



Camden Council

Attachments

Ordinary Council Meeting
25 March 2014

Camden Civic Centre
Oxley Street
Camden



ORDINARY COUNCIL

ATTACHMENTS - ORDINARY COUNCIL

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ATTACHMENT 1

Extract from Camden Contributions Plan 2011.

2.17 Timing of payment of monetary contributions required under this Plan

Council's policy in relation to the timing of payments of monetary contributions required under this Plan is as follows:

- Development involving subdivision - prior to the release of the first subdivision certificate (inter plan) or strata certificate;
- Other development that requires a construction certificate - prior to the release of the construction certificate;
- Other development not requiring the issuing of a construction certificate - prior to the issuing of the first occupation certificate or commencement of the use, whichever occurs first.

2.18 Policy on deferred or periodic payments

Council may accept the deferred or periodic payment of part or all of a monetary contribution required under this Plan if the applicant or any other person entitled to act upon the relevant consent, makes a written request and can satisfy the Council that non-compliance with the payment provisions is justified. Acceptance of any request for deferred or periodic payment is entirely at the discretion of the Council. Generally acceptance of deferred or periodic payments will only be accepted in exceptional circumstances and will be assessed on a case-by-case basis.

Deferred or periodic payments may be permitted in any one or more of the following circumstances:

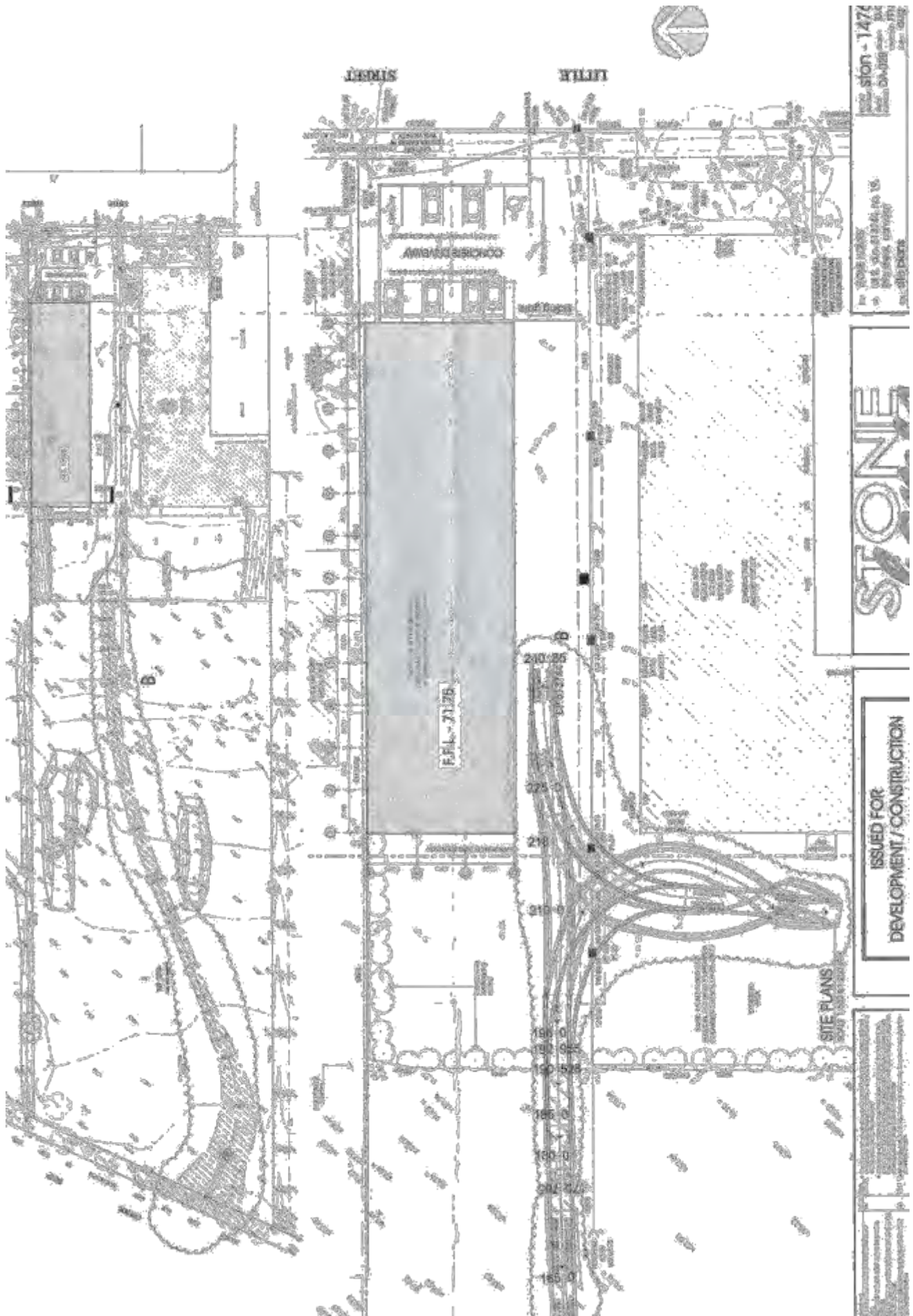
- Compliance with the provisions of Section 2.17 of this Plan is unreasonable or unnecessary in the circumstances of the case;
- Deferred or periodic payment of the contribution will not prejudice the timing or the manner of the provision of public facilities included in the works program;
- There are other circumstances justifying the deferred or periodic payment of the contribution.

