

Leichhardt Municipal Council



AGENDA

ORDINARY MEETING

28 AUGUST 2012

SUPPLEMENTARY REPORT
ITEM 7A

LEICHHARDT MUNICIPAL COUNCIL

ORDINARY MEETING OF COUNCIL

NOTICE IS HEREBY GIVEN OF THE FOLLOWING **SUPPLEMENTARY ITEM** FOR THE **ORDINARY MEETING** OF THE LEICHHARDT MUNICIPAL COUNCIL TO BE HELD IN THE COUNCIL CHAMBERS, LEICHHARDT TOWN HALL, 107 NORTON STREET, LEICHHARDT, ON **TUESDAY 28 AUGUST 2012**.

Peter Head
GENERAL MANAGER

24 August 2012

BUSINESS:

ITEM 7A DESTINATION 2036 UPDATE

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LEICHHARDT MUNICIPAL COUNCIL

REPORT

DIVISION: GENERAL MANAGER'S OFFICE
SUBJECT: ITEM 7A - DESTINATION 2036 UPDATE
AUTHOR: PETER HEAD - GENERAL MANAGER
DATE: 24 AUGUST 2012
WORD PROCESSING REF:

DIRECTOR'S SUMMARY - ORGANISATIONAL IMPLICATIONS

Financial Implications: Financial sustainability for local government

Policy Implications: Consistent with existing council policies opposing forced amalgamations or forced boundary changes; and supporting local government reform initiatives based upon resource sharing/strategic alliances

Strategic Plan Objective: Covers all 6 key service areas of Leichhardt 2020+

Staffing Implications: Potential improvements for both staff and councillor capacity and retention

Notifications: Community engagement essential for re-defining local government roles and functions

Other Implications: Potential for effective partnerships across all levels of government

1. Purpose of Report

To provide an update on the Destination 2036 local government reform initiative and to respond to the State Government appointed NSW Independent Local Government Review Panel consultation paper 'Strengthening Your Community'.

2. Recommendations

That Council respond to the NSW Independent Local Government Review Panel consultation paper 'Strengthening Your Community' in terms of section 5 and 6 of this report with the Mayor and General Manager in consultation with Councillors delegated the authority to finalise the submission

3. Background

On the 17-18 August 2011, all 152 NSW councils came together in Dubbo to plan the future of local government in NSW at the Destination 2036 workshop. It was facilitated by the Division of Local Government with the Mayor and the General Manager representing Leichhardt Council.

An implementation Steering Committee (ISC) consisting of the Chief Executive of the Division of Local Government (Ross Woodward – chair) ; the President of the NSW Local Government Association (Cr Keith Rhoades) ; the President of the NSW Shires Association (Cr Ray Donald) and the President of the NSW Local Government Managers Association (Mark Ferguson) was subsequently established to build on the work of the workshop and in particular to develop a specific Action Plan for implementation in 2012. The ISC subsequently released an Outcomes Report including a series of draft actions and a Draft Vision for NSW Government - seeking comment by the 4th November 2011.

Following the October 2011 Council meeting, Leichhardt Council lodged a detailed submission to the Draft, (a copy of the submission is attached) .

Our submission reaffirmed opposition to forced amalgamations and forced boundary changes; and reaffirmed support for local government reform initiatives based upon resource sharing/strategic alliances and sector wide cooperation with effective liaison between local government, State Government and the various State Government agencies for more effective planning and service delivery.

