration of the continuing disconnect between State and Local Government agendas. While each council has been directed to seek out the communities’ concerns across a range of issues covering all government jurisdictions, the State Government has made no commitment to evaluate or act upon communities’ concerns that relate to the other levels of government which are being identified through this process.

Some councils argue that a redirection of the Division’s focus is required that includes:
• Articulating the State Government’s vision for Local Government as a complementary partner in improving community outcomes.
• Driving innovation rather prescribing minimum standards.
• Advocating for improved capacity of Local Government.

Is it important for the future of NSW Local Government for councils act as the catalyst and conduit for community input on all local services, no matter which sphere of government is delivering those services?
Opinion at focus groups was fairly even divided on whether councils should go further than they do now and formally act as the catalyst and conduit for community input on all local services, no matter which sphere of government is delivering those services.

There was support for the idea in one of the Blacktown focus groups, one of the Queanbeyan focus groups, one of the Wagga Wagga focus groups, all three Dubbo focus groups, and the Inverell, Lismore, Broken Hill and Nowra focus groups. Most
supporters saw this as a natural extension of the work councils had already done for years and were now doing more systematically for their Community Strategic Plans.

However, one of the Wagga Wagga focus groups, one of the Queanbeyan focus groups one of the Blacktown focus groups and Coffs Harbour focus group were more circumspect. For example participants at Queanbeyan, participants noted that councils did not want to look at services provided or to be provided by other levels of government because they did not want to create the perception that they were accountable. For the same reason, participants also rejected the notion that councils should act a “feedback conduit” for other levels of government. Participants at Coffs Harbour noted this idea is dangerous for Local Government, as we have no control over what other levels of government do with the information we collect.

At Wagga Wagga they noted this is the very problem with Community Strategic Planning - the community plan identifies issue with a state agency service (e.g. police or health), then Community Strategic Planning puts council the middle having to find out what the police 10 year plan is or lobbying the state to fix the health service problem. LG identifies but the State Gov does nothing about it. Local Government can lobby for community, but Local Government should not be the planner for the state. e.g. police and health. The Community Strategic Planning creates the expectation that Council will change what the state services provide. This expectation needs to be corrected.

At one of the Blacktown groups, participants noted that while councils can send what information council has, there was no support for councils to go out of its way to collect extra information.

For the councils and other groups that made written submissions, and commented, the majority favoured councils going further than they do now and formally act as the catalyst and conduit for community input on all local services, no matter which sphere of government is delivering those services.

The arguments for and against the proposition were similar to those made out in the focus groups.

For example, one large regional council noted ‘Council is doing this when meeting with the community in developing the Community Strategic Plan’ (In the true sense of integrated planning and reporting this is essential to ensure services are meeting local circumstances given diverse communities and diverse locations across NSW).

In contrast, one large metropolitan council responded as follows: ‘No, - and it is highly unlikely for State and Federal governments to want to use councils in the way proposed in the paper. The first test of the trust between local and State government will come through the consultation required under the Integrated Planning Regime. State agencies are required to have input to the development of a council’s Community Strategic Plan.

Councils will still, on behalf of their communities, make representations to government about their services; however the proposal does not seem to be realistic'.
What the NSW Local Government sector had to say on geographic units

Section 9 covered information relating to and posed questions on what reforms would assist NSW Local Government remain or become functioning cohesive geographic units.

**Does your community have an appetite for councils of increased size?**

The greater majority of participants at focus groups did not believe their communities had any appetite for councils of increased size.

Both Wagga Wagga focus groups, both Blacktown focus groups, two of the Dubbo focus groups, one of the Queanbeyan focus groups, and the Broken Hill, Lake Macquarie, Coffs Harbour and Nowra focus groups believed their communities would either oppose councils of increased size or it was not on their radar. One Wagga Wagga group simply noted the community would be up in arms. The other Wagga Wagga group observed ‘that rural councils have already been through this. People don’t mind looking at opportunities to share services and find efficiencies. The concern is that the geographic areas will get too large to be functional and deliver high quality services to our communities’. In one Dubbo group it was put strongly ‘Big councils are not delivering better services. Amalgamation is provocative and frightens everyone. Keep it off the agenda. The question should not be on the agenda unless it’s proved to be better. There is a lack of evidence for economies of scale in the bush’. They also noted ‘communities believe moving councils into larger centres can suck the life from outlying areas. Small communities can wither and die’. Another Dubbo focus group amplified the preceding points and noted ‘amalgamations should not be mentioned at all in the modernising local government discussion paper. Mention amalgamations and they will happen.’ At one Blacktown group it was noted that there was ‘no feedback from community to increase the size of council’ and indeed ‘the Holroyd community does not want to be part of Parramatta’. It was also noted Community is focussed on services not size of community. In the other Blacktown group it was observed ‘Growth councils are getting bigger in terms of population anyway; don’t need to mess with boundaries’.

Although at one Wagga Wagga group they did go on to suggest ‘that urban communities don’t really care who provides local government services – but in rural communities they do care’.

One of the Dubbo focus groups offered a variety of opinions including:
- A view that communities may have an appetite for councils of increased size, if incentives and economies of scale can be demonstrated.
- A view that in larger councils there may be less resistance perhaps because they have less direct interaction with their councillors.
- A view that doughnut councils have an appeal to community,
- A concern for the marginalisation of outer residents in councils that increase in size.