If Council does decide to accept deferred or periodic payment, Council will require the applicant to provide a bank guarantee by a bank with a minimum long term credit rating (Standard & Poors) of A₁ for the full amount of the contribution or the outstanding balance on condition that:

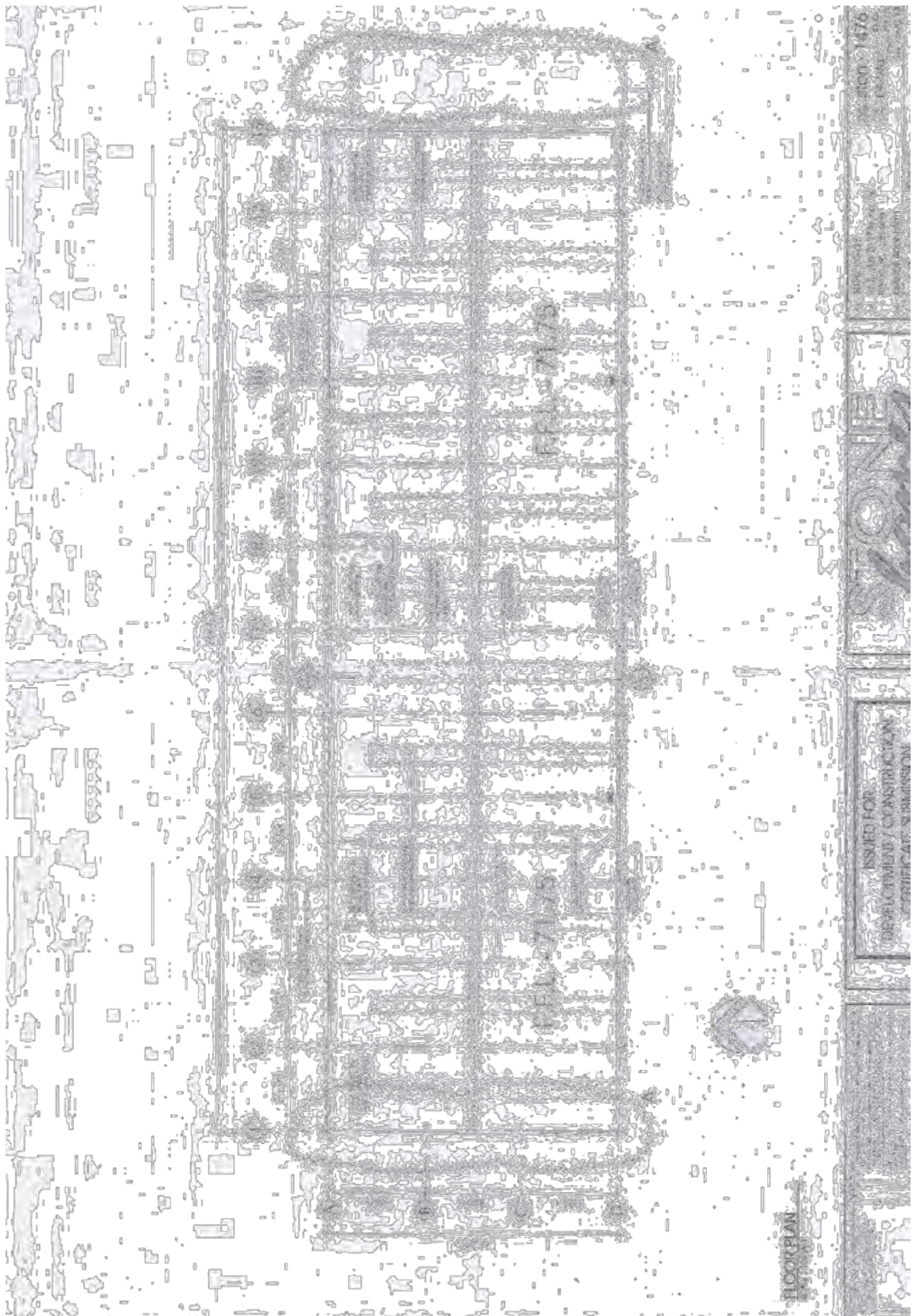
- the bank guarantee be for the amount of the total contribution, or the amount of the outstanding contribution, plus a provision amount equal to 30 percent of the outstanding amount plus any charges associated with establishing or operating the bank security;
- the bank provides that the bank or financial institution must pay the guaranteed sum on demand by the Council without reference to the applicant or landowner or other person who provided the guarantee, and without regard to any dispute, controversy, issue or other matter relating to the development or cost of the carrying out of development;
- the bank or financial institution's obligations are discharged when payment to the Council is made in accordance with the guarantee or when Council notifies the bank or financial institution in writing that the guarantee is no longer required; and
- Where the bank guarantee contains an end date, the developer agrees that the Council is free to call on the guarantee in respect of the outstanding balance of the development contribution as indexed if the development contribution has not been paid 14 days prior to the end date;
- Council is also entitled to claim any charges associated with establishing or operating the bank security. The applicant is to be provided with the details of any such expenses.

