

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Organisation: Northern Sydney Regional Organisation of Councils
Date received: 3/07/2015

3rd July 2015

The Director
General Purpose Standing Committee No. 6
Parliament House, Macquarie Street
SYDNEY NSW 2000

Dear Sir/Madam

**RE: NSW Legislative Council General Purpose Standing Committee No. 6
(Inquiry into Local Government in NSW)**

I refer to your correspondence dated 4th June 2015 in relation to the NSW Legislative Council Inquiry into Local Government in NSW. Please accept this letter as the NSROC submission to the Inquiry.

Background to the Northern Sydney Regional Organisation of Councils

The Northern Sydney Regional Organisation of Councils (NSROC) is comprised of seven Local Governments that have come together in a voluntary organisation to address issues for the benefit of the region and advocate on regional positions and priorities. The member councils are Hornsby, Hunter's Hill, Ku-ring-gai, Lane Cove, North Sydney, Ryde and Willoughby (the 'NSROC Councils').

The Northern Sydney Region is significant to the social and economic dynamic of Sydney and NSW. Its economy generates close to \$54 billion per year, employing 350,000 people in 70,000 businesses. The region is large in both population and geography. It covers around 680 square kilometres, more than 35 percent of Sydney's total area. The current population of approximately 590,000 is expected to grow by around 25% in the next 20 years.

Views of NSROC Councils and Communities on Local Government Reform

Each of the NSROC Councils is making their own submission to the NSW Government/IPART under the 'Fit for the Future' program and some NSROC Councils will also be making their own submissions to this Legislative Council Inquiry.

Each of the individual Council's submissions (to both the Fit for the Future process and this Legislative Council Inquiry) are the result of the significant time and resources each Council has brought to the task of participating in the local government reform process through their own programs of consultation and research. NSROC communities' views, as expressed through their elected Councils' submissions, should be a matter for serious consideration by the NSW Government.

It is not the intention of this document to go over the views expressed by individual Councils in all matters. Rather, this submission will focus on those key matters of relevance, in particular item (i) from the Inquiry into Local Government in NSW Terms of Reference which relates to the role of cooperative models for local government (including regional organisations, shared service models, Joint Organisations and so on). This submission summarises the shared views of NSROC Councils.

Local Government Reform & Amalgamation

At the outset, consideration of local government reform in NSW was a broad ranging discussion, resulting in consideration across a wide variety of areas and, subsequently, in dozens of recommendations by the Independent Local Government Review Panel, particularly the Panel's final report titled 'Revitalising Local Government'.

Unfortunately, public focus has narrowed considerably with discussion now almost exclusively related to whether amalgamation is the answer to the challenges faced by local government in NSW (particularly metropolitan Sydney).

We do not believe that it was the intention of the Independent Local Government Review Panel to precipitate such a narrow focus on local government amalgamation as the sole answer to reform in NSW. It is noted that, in its final report, the Independent Local Government Review Panel shifted from council amalgamations as the only option, on the basis of finding that: *"local government arrangements can be tailored to the varying needs and circumstances of different parts of NSW...a further move away from the 'one size fits all' approach."*(page 13).

This change in thinking was supported at the time by most NSROC Councils and the NSROC submission made at the time reflected this view.

Having now had time to consider the Fit for the Future process more fully, each NSROC Council will make their own views to the NSW Government/IPART in respect to whether they consider amalgamation to be the answer for their particular organisation/community. Fundamentally, however, most NSROC Councils are of the view that the discussion around reform should be returned to the myriad of options available, rather than focused narrowly on amalgamation – as it is self-evident that there is no 'one size fits all' solution that will suit all Councils in meeting the challenge of financial efficiency and service effectiveness.

NSROC Councils support local government reform that will enhance their capacity to deliver greater efficiencies and improved service quality to their communities. The results of the reform process should be to give local government the authority and capacity to establish local needs, set priorities, develop implementation plans and deliver outcomes. However, the agenda for reform should not be at the expense of reducing the contribution to community character and well-being made by local government, which occupies a unique position in the Australian democratic framework.

Put another way, reform to address weaknesses must not create the unintended and perverse effect of reducing the effectiveness of the many Councils working efficiently to meet local needs and community expectations.

Regional Organisations/Cooperative Models/Joint Organisations

The Terms of Reference for the Inquiry into Local Government in NSW makes specific mention of the roles played by co-operative models, including ROCs, Joint Organisations and other shared service models.

NSROC is a regional alliance of seven Councils that has been operating for more almost 3 decades (since 1986), reflects the ongoing commitment of Northern Sydney Councils to regional cooperation with the aim of achieving efficiencies of scale and scope. There is a clear opportunity for NSROC (and other ROCs, or similar organisations) to increase regional cooperation for the benefit of our member Councils and in doing so, to build strategic capacity.