The Inverell focus group was mixed with the following views expressed
- Support for applying the Brisbane model to Sydney but recognising that Sydney has regions.
- A belief that effectiveness requires critical mass, geographic, social and economic cohesion.
- Support for regional cooperation rather than amalgamation.
- A view that Strategic Alliances need to work better.
• A view that larger councils need to maintain community involvement and participation through vehicles such as precinct committees.

At Lismore participants were again of mixed views:
• A view that it would be a hotly contested issue.
• A view that some communities may support amalgamation based on a catchment basis.
• A suggestion that there may be benefit in amalgamating County Councils which may have a flow on to councils.
• A view that Infrastructure Australia’s report supporting the amalgamation of the water utilities may have a significant impact on the debate on amalgamation.
• A view that if councils are ‘ahead of the game’ they oppose amalgamation and if a council is economically weak it is more likely to find amalgamation more appealing;
• A view that form follows functions and therefore amalgamation is only helpful if it improves the functioning of councils.
• A suggestion that a business case is needed to assess amalgamations.

At the other Queanbeyan focus group some participants noted that there was community understanding that council services often extend beyond council boundaries and that the community in these areas should be included in the decision making process (e.g. Queanbeyan and communities on its borders). Others mentioned that its community had no appetite for increased size but an understanding that council faced issues around financial sustainability and might have to be bigger to remain viable.

Whilst the majority opinion in another of the Dubbo focus groups was strongly against there being any community appetite for increased council sizes, there were still some comments of support. These included i) a view that there are some areas where boundary adjustments make sense and ii) a view that councils need to have an open mind on amalgamations, to do what is appropriate.

While the majority opinion in one of the Blacktown focus groups was against there being any community appetite for increased council sizes, there were still some comments of support. There was concern that under the present configuration of councils, councils ‘cannot do the big picture stuff that the region needs’.

Finally, one of the Blacktown groups suggested there may be a point where you need to cap the size of a council because it’s too big to be considered local.

For the councils and other groups that made written submissions, and commented, the greater majority did not believe their communities had any appetite for councils of increased size.

Larger metropolitan councils observed this was unlikely given their very large size already.

One inner metropolitan council observed ‘there is no push or groundswell in our area to pursue an amalgamation with a neighbouring council’.

Similarly regional and rural councils noted ‘there does not appear to be any appetite for increased size in this community’.
Is there contemporary or emerging evidence supporting amalgamations based on economies of scale?

No participants offered contemporary or emerging evidence supporting amalgamations based on economies of scale.

Discussions centred on the following:

- A view that the Queensland experience should be studied closely as there may be evidence that has not been seen elsewhere to date.
- A view that there may be lessons in the two Victorian councils that councils are becoming ‘unamalgamated.’
- The fact there weren’t economies of scale in the last round of amalgamations as staff levels didn’t change.
- The view geographic size is a hindrance to efficiencies.
- A belief that there is far more evidence of disadvantages.
- The problem of loss of communities of interest.
- A view that partnerships and co-operation will deepen and offer greater efficiencies than amalgamations.

Amongst the councils and other groups that made written submissions, and commented, the greater majority did not believe contemporary or emerging evidence supporting amalgamations based on economies of scale.

For example, one regional coastal council stated its views as follows:

We agree that the “amalgamation debate” will recur from time to time, and note the varying views presented in the Discussion Paper. We agree that ‘there may be a case … to look afresh at … council units’ as part of the process of considering our future 20 years out.

We are geographically and operationally large and diverse (and we believe efficient) council, but remain open to discussion and community dialogue on the question of optimum size.

We add the following points to the debate at this stage:

- While the assumption about reform to unit scale is presumable that the units might be larger, would there ever be a sustainable case for ‘smaller is better’?
- The debate should include consideration of the experiences, and potential for future forms, of ‘governance models’ that allow economies of scale to be achieved without the need for reduction in levels of democratic representation.

For example, one large metropolitan council noted:

Economies of scale can be achieved without amalgamation, for example the St George Councils Waste Contract; Southern Sydney Regional Organisation of Councils (SSROC) and Local Government Procurement (LGP), however unless there is compulsion the economies of scale will not be maximised.

Voluntary agreements between councils only address the easy options. For example councils in SSROC would not be able to agree on common back office systems for the region. Unless there are amalgamations or forced (by the State Government) shared services there will be little future gain from economies of scale as the “easy fruit” has been picked.
Larger organisations have the capacity to provide regional facilities, e.g. Hazelhurst and Sutherland Leisure Facility. Smaller councils do not have the funds, financial flexibility and population to undertake such a project and combining with neighbouring councils creates its own set of problems.

The Hunter and Central West strategic alliances may be good models to base future alliances. An independent study of these and the New England alliance may assist the state and local government determines whether alliances may be an alternative to or a preliminary step to creating larger and more viable councils.

One metropolitan ROC stressed that a common misconception about consolidation of councils is the generation of dramatic cost savings. They went on to state ‘while service efficiencies and rationalisation of assets may achieve some savings, the evidence from interstate and international experiences show that major savings are not substantial. The Dollery and Crase 2004 evaluation of Australian Municipal Amalgamation programs highlights that while proponents of amalgamations typically argue that substantial economic benefits will inevitably flow from fewer large councils, that almost no empirical evidence supports these conclusions’.