ORD01

Attachment 1



Attachment 1
ORD02

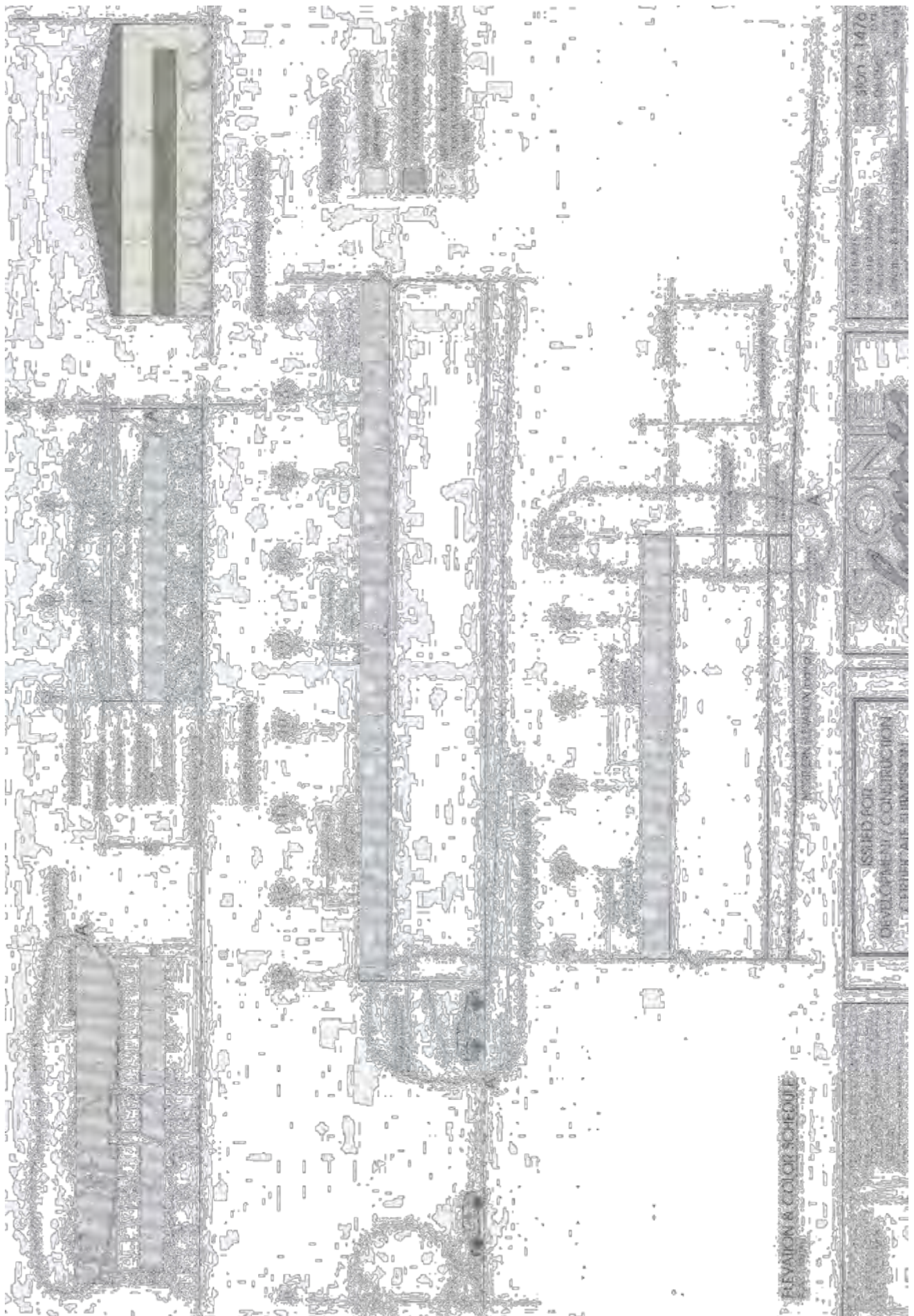


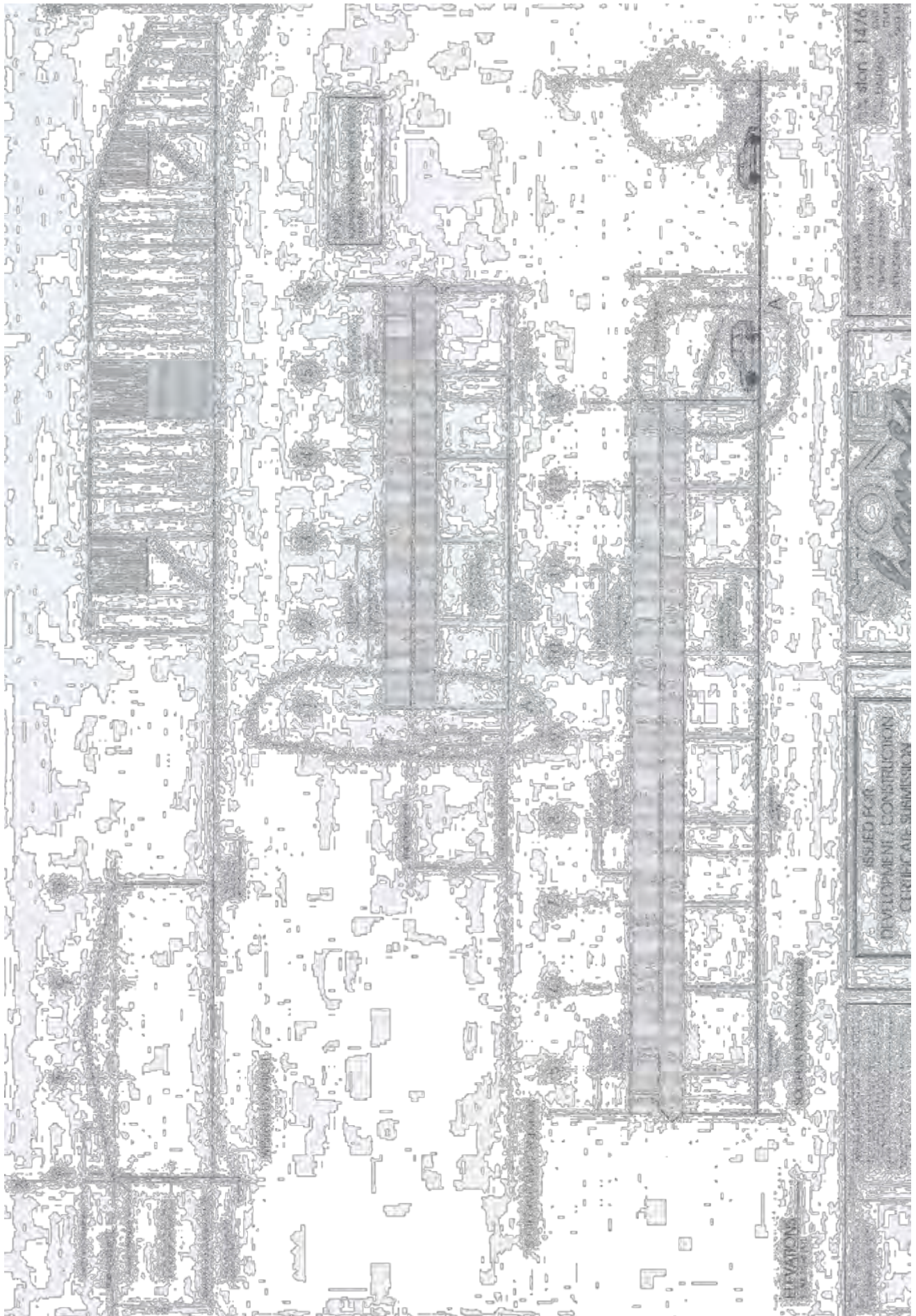
ORD02

Attachment 1

ORD02

Attachment 1



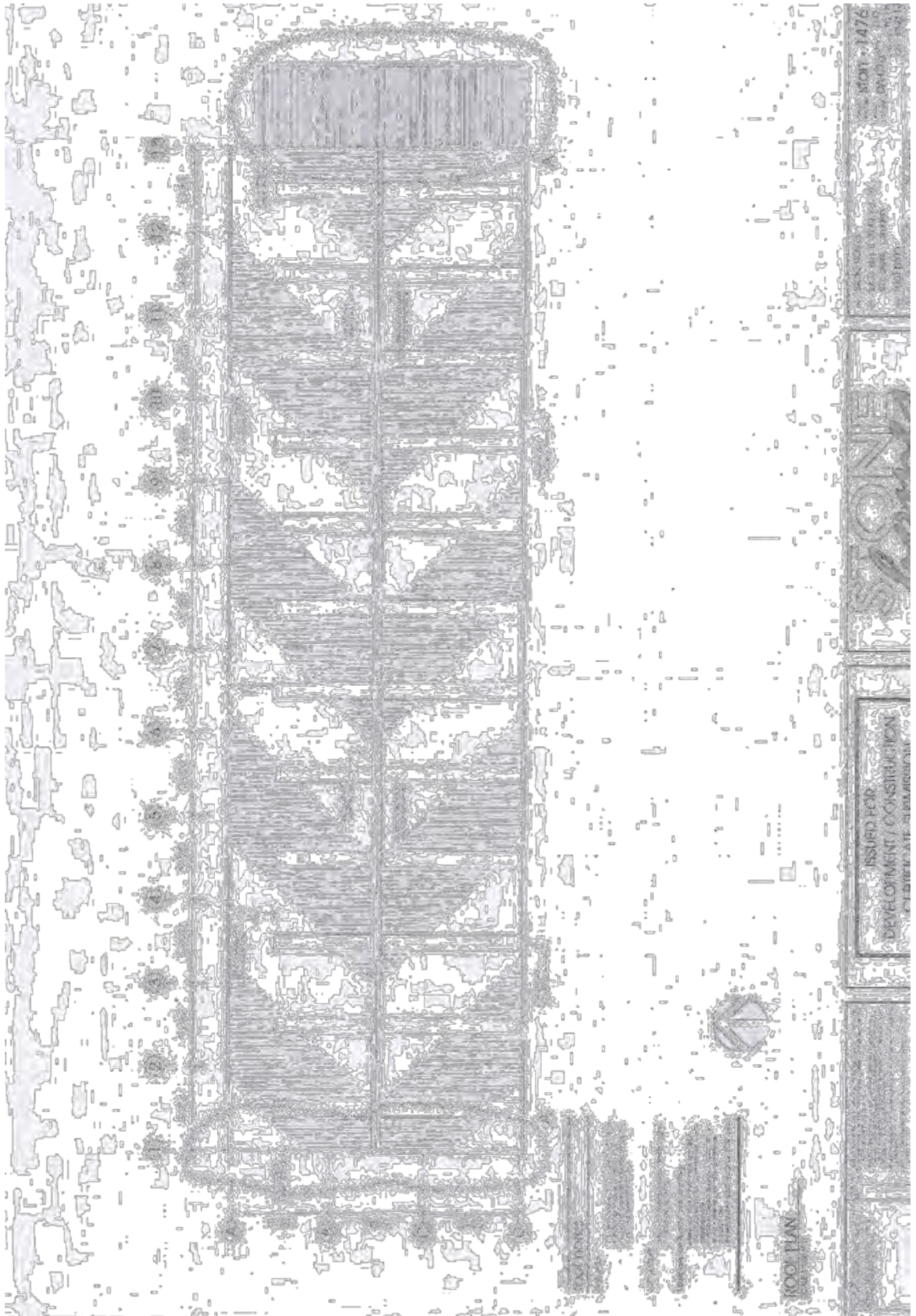


ORD02

Attachment 1

ORD02

Attachment 1