Perhaps the best way of indicating the value of regional organisations is through examples of activities undertaken by NSROC. The following are a small number of projects that NSROC has been involved in over the past few years, and demonstrate the wide reaching nature of ROC's and other co-operative organisations:

- Regional collaboration to develop and implement a wide range of activities under the *Northern Sydney Regional Waste Strategy*, setting out areas of joint working in order to provide efficiencies and streamline service to the community (as well as significant cost savings). This work precipitated a range of current projects including:
 - Establish a Regional Community Recycling Centre for problem wastes
 - The development of a regional approach to illegal dumping.
 - Uniform professional development for Council officers across the regionThis project has involved extensive work in collaboration between the NSROC Councils and the State Government (primarily through the NSW EPA) with significant opportunities for ongoing cost savings and alignment of resources moving forward;
- Establishing an innovative, formal alliance structure between five member Councils to procure long-term waste processing and disposal services – as a key local government service this was an obvious area for collaboration to obtain the scale to ensure cost-savings and consistent service across the region. This one project alone has the potential for millions of dollars in savings over the coming decade.
- Unified procurement across a wide range of areas by providing appropriate scale to secure the best value for money for member Councils. This includes procurement of a wide variety of materials includes laying road pavements, staff training services, playground equipment, telecommunications, small plant and outdoor equipment, temporary staff placements advertising providers and the like. Areas for joint procurement can be tailored to the needs of members Councils and expanded where a business case exists;
- Regional collaboration to produce and implement a *Regional Sportsfield Strategy* – providing a framework for regional planning and collaboration on key community infrastructure and ensuring best use of available resources. This has precipitated the development of a range of synthetic playing surfaces which are more economical for local government and able to respond to the increased demand for open space as population densities increase. Collaboration and links to the NSW Department of Planning & Environment and permitting a regional view of sports facilities (rather than an insular council by council focus);
- Current work across the NSROC region in collaboration with our partners in the Shore ROC (SHOROC) on sub-regional approaches to planning – working with the NSW Department of Planning & Environment to develop local planning that support the NSW Metro Strategy; and

- Supporting continuous improvement in business processes, professional knowledge and shared learning through the network of professional officers groups enabled by NSROC. These groups serve as valuable links between our councils and are a well-established and effective tool for building the capabilities of Council officers. More recently this has included secondment of senior officers between councils – continuing the long tradition of sharing knowledge and promoting innovative approaches to organisational improvement.

These examples are just a small number of areas in which NSROC has been successful over the past few years – there are many more projects and programs which could be listed. All of these areas of work show that efficiencies can be gained and regional objectives met by shared priorities and pooled resources. NSROC has also shown itself to be a valuable tool in assisting with collaboration between local government and NSW Government agencies.

Perhaps one final useful example of joint working and collaboration with Government is demonstrated in recent joint work across the NSROC area in collaboration with our neighbouring SHOROC. NSROC and SHOROC have been working together since late 2014 in the area of subregional planning, particularly on a mechanism of engagement with the NSW Department of Planning & Environment and the emerging Greater Sydney Commission. A model of engagement has been developed, and endorsed by all 11 Councils in the NSROC/SHOROC region – coinciding with the ‘northern Sydney subregion’ set out in the NSW Governments ‘*A Plan for Growing Sydney*’. In this respect, NSROC has shown itself to be not only capable of working collaboratively within the NSROC region, but to extent our reach to joint working with partners and the NSW Government, at a scale that meets the needs of all parties.

NSROC Councils are supportive of the current strategic planning, lobbying and advocacy role played by the existing ROC and recognise further opportunities for enhanced service delivery where a business case for participation exists.

There are many other areas in which the ROCs (or similar organisations) can create efficiencies across metropolitan Sydney (and regional NSW), providing the flexibility and expertise to provide the scope and scale necessary to meet varying objectives across a range of areas – working with both internal partners and government agencies (as appropriate). We believe that the Independent Local Government Review Panel recognised these opportunities when it recommended Joint Organisations as a part of the ‘solution’ to local government reform.

NSROC Councils generally support the establishment of a more workable legislative framework for regional collaboration under the *Local Government Act*. NSROC believes that the Act needs to change to allow for a clearer role and status for regional groups, as is the case in other Australian jurisdictions. A strong case exists for improving legislative capability to enable councils to share resources and service responsibilities without the current inhibitions.

Other General Comments

As previously noted, initial discussions about Local Government reform in NSW was much wider and has, in the view of Councils, been whittled down to an over-emphasis about amalgamations. The key points about NSROC views on amalgamations and the role of co-operative models (including ROCs) have been set out in the main body of this letter. However, a range of other general comments are included in ***Attachment 1*** for your consideration.

Should you require any further information, please do not hesitate to contact me.

Yours sincerely

Councillor Richard Quinn,
Mayor of Hunters Hill
President, Northern Sydney Regional Organisation of Councils

ATTACHMENT 1 – General Comments

- Councils support the establishment of an Integrated Fiscal Responsibility Program, provided that the coordination group includes local government finance and management practitioners as well as the central and industry agencies and that the Program does not create unreasonable compliance costs for councils.