The Strategic Alliance made the following points:
Section 9 of the paper has focused too much on amalgamation as being the only option of reform for Local Government. The debate should be about reform in the most general of terms to ensure we have efficient and viable councils able to represent their local community views and provide local services. This DOES NOT automatically mean amalgamation and we should avoid using this narrow term.

The … Strategic Alliance is a great alternative solution to amalgamation. Within Local Government, at both a state, national and international levels, there is more and more focus on shared services, cooperative arrangements and alliances as being viable alternatives of reform.

The … Alliance councils have recently adopted the following policy statement:
The (Alliance) supports ongoing reform in Local Government and encourages open and constructive debate which should be followed by appropriate action. Reform can include, but is not limited to:
a. Strategic Alliances
b. County Councils
c. Regional Organisations of Councils
d. Voluntary Amalgamation
e. Virtual councils
f. Cooperatives
g. Public/Private Partnerships
h. Shared Services
i. Business Units
j. Service Agreements
k. Other collaborative arrangements

There was also some discussion within the Alliance about using the traditional geographic measure to determine the Local Government area and that there could be other alternative measures such as population, land area,
catchment, economic and social justice in determining boundaries/areas. We also discussed revisiting the role and constitution of ROCs.

We recognise the great diversity of Local Government areas in their size, demography, geography and financial capacity. One could argue that the metropolitan region should be the focus for amalgamation (as highlighted in Section 9 of this paper, supported by the ACEA “Sydney Towards Tomorrow” debate, the KPMG support “Sydney First – Government Arrangements for Sydney’s Local Government Authorities 2009”).

However, as an alliance of small rural councils we do not feel we should comment on how the metropolitan councils should be constructed. Accordingly metropolitan councils should not comment on how we are constructed. The key point should be that there should be a variety of options available that suit the needs of the communities they represent. In some cases this may mean amalgamation. For others – like (our) councils – an alternative arrangement is better.

We strongly support further investigation into shared service arrangements.

The submission from the United Independent Pools noted that while the discussion paper covered some very important issues, resource sharing and bulk purchasing was not a focus. They went on to stress that there have been some great examples of resource sharing over recent years including Local Government Procurement, ROCs and insurance pooling groups. The insurance pooling groups had been particularly successful in developing collaborative risk management programs and saved money through self insuring. They went on to note the concern about certain provisions under the *Local Government Act 1993* (e.g. s55 (3)) presented difficulties for joint ventures and needed improving.

One of the metropolitan ROCs stressed it was important to understand the relevance of Regional Organisation of Councils (ROCs) when considering Local Government for the 21st Century and made the following points:

- There has been little consideration by either side of the political parties of rationalising the 152 councils in NSW. In particular, there is no obvious intent to rationalise the 43 councils in Sydney.

- As part of the fundamental changes suggested…, given that the area scale and population of the Sydney Metropolis is so large, and will get larger in the coming decades, there is a greater need to organise ROCs to manage various aspects of the regions…

- In setting goals for the future there is a fundamental need to separate the functional actions in the Sydney Metropolitan area (including Greater Newcastle and Greater Wollongong). In nations similar to Australia, that is Federations, the Local Government systems are separated into two parts: the metropolitan system and the provinces. The needs and demands upon each of these parts are quite different and so too the functional roles are similarly different…

- It has been pointed out that there should be a legislative and structural difference between the metropolitan area and the regions of the rest of NSW.
This would require a territorial and structural difference between the two bases of the NSW Local Government system.

- At the metropolitan level there would need to be a reduction in the number of councils and this would create larger populations in each council. Sensibly they would be broadly of similar population sizes allowing for physiography and other factors.

- Within 20 years, there may not be a substantial change in the 43 councils that make up the metropolitan area. Attempts were made to rationalise the council structures of Sydney in 1902, 1913, 1927, 1931, and 1947 (plus a threat in 1976) but the Local Government system fought against change, and won.

- The alternative to leaving the spatial and population mixes to continue within the next twenty years is to bolster the roles of Regional Organisations of Councils (the ROCs). ROCs were introduced in the years of the Whitlam Government because the challenges of a lack of basic infrastructure (especially sewerage) and environmental problems of council are best addressed by providing funds to groups of linked councils...

- In the metropolitan area the proximity of councils and the links of basic connections, especially in relation to infrastructure and environmental systems, can benefit enormously when a workable structure of operations amongst a group of councils can be created. ROCs can provide the mechanism whereby councils can work together in providing better outcomes in a range of activities and at a cheaper cost than individual councils can achieve.

This ROC went on to explain the role ROCs could have in helping constituent councils in the metropolitan area deal with the various service and regulatory functions set out in sections 6 and 7.