The Draft Destination 2036 Action Plan was prepared by the ISC in early December 2011 and Council's response in February 2012 was as follows:

That Council, in again reaffirming its opposition to forced amalgamations and forced boundary changes; and again reaffirming its support for local government reform initiatives based upon resource sharing/strategic alliances and sector wide cooperation with effective liaison between local government, State Government and the various State Government agencies for more effective planning and service delivery, responds to the Destination 2036 Implementation Steering Committee on the Draft Action Plan as follows:

- 2.1 Supports the Vision statement in the Draft Action Plan
- 2.2 Reaffirms that a Draft Action Plan should start with a structured process to clearly identify, define and align the roles and responsibilities of Federal, State and Local Government; and to develop a shared understanding of all functions and resourcing requirements; in turn determining core and discretionary local government functions
- 2.3 Notes that the Draft Action Plan is moving towards reflecting this structured approach
- 2.4 Recommends that the Draft Action Plan be amended to reflect the suggested changes and improvements in sections 5.2 and 5.3 of this report, in particular:
 - To include a comprehensive Consultation Strategy
 - To ensure the entire Project and processes are driven by the Vision Statement
 - To include the Federal Government in reviewing functions, roles and responsibilities
 - To include a process following the review whereby a shared understanding between all 3 spheres of government will be achieved
- 2.5 Recommends that to advance the Draft Action Plan, the following actions are essential:
 - Prepare a revised Project Plan to include a meaningful and comprehensive consultation strategy - thereby ensuring that all councils and their communities are genuinely engaged. This should occur immediately and all councils fully consulted before final sign off.
 - Under Initiative 13 – “ *more clearly defining the functions, roles and responsibilities of Local and State Government* “- include the Federal Government and develop actions to clearly define a process for achieving a shared understanding of all these functions, roles and responsibilities between all 3 spheres of government.

In June this year the ISC finalised the Destination 2036 Action Plan (copy attached) which identifies 12 major issues to create strong local government. Implementation of the Action Plan is through the ISC.

In April this year the NSW State Government also established an Independent Review Panel to consider 5 key issues and 7 of the Action Plan actions entailing investigation and identification of options for governance models, structural arrangements and boundary changes for NSW local governments.

The 3 member Panel is chaired by Professor Graham Sansom, Director of the Centre for Excellence in Local Government alongside Ms Jude Munro AO (former Brisbane CEO) and Mr Glenn Inglis (previous rural and regional general manager) The 5 key issues the Panel will consider are :

1. council's ability to support the current and future needs of local communities
2. council's ability to deliver services and infrastructure efficiently and effectively and in a timely manner
3. the financial sustainability of each local government area
4. the ability for local representation and decision making
5. barriers and incentives to encourage voluntary boundary changes

More specifically the Panel will address 7 actions from the Action Plan :

1. options and models for enhanced regional collaboration through the ROCs
2. research into better practice local government in NSW, Australia and internationally
3. examine the current local government revenue system including rating provisions
4. evaluate alternate governance models
5. research and develop alternative structural models
6. identify barriers and incentives for voluntary amalgamations or boundary adjustments
7. analyse and review State and local government functions

The Panel will build on and take into account previous or forthcoming reviews including :

- The 2001 Sproats Review of Inner City Councils
- The 2006 LGSA 'Allan' inquiry
- Revenue reports by the Productivity Commission in 2008 and IPART in 2009
- The 2006 'A new direction for local government' paper
- Other interstate and international studies including the 2007 Queensland Local Government Reform Commission and the 2012 Perth Metropolitan Governance Review
- NSW 2021 - the NSW Government's 10 year strategic plan to 'rebuild the economy, return quality services, renovate infrastructure, strengthen local environment and communities, restore accountability to government
- The forthcoming review of the 1993 Local Government Act

The Panel will make recommendations to the NSW Government in July 2013

4. 'Strengthening Your Community' consultation paper

The Panel as part of their ongoing consultation program have now released the 'Strengthening Your Community' consultation paper (copy attached) and seeks comments by the 14th September 2012.