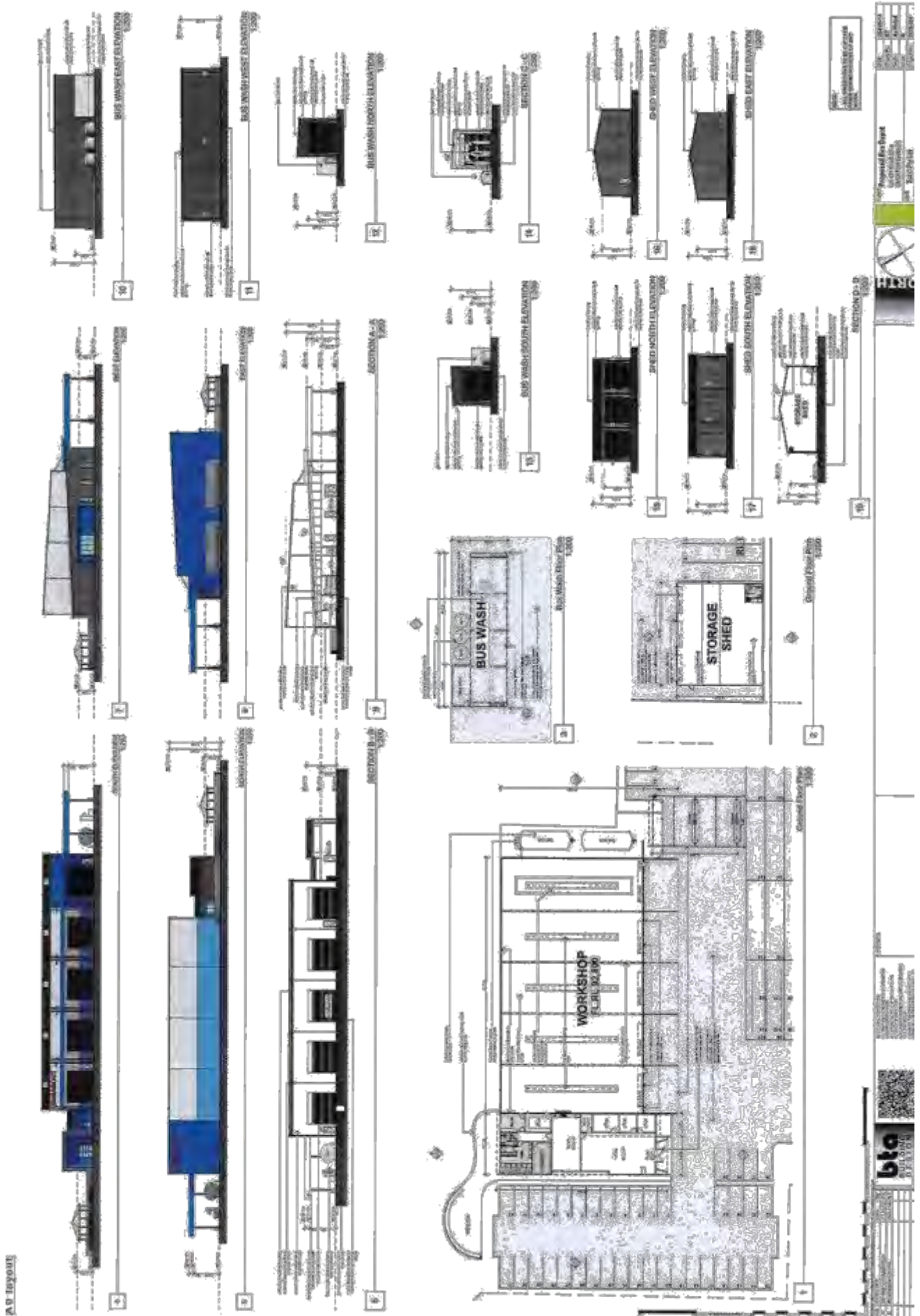


ISSUED FOR
DEVELOPMENT / CONSTRUCTION

ST01 - 1476

ORD03

Attachment 1



The image displays a detailed landscape architectural plan for a site. The central feature is a building with a gabled roof and a large glass facade. To