One coastal regional council responded noting the questions on amalgamations might not be relevant for them as phrased. They said what would be relevant is an expression of satisfaction or otherwise, of the 2004 amalgamation of the councils that gave rise to the present council. The council then went on to say 'despite some minor misgivings, the outcome of the Local Government amalgamations has been positive. Assets, services and facilities have been provided by the amalgamated Councils that would have remained beyond the capacity of the former, separate councils'. (This council noted it may be worth noting that in the year 2000 there were five general purpose and two specific purpose County Councils. By 2004 the general purpose councils had been reduced in number to four. In February 2004 the six councils were amalgamated… Councillors here have either closely observed or have actively participated in the amalgamation process. They are ideally placed to comment on the question of amalgamations. But, prior to amalgamation they also witnessed the benefits that come from co-operative effort in Regional Water Supply, Regional Landfill and Regional Saleyards Operations, among others.)
Is there emerging evidence supporting amalgamations based on changed or changing communities of interest?
The overwhelming majority of focus group participants at Wagga Wagga, Broken Hill Dubbo, Inverell, Coffs Harbour, Queanbeyan, Lake Macquarie, Lismore, Blacktown, and Nowra doubted there was any evidence that supported amalgamations based on changed or changing communities of interest.

There was however, a single councillor at one of the Dubbo focus groups who commented on the need for council boundaries to be based on communities of interest and suggested his own council could be dissolved with sections merged with three surrounding councils based on communities of interest.

For the councils and other groups that made written submissions, and commented on this question, the majority did not believe there was a case for amalgamations based on changed or changing communities of interest. However, in the minority there were a larger number who felt this deserved some examination.

Is there emerging evidence supporting amalgamations based on other evolving factors?
The majority of focus group participants at Wagga Wagga, Broken Hill Dubbo, Inverell, Coffs Harbour, Queanbeyan, Lake Macquarie, Lismore, Blacktown, and Nowra doubted there was any evidence that supported amalgamations based on other evolving factors.

Among the councils and other groups that made written submissions, and commented, whilst a majority doubted there was any evidence that supported amalgamations based on other evolving factors there were others who took a ‘never say never’ view.

Without answering the question directly, one metropolitan ROC made the point that the size of councils should be a secondary consideration following the re-definition of roles and responsibilities for Local Government. Once these have been determined then structure should be reviewed in conjunction with consideration of regional approaches or solutions to structural reform.

This metropolitan ROC suggested the following:
Ideally the structural qualities of councils should be assessed against the following criteria of whether the council structure can:
• Provide high quality services effectively.
• Deliver services locally and accessibly.
• Give good value for money.
• Respond to local need and wishes.
• Respect community interest and enhance local democratic representation.
• Reflect public preferences.
• Provide clear accountability.
• Facilitate joint action with other partners.
• Demonstrate financial viability.
In effect, a business case for structural reform needs to be developed by councils and their critics that demonstrate that these qualities will be enhanced through a new council structure.
Do councils and communities need to respond systematically to the capital city strategic planning initiative?
The majority of focus group participants chose not comment on this issue having not been exposed to any information on or discussions of the Australian Government’s capital city strategic planning initiative.

At one of the Blacktown focus groups it was observed that this section of the paper needs to be reviewed in light of change of prime minister: ‘Big Australia’ is no longer on the agenda.

One of the Dubbo focus groups discussed the need for the debate to shift away from capital city strategic planning and focus on the many parts of the state want new populations.

There was little feedback on this question among the councils and other groups that made written submissions.

Does capital city strategic planning suggest new forms that metropolitan Local Government ought to consider?
Again the majority of focus group participants chose not comment on this issue having not been exposed to any information on or discussions of the Australian Government’s capital city strategic planning initiative.

Both Blacktown focus groups agreed the capital city strategic planning initiative suggested councils had to think regionally and the response to the initiative may be through an expanded role for ROCs.

There was little feedback on this question among the councils and other groups that made written submissions.
What the NSW Local Government sector had to say on being an employer of choice

Section 10 dealt with how NSW Local Government could become and remain employer of choice to support the reforms in the next 20 years.

As this section scheduled tackled at the end of the focus groups, some groups ran out of time and did not get to it or touched on it only lightly.

**What are Local Government’s emerging skills needs through to 2030?**

For the focus groups that did tackle this section there was a clear divergence between those that wanted to talk about specific skill needs that they predicted would occur and those that wanted to talk more generally about Local Government employment issues.

The following skill needs were identified:

- Professional engineers (because infrastructure skills are being lost) (Blacktown, Dubbo, Wagga Wagga).
- Planners (Dubbo, Lismore, Wagga Wagga).
- Health and Building staff (Dubbo; Lismore).
- Cadetships & apprenticeships (Dubbo, Wagga Wagga).
- Community services & engagement (Blacktown).
- Rates (Blacktown).
- Accountants (Dubbo).
- Operators (Dubbo).
- GIS staff (Dubbo).
- Elected members training and development (Wagga Wagga).

A number of participants concentrated on issues like the difficulty in getting staff in rural and regional areas and the difficulty in competing with the mining industry (Dubbo, Inverell, and Wagga Wagga).

At one of the Blacktown focus groups discussion focused on the impending retirement of the baby boomers and the need to plan for this. There will be more jobs than graduates. Therefore, we need more universities offering qualifications that are needed in Local Government. Also we can and should put our hand up to have sector specific short courses developed: e.g. rates. Skilled people are leaving and there are no courses to learn how to do this properly.

At one of the Queanbeyan focus groups discussion focused on the need for Local Government to adapt. It was suggested that Local Government needs to change its mindset to encourage young people coming in to the field. This needs to include including greater engagement and education to inform the community, especially younger people about Local Government. We need profile building of Local Government in schools. There is a need to recruit at a lower level and offer more flexible working hours. These ideas were echoed in Coffs Harbour, Inverell, Dubbo, and Wagga Wagga.