In particular they are seeking views on 3 questions :

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

5. Suggested response to the 'Strengthening Your Community' consultation paper questions

5.1 What are the best aspects of NSW local government in its current form

- The ability for councils to work closely with their communities - maintaining and preserving communities of interest at the grass roots level and beyond
- Community Engagement to plan and implement - positively reinforced by the Integrated Planning and Reporting Framework
- Transparency and Accountability to their communities
- Generally efficient and effective service delivery evidenced by the positive outcomes of regular community perception surveys
- The Local Government Act itself, noting that many parts of the Act are solid and work well; the forthcoming review should therefore build on the existing Council Charter and develop further functions and roles from this base. Importantly also is the fact that a review of roles and responsibilities of all 3 tiers of government will undoubtedly influence the review of the Local Government Act
- The way the ROCs work now with the power vested in the local councils that are their members (which in itself is not a barrier to achieving effective resource sharing and better cooperation between councils)

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

- maintaining and/or increasing adequate investment levels for satisfactory infrastructure maintenance and renewal (note that in Leichhardt Council's case rapid population increase or decline is not expected therefore significant shifts in demand for more or less local infrastructure are not likely)
- adequately resourcing the many essential local services that councils provide for their communities eg planning, regulatory, community services including aged and early childhood, community safety programs etc

5.3 What top 5 changes should be made to local government to help meet your community's future challenges

1. In terms of structural models and potential changes, this must 1st start with identifying the roles and responsibilities of Federal, State and Local Government and formalising a shared understanding through a MOU or other similar agreement (including when functions are proposed to shift

between levels of government); then reviewing and clarifying functions provided by Local Government, including identifying core or key functions as well as discretionary functions.

2. Once all the roles and responsibilities have been clearly defined , then potential structural reform opportunities including resource sharing and shared service opportunities will be clearer and easier to identify recognising that there is no one particular model that fits all local government areas.
Trialling of structural models must be based on whether they will deliver the expectations of the Destination 2036 Vision statement and in turn will deliver benefits to the community. Local accountability and local representation are core elements in contributing to the achievement of the Vision.
3. Facilitate more effective resource sharing and shared service opportunities – mindful of preserving local communities of interest, the autonomy of governance and financial accountability of all councils .
4. Review and develop a broad range of options for increasing the financial sustainability of councils including removal of rate pegging, more equitable revenue distribution from the Federal Government and other funding strategies to meet functional needs and demands. The recent introduction of the Local Infrastructure Renewal Scheme is a positive step but is substantially limited by the quantum of funds available and in some council cases their ability to service the loan albeit at reduced interest rates
5. Facilitate a review of the role of Councillors including but not limited to Mayoral terms, governance models, remuneration and training.

6. Next steps

The Panel, once having considered the key issues and explored ideas received to date will then move to stage 2 with a further paper on 'a case for change' - to generate debate on a range of potential models for governance, structures and boundaries.

This will occur between October and January and it is also recommended that Council request the Panel to ensure that this next stage :

1. is not simply an exercise about drawing boundary lines on a map
2. must be based on the outcomes of reviewing the roles and responsibilities of Federal, State and Local Government
3. any proposed changes must be evidence based showing a clear and positive benefit/cost outcomes for the community
4. comprehensively engages the community

**LEICHHARDT COUNCIL SUBMISSION TO
THE DESTINATION 2036 OUTCOMES REPORT
4TH NOVEMBER 2011**

1. Council has grave concerns about the process followed at Destination 2036.

The 2 day Conference should in no way be taken as speaking for NSW communities and their elected local government representatives. Local Government is the tier of government closest to the people that it represents and this is its core strength. However the community and most elected Councillors have had no say in this process whatsoever.

Only Mayors or their delegate were invited to attend, not Councillors, residents or local business representatives. At the conference elected representatives were a minority group with council staff, regional utility organisation representatives, other staff and consultants a significant majority. There was also little diversity in terms of sex, age and ethnicity in the delegates.

