

Revitalising Local Government - Recommendations

Recommendations for **fiscal responsibility**

1

Establish an integrated Fiscal Responsibility Program, coordinated by DLG and also involving TCorp, IPART and LGNSW to address the key findings and recommendations of TCorp's financial sustainability review and DLG's infrastructure audit (5.1 and 5.3)

As part of the program:

2

- Adopt an agreed set of sustainability benchmarks (5.1)
- Introduce more rigorous guidelines for Delivery Programs as proposed in Box 9 (5.2)
- Commission TCorp to undertake regular follow-up sustainability assessments (5.3)
- Provide additional training programs for councillors and staff (5.3)
- Require all councils to employ an appropriately qualified Chief Financial Officer (5.3)

3

Place local government audits under the aegis of the Auditor General (5.4)

4

Ensure that the provisions of the State-Local Government Agreement are used effectively to address cost-shifting (5.5)

Recommendations for **Strengthening Revenues**

5

Require councils to prepare and publish more rigorous Revenue Policies (6.1)

6

Commission IPART to undertake a further review of the rating system focused on:

- Options to reduce or remove excessive exemptions and concessions that are contrary to sound fiscal policy and jeopardise councils' long term sustainability (6.2)
- More equitable rating of apartments and other multi-unit dwellings, including giving councils the option of rating residential properties on Capital Improved Values, with a view to raising additional revenues where affordable (6.3)

7

Either replace rate-pegging with a new system of 'rate benchmarking' or streamline current arrangements to remove unwarranted complexity, costs, and constraints to sound financial management (6.5)

8

Subject to any legal constraints, seek to redistribute federal Financial Assistance Grants and some State grants in order to channel additional support to councils and communities with the greatest needs (6.6)

9

Establish a State- borrowing facility to encourage local government to make increased use of debt where appropriate by:

- Reducing the level of interest rates paid by councils
- Providing low-cost financial and treasury management advisory services (6.7)

10

Encourage councils to make increased use of fees and charges and remove restrictions on fees for statutory approvals and inspections, subject to monitoring and benchmarking by IPART (6.8)

Recommendations for **Meeting Infrastructure Needs**

11

Factor the need to address infrastructure backlogs into any future rate-pegging or local government cost index (7.1)

12

Maintain the Local Infrastructure Renewal Scheme (LIRS) for at least 5 years, with a focus on councils facing the most severe infrastructure problems (7.2)

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13 Pool a proportion of funds from the roads component of federal Financial Assistance Grants and, if possible, the Roads to Recovery program in order to establish a Strategic Projects Fund for roads and bridges that would:

- Provide supplementary support for councils facing severe infrastructure backlogs that cannot reasonably be funded from other available sources
- Fund regional projects of particular economic, social or environmental value (7.2)

14 Require councils applying for supplementary support from the Strategic Projects Fund to undergo independent assessments of their asset and financial management performance (7.2)

15 Carefully examine any changes to development (infrastructure) contributions to ensure there are no unwarranted impacts on council finances and ratepayers (7.3)

16 Adopt a similar model to Queensland's Regional Roads and Transport Groups in order to improve strategic network planning and foster ongoing improvement of asset management expertise in councils (7.4)

17 Establish Regional Water Alliances as part of new regional Joint Organisations proposed in section 11 (7.5).

Recommendations for Improvement, Productivity and Accountability

18 Adopt a uniform core set of performance indicators for councils, linked to IPR requirements, and ensure ongoing performance monitoring is adequately resourced (8.1)

19 Commission IPART to undertake a whole-of-government review of the regulatory, compliance and reporting burden on councils (8.2)

20 Establish a new sector-wide program to promote, capture and disseminate innovation and best practice (8.3)

21 Amend IPR Guidelines to require councils to incorporate regular service reviews in their Delivery Programs (8.4)

22 Strengthen requirements for internal and performance auditing as proposed in Box 17 (8.5)

23 Introduce legislative provisions for councils to hold Annual General Meetings (8.6)

24 Develop a NSW Local Government Workforce Strategy (8.7)

25 Explore opportunities for the Local Government Award to continue to evolve to address future challenges facing the sector and changing operational needs.

Recommendations for Political Leadership and Good Governance

26 Amend the Local Government Act to strengthen political leadership:

- Require councils to undertake regular 'representation reviews' covering matters such as the number of councillors, method of election and use of wards (9.1)
- Before their nomination is accepted, require all potential candidates for election to local government to attend an information session covering the roles and responsibilities of councillors and mayors (9.1)
- Amend the legislated role of councillors and mayors as proposed in Boxes 19 and 21, and introduce mandatory professional development programs (9.2 and 9.3)
- Provide for full-time mayors, and in some cases deputy mayors, in larger councils and major regional centres (9.3)
- Amend the provisions for election of mayors as proposed in Box 22 (9.3)

27 Increase remuneration for councillors and mayors who successfully complete recognised professional development programs (9.2-9.4)

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28 Amend the legislated role and standard contract provisions of General Managers as proposed in Boxes 23 and 24 (9.5)

29 Amend the provisions for organisation reviews as proposed in section 9.6

30 Develop a Good Governance Guide as a basis for 'performance improvement orders' and to provide additional guidance on building effective working relationships between the governing body, councillors, mayors and General Managers (9.7)

Recommendations to Advance Structural Reform

31 Introduce additional options for local government structures, including regional Joint Organisations, 'Rural Councils' and Community Boards, to facilitate a better response to the needs and circumstances of different regions (10.1)

32 Legislate a revised process for considering potential amalgamations and boundary changes through a re-constituted and more independent Boundaries Commission (10.3)

33 Encourage voluntary mergers of councils through measures to lower barriers and provide professional and financial support (10.4)