Amongst other ideas which were raised were the following:

- Encourage ACELG to take regional perspective on employment (Coffs Harbour).
- Develop a city employee work experience program into regional areas (Wagga Wagga).
• Develop a pooled Local Government employee scheme (a pool of skilled employees that councils from draw from, which gives those employees a chance to move around without the loss of them from the Local Government industry (Wagga Wagga).

• Work on getting the courses we need into regional Universities (Wagga Wagga).

At one of the Dubbo focus groups it was observed that there is a large pool of Aboriginal expertise that can be tapped into to provide a reliable workforce and with resourcing there are opportunities for mentoring Aboriginal employees into management positions.

At Lismore it was noted the New Chancellor of the Southern Cross University will be setting up a school for the Built Environment and this would assist in providing training in the region for locals.

In one of the Blacktown focus groups it was noted this topic would be covered in Integrated Planning and Reporting workforce plans, so this question would be best answered by doing an audit of these.

Among the councils and other groups that made written submissions, and commented, the suggestions on emerging skill needs through to 2030 varied widely.

One rural shire council stated as follows: ‘Local Government within NSW is a diverse industry and the future individual needs of each Local Government area will be determined by each respective council. There are certain generic areas that could be identified as emerging areas of interest such as climate adaptation. Of more relevance in the shorter term are skill deficiencies in certain areas such as engineering especially within rural areas. This is an area that the Australian Centre for Excellence in Local Government (ACELG) could be requested to research.’

Another rural shire council noted council believes the key feature to allow councils to adapt to the future revolve around the ability to adapt to the changing needs of employees. ‘Clearly councils must be able to be more flexible in their approach to the changing needs of employees whether this stems from an ageing workforce or more women or parents in the workforce. A key driver in this adaptation process will be the ability of Workplace Awards to this need for change and flexibility.’

This council noted another key issue for rural councils was the increased focus on degree qualifications for many traditional council positions. They explained ‘for many years councils have successfully trained building surveyors through cadetship style programs. With the change to a degree qualification system councils have increasing difficulty in both attracting local entrants to such courses and then attracting qualified students back to rural areas’.

One regional coastal council noted: ‘Local Government has traditionally required a broad professional and technical base for its workforce. Unfortunately those skills are in competition with other sectors. Gen Y and Gen Z may choose to “package” sets of skills through short term qualifications or experience to gain an attractive mix of roles that Local Government may provide’.
One large regional council suggested the following list:
• Use of technology.
• Strategic leadership and planning.
• Planning and engineering skills required for regional areas.
• Consultation and engagement skills.
• Community liaison.
• Environmental sustainability in the workplace.
• ‘Green’ skills.
• Commitment to support elected members training and development.

One large metropolitan council that ‘Local Government is an important part of the national economy and the skills shortages across the economy will be reflected in the operating environment of a council. Local Government has been a participant in research and planning to address the skills shortage and enhance the capacity of Local Government’.

**What does a diverse Local Government workforce look like?**
There was little comment from most groups on the question of diversity.

At one of the Queanbeyan focus groups, participants made the following points:
• There is a need to seek greater diversity at the management level.
• The ageing issue needs to be handled differently and we need to start now.
• Employment practices need greater levels of flexibility, in both hours and salary so as to be able to compete with other public and private sector employers.

At one of the Wagga Wagga focus groups, participants stressed that we need to sell the brand Local Government, and we need to change our approach, not as individuals but as a collective group/industry. We need to do more things as a group e.g. long service leave, but we need to do more collectively. We need to be better for work life balance - more flexibility in employment conditions and time. Councils also need to standardise their systems so people can work for multiple councils at home.

At one of the Dubbo focus groups, participants observed they were working with TAFE to design courses suitable for council staff.

Among the councils and other groups that made written submissions, and commented on workforce diversity, the suggestions were relatively limited.

One large regional council suggested the following characteristics:
• Employees of various ages/demographics.
• A workforce with a flexible and diverse approach, i.e. full time, contract, part time, casual employees working from remote sites etc.
• Various programs in operation to promote participation from many areas of our community (including disadvantaged groups) in all levels of the workforce.
• Inclusive culture.

One large metropolitan council noted that it would appear diverse workforces are emerging across Local Government as a part of an evolutionary process. They note this may need to be accelerated in some areas. But they also note that concentration on diversity must not be at the expense of crating apprenticeships and up skilling existing employees.
What is good practice in learning and development?

Again there was little comment from most groups on the question of good practice in learning and development.

At one of the Blacktown focus groups, participants made the points that we need to promote learning and staff development and not have the attitude that this will only train staff up for other employers. Staff often come back, if not to the same council then to the sector. We need to be thinking about what’s good for the sector. Learning organisations are seen as good places to work.

At one of the Queanbeyan focus groups it was suggested that Canberra, Victoria and South Australia Local Government are great models for learning and development practice.

At one of the Wagga Wagga focus groups, participants explored training issues. One noted ‘unfortunately that LGSA training is mostly provided in Sydney and therefore after adding in travel & accommodation it is costly exercise. But to be fair councils are not supporting what is offered, with training in Wagga is cancelled due to lack of numbers’. Another suggested distance online learning is needed; it needs to be flexible for timing of delivery of training and needs to have range of flexible training sections. Another suggested that Local Government needed a national standard of skills (e.g. the health industry is doing).