Great store and media coverage of the conference has been placed on the way delegates voted on key items, despite the fact that at the conference itself the voting was done in a fast and somewhat dismissive way with delegates being assured that it was just to get an indication of what people think. If so much store is now being put on the way delegates voted at the conference then it is odd that the electronic vote recorders were found piled up at each table when participants sat down, and, with no instructions to do otherwise, many tables used all the vote recorders that were provided at their table even if some of the participants at the table had not arrived. It also appeared that the vote recorders were at all tables and being used by all participants at the conference, rather than only by Mayors and General Managers, this is borne out by the large number of people (up to 370) voting on items. This large number of votes is no longer captured in the data supplied with this report and only percentages are used now. Additionally, in terms of the voting, the terminology and meaning of a number of items voted on and the purpose of the vote was not clear to most participants, so, for example, there were participants voting against items such as “ democratically elected” at one stage, not because they thought it was not important for local government to be democratically elected but because they believed they were voting on the exact wording for a statement about local government and that it was so obvious that local government would be democratically elected that it didn't need to be included in the statement

The report has a list of “people who attended the Destination 2036 Workshop” however the list is inaccurate as there are people on this list that did not attend although they may have registered. It is odd that they have been recorded as attending in the report. It is also odd that the number of votes recorded on some items was higher on the day than the number of people recorded as attending the Conference which apparently included participants and observers.

The Destination 2036 Outcomes report, 4.3, page 14 puts emphasis on the way delegates voted with regards only to issues pertaining to amalgamation of

councils, being “resource sharing with formal regional structures” and ‘voluntarily rationalised and amalgamated’. The results recorded here are a complete distortion of what actually happened. Many participants agreed to the proposition of further rationalisation of services and infrastructure and amalgamations with the general understanding that what was being discussed was that it meant looking at rationalising some of the services and infrastructure so that there was better resource sharing between councils. Those that voted against were concerned that it meant more than just resource sharing.

The Report implies that “amalgamations” was a key issue at the Conference, it wasn’t. The emphasis on amalgamations and the implementation of mechanisms that inevitably lead to amalgamation are central to this report but were not central or a key issue at the Conference, apart from a keen desire on the part of the facilitator to try to bring this in as an issue at various points in the proceedings. In fact there were no action points from the conference participants themselves that contained amalgamations as an action point. This has been rectified in this report and numerous references to mechanisms which will effectively force amalgamation as an outcome onto small and medium councils have now been included in the report although not discussed in the full Conference.

2. Council is concerned that both at the Conference and in the Outcomes Report there was no consideration on what councils across the state are doing well and therefore what needs to be built on and fostered.

While clearly some Councils, particularly rural and regional are facing large infrastructure backlogs, the situation across Councils is many and varied with some Councils being in strong financial situations and with little or no infrastructure backlog. Rate pegging for many years in NSW, cost-shifting and a lack of a fair share of tax revenue for local government are key reasons for the infrastructure backlog being faced by some councils rather than any inefficiencies in administration.

Local Government meets many community expectations in terms of services and facilities and they are often able to respond directly to local needs, needs that are often not being met by other tiers of Government. Local Government also plays a valued role in representing, lobbying and advocating to other tiers of government key issues of concern to the people it is elected to represent.

3. The report would appear to have a clear agenda to impose on councils a reduction in effective community representation by reducing Councillor numbers, through a corporatisation of Councils and through Council amalgamations which would be forced in all but name and achieved by creating a situation which would effectively provide councils with no alternative than to amalgamate.

It is noted that although the majority of Conference delegates, when asked, by a fellow delegate at the Conference on Day 2, if they thought amalgamation was a way forward for local Government in NSW voted with their hands that they did not think that and that they also rejected the constant insistence of the facilitator to return to this topic. This, of course, has not been recorded in the report.

Leichhardt Council responds to the Outcomes Report reaffirming its opposition to forced amalgamations and forced boundary changes and to the implementation of mechanisms that inevitably lead to Council amalgamations which would be forced in all but name and achieved by creating a situation which would effectively provide Councils with no alternative than to amalgamate.

Leichhardt Council however reaffirms its support for local government reform initiatives based upon resource sharing/strategic alliances and sector wide cooperation with effective liaison between local government, State Government and the various State Government agencies for more effective planning and service delivery.

4. Draft Vision Statement

In terms of the Draft Vision Statement, Council supports the Draft Vision statement developed at the Destination 2036 workshop being that Vision as stated below:

The Vision for Local Government in NSW is:

Strong Communities through Partnerships

By 2036, all NSW communities will be healthy and prosperous – led and served by strong, effective and democratically elected local government. Through leadership, local knowledge and partnerships with community, government and other sectors, we will plan our futures and deliver quality services and infrastructure.