the right of the building is a parking lot with several parking spaces. The plan includes various garden beds, walkways, and a driveway labeled 'Elevated drive'. A north arrow is located in the upper right corner of the plan. To the left of the plan, there are technical notes and a legend. To the right, there is a plant palette consisting of 24 small photographs of various plants, each with a label. At the bottom of the page, there is a logo for 'bta' and a QR code.

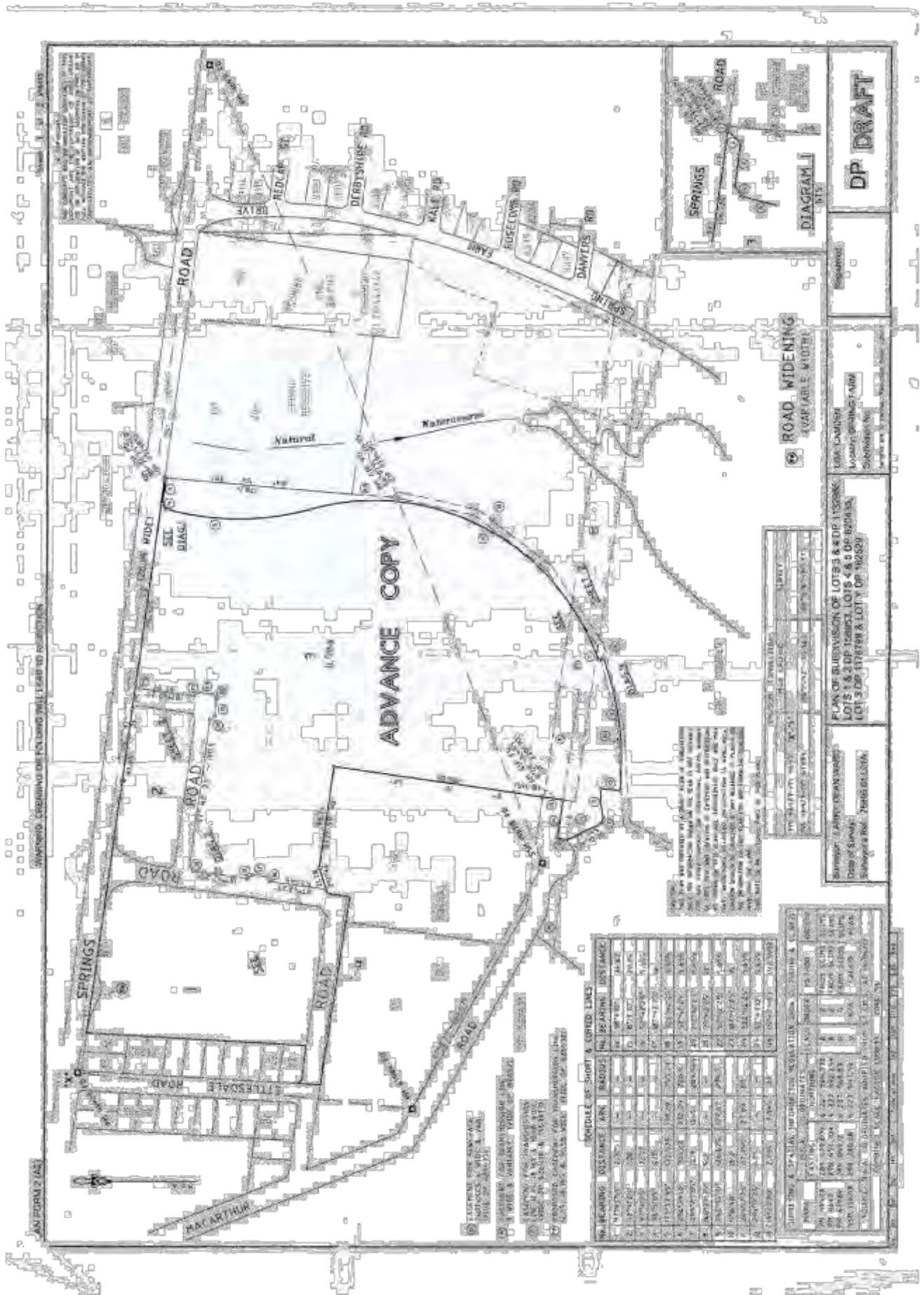
PLANT PALETTE:

- 1. *Hydrangea paniculata* - 'Limelight'
- 2. *Hydrangea paniculata* - 'Endless Summer'
- 3. *Hydrangea paniculata* - 'Vanilla Strawberry'
- 4. *Hydrangea paniculata* - 'Santitas'
- 5. *Hydrangea paniculata* - 'Peaches & Cream'
- 6. *Hydrangea paniculata* - 'Blue Bird'
- 7. *Hydrangea paniculata* - 'Nikko Blue'
- 8. *Hydrangea paniculata* - 'Alice's Blue'
- 9. *Hydrangea paniculata* - 'Annabelle'
- 10. *Hydrangea paniculata* - 'Innocent Bells'
- 11. *Hydrangea paniculata* - 'Opalescence'
- 12. *Hydrangea paniculata* - 'Prayer Hands'
- 13. *Hydrangea paniculata* - 'Sailboat'
- 14. *Hydrangea paniculata* - 'Santitas'
- 15. *Hydrangea paniculata* - 'Vanilla Strawberry'
- 16. *Hydrangea paniculata* - 'Endless Summer'
- 17. *Hydrangea paniculata* - 'Limelight'
- 18. *Hydrangea paniculata* - 'Alice's Blue'
- 19. *Hydrangea paniculata* - 'Nikko Blue'
- 20. *Hydrangea paniculata* - 'Annabelle'
- 21. *Hydrangea paniculata* - 'Innocent Bells'
- 22. *Hydrangea paniculata* - 'Opalescence'
- 23. *Hydrangea paniculata* - 'Prayer Hands'
- 24. *Hydrangea paniculata* - 'Sailboat'

TECHNICAL NOTES:

1. All planting to be done in accordance with the following schedule:

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- 22.0000 - Planting to be done in accordance with the following schedule:
- 23.0000 - Planting to be done in accordance with the following schedule:
- 24.0000 - Planting to be done in accordance with the following schedule:



ORD04

Attachment 1

ORD04

Attachment 2





Our reference: DOC13/98466
 Contact: Danyelle Carter (02) 9995 6201

Mr Ron Moore
 General Manager
 Camden Council
 PO Box 183
 CAMDEN NSW 2570

Dear Mr Moore

I am pleased to announce the Better Waste and Recycling Fund under *Waste Less, Recycle More* and to provide you with further details about the total funding opportunities available to local government through this major waste reform initiative.

Whilst we are recycling more than ever, over six million tonnes of waste still goes to landfill in NSW each year. Starting in 2013/14, the Better Waste and Recycling Fund will provide \$70 million over four years to help local councils make it easier for their communities to reduce waste to landfill and recycle more.

The Fund will support projects that improve recycling, community engagement, reduce waste generation, tackle litter and illegal dumping and contribute to achieving the targets in the NSW Waste Avoidance and Resource Recovery Strategy.

This program was developed in consultation with local government to ensure it achieves the objectives of the overarching *Waste Less, Recycle More* initiative, and aligns with the priorities, planning and budgetary cycles of local government. The program has been administratively streamlined and will support longer term strategic projects, individually tailored by local councils or groups of councils for their communities.

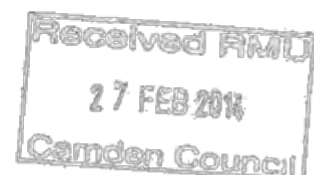
In Year one of the Program (2013/14), all funds will be distributed to individual councils and we expect to make the payments in May 2014. Following feedback from local councils during the consultation phase in late 2013, funding for future years of the program will be provided at the start of each financial year. The 2014/15 payment is anticipated to be made in July 2014.