Among the councils and other groups that made written submissions, and commented, the suggestions were limited on this question.

One large regional council suggested the following points:
• Good practice across all levels of Government and in the major employing industries is for a greater focus on making a social commitment to training for training within the organisations and to provide surplus to move out into the private sector.
• Good utilisation of technology, including e-learning platforms.
• Directed training programs to develop the skill requirement for the various levels of the organisation.
• A strong commitment to leadership development and succession planning for individuals.
• A focus on enabling disadvantaged groups to fully participate in the workforce.
• Promotion of a learning culture which encourages individuals to take responsibility for their own development and make their own destiny.
• Improving and developing a workplace learning culture in line with corporate values’.
• Producing a learning and development plan consistent with the current and future skill requirements of Council and councils Workforce Plan and Individual Performance Plans.

What is the Local Government Workforce Strategy for 2030?

Again there was little comment from most participants. But both Blacktown focus groups suggested that Integrated Planning and Reporting has improved forward thinking on workforce management and was laying the foundation to begin to answer the question on the sector Workforce Strategy for 2030.
Among the councils and other groups that made written submissions, and commented on a workforce strategy to 2030, the suggestions were varied but not many.

For example one inner metropolitan council noted ‘NSW Councils are developing Workforce Strategies through the Integrated Planning and Reporting framework. As a result, there is a more systematic approach to assessing the human resourcing requirements of Councils into the future, embracing technical, experience, skills and diversity aspects. The Workforce Strategies only have a four year time-frame however, so they do not cater for planning for the Local Government workforce of 2030’.

Another inner metropolitan council explained its approach and what it thought was needed to tackle the future challenges:

Council has developed a draft Workforce Plan. This has been done in the context of being a key element of the Resourcing Strategy which makes up the Integrated Planning Framework.

The Plan is about ensuring that Council has; ‘The right people, in the right place, with the right skills, at the right time, at the right cost and engaged appropriately.

At a two day workshop of Council’s branch managers, staff developed a number of strategies to ensure the long term sustainability of an appropriately skilled work force for local government. The staff believe that raising the professional career image of the industry is something that every council could do locally, and could also do in partnership with our professional bodies, ROCs and networks.

On the ‘Strategies to Manage the Risk’ of reduced skills in the market place; the following ideas were discussed:

- Lobby the LGSA and LGMA to participate in university open days and career expos. Develop industry strategies to improve the perception and attractiveness of different professions within the industry to give those careers “street cred” or traction within younger age groups. TV campaigns such as the CPA have been successful, so why not Local Government.
- Produce brochures for use at universities and conferences and expos etc promoting local government careers.
- Undertake more concerted media campaigns with regards to the variety of employment opportunities in Local Government. e.g. create a small commercial for TV or the movies to promote the industry.
- Approaching local media with regards to running feature articles on different careers in Council.
- Integrate the promotion of Council careers in the Community Engagement Plan.
- Hold a local careers expo e.g. the NZ model ~ a novel idea that gets kids and families involved, the expo promotes awareness of the industry and what local government does as well as promote careers within the industry.
- Build closer links with tertiary institutions. Build career relationships by doing face to face talks in schools, TAFEs and universities.
- Invest in technology. Integrate better and newer technologies into the work place to attract younger generations.
• Promote the benefits of working for council that appeal to different generations. For example, for Gen X, Y and Z promote the following: Variety, Merit based promotion, Flexible work options, Sport and Fitness Programs, 9 weeks Maternity Leave at full pay, Long Service Leave after 5 years, Educational Assistance, great locations, values driven jobs e.g. “jobs that count” “jobs that have impact on the community”.

• Promote Council to younger generations by:
  o Conducting promotional presentations relating to employment and ‘career opportunities in Local Government at “Careers Nights”’ conducted by local high schools.
  o Participating in appropriate Career Expos.
  o Updating the Careers at Willoughby website to be more modern and appealing to younger generations in the workforce.
  o Use online and social networking tools to their full potential.
  o Promoting work experience opportunities in areas of skill shortage and gender imbalance.

One large metropolitan council noted that councils, through the integrated planning regime will develop their own strategies but due to the competiveness between councils those councils with good conditions of employment and flexibility will become more desirable places to work. They concluded organisations that embrace process, system and people innovation are likely to win the race for talent.

**How can the Australian Centre of Excellence for Local Government support to existing good practice?**

Those who were aware of the work of the Australian Centre of Excellence for Local Government noted it was too early to tell.

One participant at Wagga Wagga suggested they can lower costs because $20,000 for three week course is unrealistic. While the course content looked fine, there is no way a small council can afford such training.

Among the councils and other groups that made written submissions, and commented on ACELG, the suggestions were again varied but not extensive.

One rural shire council stated ‘The creation of the Australian Centre for Excellence in Local Government was a positive step towards ensuring a continuing focus on improvement within the Local Government industry. As this Centre develops it will continue to identify areas where it can assist Local Government bodies to address areas where good practice can be transferred between local government bodies.