We will be recognised, respected and responsible for:

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

5. Draft Action Plan

In terms of the Draft Action Plan. Leichhardt Council considers it should start with a structured process to clearly identify, define and align the roles and responsibilities of Federal, State and Local Government ; and to develop a shared understanding of all functions and resourcing requirements of Local Government and the many core and discretionary functions and services that local government needs to deliver in order to meet the expectations of their own communities. The current Local Government Act 1993 with amendments should be seen as the base document in terms of defining the role, core and

discretionary functions and further development of this Act should be done to clarify the additional roles that Local Government are now asked to take on by their communities, such as local Economic Development.

Thereafter, the Draft Action Plan should:

- *Facilitate more effective resource sharing and shared service opportunities – mindful of preserving in full the autonomy, governance and financial accountability of all local Councils in NSW..*
- *Start by asking what are the key criteria with which we will judge Councils. If we go back to the vision statement to give us guidance, then we are saying that Council should be recognised, respected and responsible for: Upholding the highest ethical standards; Sound financial management; Sensitive environmental stewardship; Meaningful community engagement, advocacy and leadership; Our adaptability, innovation and learning; Developing the full potential of our people; Responding to our diverse cultures and environments and Creating places that people value. If these are the criteria upon which we will judge Councils, are the structural models such as those that have been presented in the report going to achieve these outcomes, or are some or all councils across NSW already achieving on these key criteria under their current structures?*

We haven't really asked the question what makes a Council an effective Council, delivering high on the Community Perception Surveys and delivering on all the above criteria. Once we ask that question we can start to work through any structural changes that will improve local government and its ability to deliver in the key criteria.

Specifically, the following comments are made with respect to the list of Suggested Actions (page 53 onwards in the Outcomes Report):

- 1c **AD - that the review builds on the current Council Charter and develops further functions and roles from that base.**
- 2a **NO – disagree with this Action because disagree with the premise that the current structure is broken. Look at Councils which are working well and learn from them. Ask if these models deliver on the key criteria in the Vision statement and if they are delivering benefits to our communities. The models will mean reducing local representation and accountability and local council powers and are not supported.**

- 2b ***NO – these models are not delivering the Vision Statement. This process is deeply flawed, if you want to develop models define the criteria first then involve key stakeholders – none of this has happened.***
- 2c ***YES - but this should be given quality and adequate time before there is any consideration to run a pilot project.***
- 2d ***NO – apart from buying into the agenda of the Sydney Business Chamber to reduce the number of Councils in Sydney what exactly is the purpose of this action. There are other options to this***
- 2e ***NO – the Local Govt Act 1993 needs to be updated to reflect the many roles and functions that local government undertakes , a wide ranging review is not what it needs as ,many parts of it are solid and work well.***
- 2g ***NO- the ROCs work well in their current form with the power of the ROCs vested in the local councils that are their members.***
- 2h ***NO – the regulatory powers of councils should not be reduced.***
- 2i ***NO - realigning boundaries is an agenda for amalgamation - amalgamation by stealth.***
- 2j ***NO- there is no need for this and could lead to forced amalgamations.***

- 3b ***NO - ROCs are not Council representatives – if State Govt wants to meet with a group of Councils it should meet with a group of Councils and not just the ROC***
- 3f ***NO – Councillors are not a Board of Directors they are elected by their community to represent the community including the diversity of the community. Actions to corporatize local government are rejected.***
- 3k ***NO- there is value in the ward system and Councillors always represent the whole LGA but wards enables Councillors to have additional responsibility for their local area.***
- 3l ***NO - wards generally work well***
- 3r ***NO- training is good but Councillors are not a Board of Directors. Council is an elected body not a company***
- 3u ***NO - If there is money available for website development then give grants to councils that need to upgrade their online presence – this would be a wiser way to spend the money.***
- 4b ***NO - Councils are not corporations.***

6. In terms of the Structural Models that have been presented in the Outcomes Report, all models would reduce local accountability and representation and remove key decision-making powers from local government.