In particular, NSROC Councils see benefit in establishing standardised methodology for financial data so that reporting on benchmarks is consistent across the sector. The development of such benchmarks requires consultation with the local government sector to ensure that measured items are valid.

- The provision of additional training for councillors and staff is supported, provided such training does not create unreasonable costs to councils.
- NSROC Councils support the need for more work to give meaning to the principles set out in the State-Local Government Agreement to address cost-shifting. In particular, establishing an agreed approach to the assessment of ‘consequential financial impacts’ is central to creating greater equity and transparency in the process of requiring local government to provide a new service where there is no reliable revenue stream to support its provision.

Improving practical collaboration between State and Local Government is to be encouraged, but sustainable policy and program partnerships require both partners to have clear roles and income streams to meet their costs. The NSW Government should be required to actively support local government reform by revising programs based on cost-shifting to local government, so that true costs of State services are met from State sources.

- NSROC Councils agree that securing local government’s financial capacity and sustainability is fundamental to enhancing its effectiveness. A comprehensive approach to reforming the local government funding model, rather than a series of piecemeal solutions, is required.
- NSROC Councils support major reform to rate setting controls. Councils are generally of the view that, with appropriate checks and balances and in consultation with their communities, they should be able to set rates that allow them to meet the local service needs and expectations established under their Integrated Planning & Reporting Framework (IPR) plans.
- Councils acknowledge the plight of many rural Councils with limited rate bases. NSROC Councils support increased funding to those areas to maintain basic infrastructure such as roads and bridges.

NSROC Councils believe that the solution lies in increasing the total pool of FAG funds provided by the Commonwealth Government (or providing other specific grant funding to rural-remote councils who have limited rating potential) rather than redressing the endemic financial problems of some councils by creating problems in others

In the absence of a new approach to rate setting, grant schemes should be properly funded rather than used as a redistribution mechanism where metropolitan councils and their communities subsidise other councils through foregone income.

- A strong argument can be made to both maintain the LIRS program and increase its funding so that councils facing severe infrastructure problems can access low interest loan funds without a commensurate loss of funds to other councils. This is preferred to a reallocation approach, which is effectively income reduction for other councils. As stated above, the cross-subsidy option could be supported if rate pegging is removed or at the least relaxed so that councils can transition over a three-four year period to realistic local income base. The result would be to reduce reliance on grant funds and subsidy schemes for business-as-usual management of infrastructure maintenance and renewal.
- Changes to development (infrastructure) contributions to address housing affordability should not militate against creating a new model of local government financial sustainability, which is central to meaningful reform of the sector. Councils understand the need to examine the level of such fees to ensure Metropolitan Strategy targets are achieved, and support the Panel's findings that consideration needs to be given to the interplay between proposed changes to the framework for infrastructure contributions and the current rate pegging arrangements. Councils need a balance between external and internal revenue sources, so that creating necessary new facilities can be managed under a funding model that represents an equitable balance between the contributions of the development sector, existing ratepayers and new residents.
- Improved data consistency and performance measurement across the system would assist the sector, provided the process does not create an onerous data collection and reporting burden disproportionate to the benefit.
- NSROC Councils support the establishment of standard performance measures across local government. However, these should be complementary to the legislated Integrated Planning and Reporting Framework, and must not create an additional reporting burden. As noted by the Panel, the data collection to support this approach should include streamlining other forms of reporting by Councils, in order to offset the workload involved in the new system.
- Consideration needs to be given to reducing/streamlining the regulatory and compliance burden on councils, provided that such review involves active consultation with local government practitioners and that particular attention is given to duplicated requirements from NSW agencies.
- NSROC Councils agree that the Local Government sector needs an industrial relations system that supports efficiency and productivity and incorporates sufficient flexibility in the Award to meet contemporary service delivery requirements. More refinement of the course of action in Recommendation 25 is needed, to take into account capacity to pay as well as the principles of waste fixation and related legislation.
- NSROC Councils support the proposal that the *Local Government Act* require regular representation reviews, and to more clearly state the role of General Managers as set out in Recommendations 26 and 28 of the Sansom Report.

- Councils also generally support the amended provisions for organisation reviews set out in the Panel's Report and that a Good Governance Guide be developed.
- The recognition of local government as an elected level of government in the NSW Constitution is an overdue reform and is supported by NSROC Councils.
- Councils support measures that ensure that the State-Local Agreement is more than symbolic, and believes that Councils' work to adopt the Integrated Planning and Reporting Framework provides the platform for better alignment between Community Strategic Plans and the various State-level statements of intent embodied in NSW 2021, the Metropolitan Strategy for Sydney, the Long Term Transport Plan and the State Infrastructure Plan. State agencies should be required to reference Council plans in developing sub-regional and regional frameworks, just as Council plans are guided by the plans for broader geographical areas.