One large regional council suggested the following:

• Working in partnership with groups such as the LGBEN to develop resources and make initiatives more real and accessible.
• Providing solid research and data on trends in the industry.
• Developing resources for all to access.
• Providing mentoring support for the industry.

One regional coastal council stated ‘The establishment of the ACELG is to be commended however Local Government needs to work at a much more local level to address workforce challenges. Improvements to industrial and employment
arrangements are best determined by the Division of Local Government and LGSA in conjunction with unions and employees’.

One inner metropolitan council noted ‘Local Government operates in a competitive environment in attracting quality staff, and does need to keep pace with the changing workplace environment. Standards need to be set for the quality of staff needed to meet the demands of the future and training and development provided to equip staff with the necessary skills. It is difficult for individual Councils to provide the level of training and development required. Collaboration and partnerships with training bodies therefore need to be pursued. The Australian Centre for Excellence in Local Government is well placed to set the standards for and ensure provision (through agreements with training bodies) of quality Local Government training and development’.

One large metropolitan council noted that Local Government has been a participant in research and planning to address the skills shortage and the establishment of ACELG is an example of the steps that need to be taken.

**How do councils become learning communities?**
Participants that reached this question offered the following ideas on how councils might become learning communities:

- Market the high diversity and opportunities that exist within Local Government workplaces (Blacktown).
- Change traineeships to meet needs of Gen Y and offer opportunities within the sector rather than within an individual council (Blacktown).
- Offer ‘one year straight out of uni’ traineeships (Blacktown).
- Direct recruiting from Universities and offer incentives such as paying HECS fees (Blacktown).
- Change recruiting processes to meet needs of Gen Y - process should be electronic (Blacktown).
- Consider your council as a ‘training council’ and have an industry philosophy (Blacktown).
- Rotation of staff between councils (Blacktown).
- Encourage staff to learn - this might need changes in the Award (Blacktown).
- Greater collaboration with local businesses and a holistic approach - the skills needed by other businesses are often the same as those needed in councils (Dubbo).
- Return to ‘sandwich’ type course, work in partnership with universities (Coffs Harbour).
- Emphasise career path in the industry, not the one individual council (Coffs Harbour).
- Regional meetings for staff, to learn, share, and find support (removes isolation for staff working alone in small councils) (Wagga Wagga).
- Metropolitan/rural sister city programs (although this one had supporters and detractors) (Wagga Wagga).

Participants at one of the Queanbeyan focus groups observed that councils are already leading in this area.

Among the councils and other groups that made written submissions, and commented on learning communities, the suggestions were limited. One rural council cited its close involvement as an official Learning Community.
One large regional council made the following points:
• Promote learning as a key component of the culture of the organizations.
• Make learning opportunities and promote involvement.
• Making resources available to promote individual self development.
• Set up learning hubs (physically and online) to promote access to learning.
• Make learning fun!
Conclusions
From the feedback on the Associations’ Modernising Local Government: discussion paper from focus groups and submissions, there is considerable enthusiasm for reforms or initiatives that assist councils continue to improve. But there is far from a common view about what the key reforms are or how to pursue any reforms. More work is required on what is a long-term and challenging project.

Overall councils support the need for the NSW Constitution to guarantee that councils are elected by local residents (not appointed, except in cases of extreme corruption or dysfunction). However, this should not be a high priority to campaign on in contrast to other initiatives covered later.

Generally councils object in principle to councils being dismissed by the NSW Government and being replaced by administrators. However if the practice must be maintained in cases of extreme corruption or dysfunction, the period of administration should be limited to no more than 2 years. Again this should not be considered a high priority for action in contrast to other initiatives covered later.

Overall councils do not see a compelling case to explore other models for the organisational structure of councils, preferring to maintain, refine and improve the model contained in the Local Government Act 1993.

While councils agreed there may be value in having a full-time Executive Mayor in some very large metropolitan councils, it was not regarded as attractive or necessary across the greater majority of councils. However, there was strong support improved remuneration for Mayors and councillors in view of the way the demands of these roles had, and will continue to change.

Councils were split on whether they support NSW Government funded programs to improve the percentage of women serving as councillors. However, most councils support examining and attempting to address barriers that may prevent diversity in the make-up of elected representatives.

Councils were again split on whether they support Australian Government funded programs to improve the percentage of Aboriginal people serving as councillors. Again, most councils support programs aimed at increasing diversity amongst councillors.

Councils were split on how important NSW Government start-up funding and support was for implementing Integrated Planning and Reporting. This initiative becomes less relevant as more councils do their first Community Strategic Plan and associated resourcing plans.

Overall councils supported long-term funding and support to grow Integrated Planning and Reporting. However it tended to be regarded as a lower priority and there were few concrete initiatives that had widespread support.

Overall councils supported the abolition of rate pegging in principle but usually favoured it being phased out carefully.
Overall councils support Local Government developing additional revenue mechanisms. More work will be required to explore and identify what the mechanisms might be.

Generally, councils supported an overhaul of intergovernmental fiscal relations and transfers. The initiatives most favoured relate to ALGA and/or LGSA’s campaigns on constitutional recognition and direct Commonwealth funding of Local Government, a fair share of Australian Government taxation, fully funding horizontal equalisation, and Royalties for Regions type schemes.

Overall councils strongly supported the development of an alternative system for funding the three emergency services that did not involve Local Government as a contributor.