The models will all significantly undermine the whole purpose of local government which is to have a directly elected and directly accountable tier of government delivering services and facilities and leading and representing their

community. The Corporate Model for Medium to Large Urban Populations would effectively force amalgamations and therefore reduce local elected representation and accountability. It would however significantly benefit large developers and State and Federal Government as it would reduce scrutiny and the capacity of a council to adequately represent the community. Local identity would be lost. If we also want to return to the Vision Statement where we require that " By 2036, all NSW communities will be healthy and prosperous – led and served by strong, effective and democratically elected local government." A healthy community is one in which people are valued and properly represented at a local level and a prosperous community is one that is rich not just in terms of money and assets but in terms of sharing community values, having a sense of place and being acknowledged as member of a community. Local Government should not be corporatized, nor elected representation be reduced.

The other model proposed for urban population local governments is the Two Tier Model. The sharing of resources through the ROCs is largely in place for most Sydney Basin Councils and works well. It works well because the decisions and the power to make those decisions rest with individual councils and not with the ROCs. This model implies giving more power to the ROCS and by default this will remove some of the powers of Local Councils and is not supported. The ROCs are not directly accountable back to the local ratepayers, whereas Councils are. This will reduce accountability, reduce transparency and reduce the powers of local Councils. It will not deliver the Vision Statement.

Finally, with regard to models, any consideration of trialling structural models needs first to pass the test on whether it will deliver the expectations of the Vision Statement and will deliver benefits to the community. It should fully recognise that local accountability and local representation are not feel-good issues, but are core and central to what good Local Government is about and should not be impacted on negatively by any attempts at structural modelling

- ***Leichhardt Council strongly supports a review and the development of a broad range of options for increasing the financial sustainability of councils including removal of rate pegging, more equitable revenue distribution from the Federal Government and other funding strategies to meet functional needs and demands***
- ***Council also supports the facilitation a review of the role of Councillors, investigating job-sharing of Councillor roles, looking at Mayoral terms and improving the remuneration and training for Councillors.***

7. Timeline for the development of the Action Plan:

The timeline proposed is far too short and is disrespectful of council, Councillors, the community and stakeholders. This State Government said they were committed to proper community consultation but have proposed a timeline for the Action Plan which if implemented as outlined gives very little time for meaningful consultation and seems deliberately planned at the one time of the year when Councillors and

many Council staff try and take some down time from the heavy responsibilities of work and representing their community.

Apparently all the submissions will be processed in 10 days with the "finalising of the draft Action Plan" at the same time. This gives no time for proper consideration of submissions. Leichhardt Council asks that all submissions be made publicly available.

Monday 21st November is the day the Draft Action Plan is released for consultation. This will, in the case of Leichhardt Council be just three weeks before our December Ordinary meeting, This is far too short a time to consult with our community on our submission to the Draft Action Plan and also to enable Councillors to be fully briefed on the Plan in order to give a considered response.

The fact that:

- *consultation is so short and most of the time allocated is indeed the time that most Councils have down time to allow their Councillors some break over the year*
- *there are no Council meetings in January*

means that there will effectively not be the scrutiny and consideration given to the Plan that it should have.

Leichhardt Council respectfully requests that the timeline be revisited and that the Department does what most Councils do over December/January and does not put a document as important as this out for public consultation at a time of the year when most of the country is on holidays. We ask that the consultation of the Draft Action Plan be extended to the end of February to enable proper consideration of the document.

Further we are concerned that there is no opportunity for response on the Draft Action Plan as reworked before it is implemented.

The consultation process on this Draft Action Plan needs to be revisited in terms of process and timeline. All Councillors, council staff and communities will be impacted on by the actions that have been outlined in this document. If there is commitment by the Department and the Minister for Local Government to meaningful consultation then these issues need to be urgently addressed.