34 Provide and promote a range of options to maintain local identity and representation in local government areas with large populations and/or diverse localities (10.5)

Recommendations for Regional Joint Organisations

Establish new Joint Organisations for each of the regions shown on Maps 2 by means of individual proclamations negotiated under new provisions of the Local Government Act that replace those for County Councils(11.5)

- Defer establishment of JOs in the Sydney metropolitan region, except for sub-regional strategic planning, pending further consideration of options for council mergers (11.5)
- Enter into discussions with 2-3 regions to establish 'pilot' JOs (11.5)
- Re-constitute existing County Councils as subsidiaries of new regional Joint Organisations, as indicated in Table 5 (11.2)
- Establish Regional Water Alliances in each JO along the lines proposed in the 2009 Armstrong-Gellatly report (11.3)
- Set the core functions of Joint Organisations by means of Ministerial Guidelines (11.6)
- Seek federal government agreement to make JOs eligible for general-purpose FAGs (11.6)

Identify one or more regional centres within each Joint Organisation and:

- Create a network of those centres to drive development across regional NSW (11.7)
- Consider potential mergers of councils to consolidate regional centres, as indicated in Table 6 (11.7)

Develop close working partnerships between Joint Organisations and State agencies for strategic planning, infrastructure development and regional service delivery (11.8), and

- Add representatives of Joint Organisations to State agency Regional Leadership Groups (11.8)
- Give particular attention to cross-border issues and relationships in the operations of Joint Organisations and in future regional strategies (11.9)

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Recommendations for 'Rural Councils' and Community Boards

- 38 Establish a working party as part of the Ministerial Advisory Group proposed in section 18 to further develop the concept of 'Rural Councils' for inclusion in the re-written Local Government Act (12.1)
- 39 Include provisions for *optional* Community Boards in the re-written Act, based on the New Zealand model, but also enabling the setting of a supplementary 'community rate' with the approval of the 'parent' council (12.2)

Recommendations for Metropolitan Sydney

- 40 Strengthen arrangements within State government for coordinated metropolitan planning and governance, and to ensure more effective collaboration with local government (13.1)
- 41 Seek evidence-based responses from metropolitan councils to the Panel's proposals for mergers and major boundary changes, and refer both the proposals and responses to the proposed Ministerial Advisory Group (section 18.1) for review, with the possibility of subsequent referrals to the Boundaries Commission (13.3)
- 42 Prioritise assessments of potential changes to the boundaries of the Cities of Sydney and Parramatta, and
- Retain a separate City of Sydney Act to recognise its Capital City role
 - Establish State-local City Partnership Committees for Sydney and Parramatta along the lines of Adelaide's Capital City Committee (13.4)
- 43 Pending any future action on mergers, establish Joint organisations of councils for the purposes of strategic sub-regional planning (13.5)
- 44 Maximise utilisation of the available local government revenue base in order to free-up State resources for support to councils in less advantaged areas (13.6)
- 45 Continue to monitor the sustainability and appropriateness in their current form of the Hawkesbury, Blue Mountains and Wollondilly local government areas (13.7)

- 46 Promote the establishment of a Metropolitan Council of Mayors (13.8)

Recommendations for Hunter, Central Coast and Illawarra

- 47 Seek evidence-based responses from Hunter and Central Coast councils to the Panel's proposals for mergers and boundary changes, and refer both the proposals and responses to the proposed Ministerial Advisory Group (section 18.1) for review, with the possibility of subsequent referrals to the Boundaries Commission (14.1 and 14.2)
- 48 Defer negotiations for the establishment of a Central Coast Joint Organisation pending investigation of a possible merger of Gosford and Wyong councils (14.2)
- 49 Pursue the establishment of Joint Organisations for the Hunter and Illawarra in accordance with Recommendation 35 (14.1 and 14.3)

Recommendations for Non-Metropolitan Regions

- 50 Explore options for non-metropolitan councils in Group A as part of establishing the Western Region Authority proposed in section 16 (15.1)
- 51 Refer councils in Groups B-F to the Boundaries Commission in accordance with Table 11 and the proposed timeline (15.1)
- 52 Complete updated sustainability assessments and revised long term asset and financial plans for the 38 councils identified in Table 11 by no later than mid-2015 (15.2)

Recommendations for the Far West

- 53 Agree in principle to the establishment of a Far West Regional Authority with the functions proposed in Box 39 and membership as proposed in Figure 9 (16.3)

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54 Adopt the preferred new arrangements for local government set out in Box 40 as a basis for further consultation (16.4)

55 Establish a project team and reference group of key stakeholders within the DPC Regional Coordination Program to finalise proposals (16.5)

Recommendations for State-Local Government Relations

56 Use the State-Local Agreement as the basis and framework for a range of actions to build a lasting partnership, and negotiate supplementary agreements as appropriate (17.2)

57 Introduce new arrangements for collaborative, whole-of-government strategic planning at a regional level (17.3)

58 Amend the State Constitution to strengthen recognition of elected local government (17.4)

59 Seek advice from LGNSW on the measures it proposes to take to meet its obligations under the State-Local Agreement (17.5)

60 Strengthen the focus of DLG on sector development and seek to reduce its workload in regulation and compliance (17.6)

Recommendations for Driving and Monitoring Reform

61 Establish a Ministerial Advisory Group and Project Management Office (18.1 and 18.2)

62 Refer outstanding elements of the Destination 2036 Action Plan to the Ministerial Advisory Group (18.1)

63 Adopt in principle the proposed priority initial implementation package set out in Box 42, as a basis for discussions with LGNSW under the State-Local Government Agreement (18.3)

64 Further develop the proposals for legislative changes detailed in Boxes 43 and 44, and seek to introduce the amendments listed in Box 43 in early 2014 (18.5)

65 Adopt in principle the proposed implementation timeline (18.6)