Councils have diverging views on the idea of mutually agreed service and regulatory functions, with councils falling into the following groups:

i) Those who believe it is important for all service and regulatory functions to be agreed between all three spheres of government.

ii) Those who believe that some service and regulatory functions be carefully defined and agreed, and other service functions be left discretionary.

iii) Those who believe that it is important for regulatory functions alone to be agreed between all three spheres of Government.

iv) Those who believe all service functions be ‘enabled’ as in the present Local Government Act, not made mandatory by mutual agreement.

There was a sense that while this was a challenging task it was a significant priority over the short to medium term.

Generally councils favoured having no future role in funding or providing operational support to the three emergency services. However, there was a minority of councils that favoured maintaining a role in relation to the Rural Fire Service and the State Emergency Service.

Overall councils favoured a renewed mandate and enhanced funding for their role dealing with noxious weeds. However, a minority of councils that favoured shifting noxious weed control to another agency.

Overall councils supported handing the responsibilities for Early Childhood Health Centres to NSW Health. However, caution needs to be exercised as the councils still active in providing Early Childhood Health Centres were not well-represented in the focus groups or amongst the submission makers.

Overall councils strongly support a revised role for Local Government in Land use Planning, focusing on a complete revision of the Environmental Planning and Assessment Act 1979 and resolving a host of issues relating to the local input, LEP processes, Part 3A, Joint Regional Planning Panels and SEPPs.

Overall councils strongly support a renewed mandate and enhanced funding for Local Water Utilities.

Overall councils support Local Government providing small rural and remote airports or airstrips as an important community service obligation and believe Australian
Government funding should be provided. Overall councils support Local Government providing regional airports as both a service function and an economic driver.

Overall councils preferred a downsized role under the revised *Public Health Act 2010*. However, pursuing this was not seen as an urgent or major priority.

Overall councils support a formal whole-of-government Inter Government Agreement between NSW State and Local Government, as long as it had strong enforcement mechanisms and was not just symbolic.

Councils were divided on whether they should go further than they do now and formally act as the conduit for community input on all local services, no matter which sphere of government is delivering the service. Those against saw it as a dangerous move setting councils up for criticism on services over which they had no control. Those favouring it saw it as a natural extension of their role in representing communities to other spheres of government and a natural part of Community Strategic Planning.

Overwhelmingly councils do not believe the communities they serve have appetites for larger councils. However, some noted i) some communities want local boundary changes; ii) some communities might be attracted to being organised on a catchment basis and iii) (from a rural perspective) metropolitan communities may accept much larger councils (or even a single council).

Overwhelmingly councils do not believe there is contemporary or emerging evidence supporting amalgamations based on economies of scale. The greater majority cited studies that showed the contrary. The value of resource sharing and other joint strategies was strongly supported as an alternative. Nonetheless, there were suggestions from the last round of amalgamations that new councils now provided facilities and services that were beyond the capacity of the former councils.

Generally Councils do not believe there is evidence supporting amalgamation based on changed or changing communities of interest or other emerging factors.

Councils are aware of the challenges for workforce planning over the coming decades but as the themes from this exercise are varied, more work is required before an overall picture could be drawn.
Appendix A: Local Government Reform

The Associations recognised Local Government reform in its various guises has been almost constant in NSW since the 1970s.

These reforms have involved:

• *Electoral reforms*, as varied as changes to voting systems, reduction of councillors and popular election of mayors especially after the 1993 *Local Government Act*.

• *Functional reforms*, including expansion along with other Government spheres into human services from the 1970s and wider environmental management and regulation in the 1990s.

• *Financial reforms*, such as involvement in the micro-economic reforms from the mid-1980s, competition policy in the 1990s and the imminent asset management reforms (under integrated planning and reporting).

• *Industrial reforms*, including the award restructure of the 1980s and jurisdictional coverage changes in the mid-2000s and again in late-2000s.

• *Organisational reforms*, such as the continuing experimentation with organisational structures that commenced in the 1970s but gathered greater pace with the 1993 *Local Government Act* and the popularity of new managerialism at the same time and the imminent suite of reforms relating to integrated planning and reporting from 2010.

• *Structural reforms*, like the enforced amalgamations of the 1970s, the voluntary mergers of the 1990s and the guided amalgamations of the mid-2000s.
Appendix B: Staff

The staff involved were:

• Kirsty McIntyre (Senior Policy Officer Natural Resource Management)
• Amy Lovesey (Project Manager, Climate Change)
• Liz Gemes (Policy Officer, Rural Affairs and Emergency Services)
• Niki Carey (Assistant Strategy Manager, Urban Sustainability Support Alliance)
• Frank Loveridge (Legal Officer)
• Bob Verhey (Strategy Manager Environment)
• Sascha Moege (Senior Policy Officer, Finance and Infrastructure)
• Margaret Kay (Senior Policy Officer, Ageing and Disability)
• Richard Connors (Senior Policy Officer, Roads and Transport)
• Connie Chatfield (Aboriginal Liaison Officer)
• Chris Hudson (Policy Officer, Cultural Development)
• Shaun McBride (Senior Strategy Manager, Finance Infrastructure and Planning)
• Jenny Dennis (Policy Officer, Planning)
• Noel Baum (Director, Policy)
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