In Years two to four of the Program (2014/15 to 2016/17), a 10 percent allocation of the funding will be made for regional initiatives, including those identified in the Regional Waste and Resource Recovery Strategies. The allocation of funding to regional initiatives reflects an increased focus on regional delivery of common priorities and shared services to improve efficiency and performance for the longer term.

Your organisation is estimated to receive:

Program Year	Financial Year	Funding Amount
1	2013/14	\$183589
2	2014/15	\$163387
3	2015/16	\$163400
4	2016/17	\$163400
Total		\$673776

PO Box A290 Sydney South NSW 1232
 59-61 Goulburn St Sydney NSW 2000
 Tel: (02) 9995 6000 Fax: (02) 9995 5999
 TTY: (02) 9211 4723
 ABN 30 841 387 271



ORD05

Attachment 1

To participate in the Better Waste and Recycling Fund, please return the application attached to the EPA by 31 March 2014. A copy of the Fund guidelines is enclosed.

Other funding available to local government

The Better Waste and Recycling Fund is part of \$222.8 million exclusive funding for local government under the *Waste Less, Recycle More* initiative, accounting for 48 percent of the total funding package. In addition, local councils have joint access to contestable grants for a further \$133.9 million, or 29 percent, of the funding package.

The funding exclusively available to local councils is briefly outlined below and highlighted in the snapshot document enclosed. This document, together with the infrastructure package indicative timeline, has been prepared in response to requests from councils to clarify the funding opportunities available to you and indicative timing to help you plan for potential applications over the four years of the program. The funding includes:

\$137.7 million Local Government Waste and Resource Recovery Program:

- \$70 million Better Waste and Recycling Fund (this Program)
- \$38.7 million Waste and Sustainability Improvement Payment Transition Fund (paid to local councils in June 2013)
- \$9 million regional co-ordination support to fund regional waste co-ordinators, regional waste strategy development and to maximise funding opportunities for local communities under the *Waste Less, Recycle More Initiative*. Funding has been awarded to seven Regional Organisations of Councils and council groups to benefit 54 councils in the waste levy paying area and more than 5.1 million residents.
- \$13 million Voluntary Regional Local Government Fund to support the voluntary regional waste groups with regional coordination and infrastructure planning.
- \$7 million Regional Landfill Consolidation and Environmental Improvements Fund.

\$85.1 million of contestable grants exclusively for local councils:

- \$44.3 million grants and funding for community recycling centres and collection of problem wastes
- \$17 million local government organics collection grants
- \$13.8 million to combat illegal dumping
- \$10 million for local litter programs.

Further funding is available through contestable grants for food and garden infrastructure, food waste avoidance programs, illegal dumping clean-ups, litter prevention, household chemical collections, programs under the Recycling Innovation Fund for priority waste innovation, as well as \$60 million for waste and recycling infrastructure to support levy paying communities.

If you require any further information on the Better Waste and Recycling Fund or other local government funding opportunities, please contact Danyelle Carter Manager Regional Delivery danyelle.carter@epa.nsw.gov.au on (02) 9995 6201.

Yours sincerely



BARRY BUFFIER
Chair and CEO
Environment Protection Authority

Enclosure



CAMDEN COUNCIL

DRAFT PLANNING PROPOSAL

Oran Park Town Centre Planning Proposal
Amendment to State Environmental Planning Policy
(Sydney Region Growth Centres) 2006

Date: October 2013 (Revision B)

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

ORD06

Attachment 1

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DRAFT

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

BACKGROUND**Introduction**

This Planning Proposal has been prepared on behalf of UrbanGrowth NSW and Greenfields Developments Company No.2 and seeks to amend the land mapping for the Oran Park Town Centre. The amendments are sought to give effect to a revised design for the town centre which has been endorsed by both Camden Council and the project developers.

Purpose of Report

This Planning Proposal seeks to replace approximately 1 hectare of R3 Medium Density Residential zoned land that is adjacent to the town centre with a B2 Local Centre zoning.

This proposal does not seek to amend any land use controls, permissible land uses or land use restrictions relating to retail development within the Oran Park Town Centre. Rather, this proposal seeks to provide a consistent land use planning arrangement between the adopted Town Centre Masterplan, the Part B1 DCP and the SEPP land use mapping arrangements.

Subject Land

The subject land is located along the eastern edge of the Oran Park Town Centre. It is best represented in Figure 1.

Without proceeding with this rezoning, the land parcels in the eastern section of the town centre would be burdened with a dual zoning arrangement. This would impede on the development potential of these parcels and would restrict the delivery of the town centre.

Part B DCP Amendment

A detailed submission which seeks amendments to the Oran Park Development Control Plan 2007 (Part B1 Oran Park Town Centre) has been submitted concurrently with this Planning Proposal. A copy of this submission is included in Attachment 2.

The following chapters in this Planning Proposal report provide a more detailed justification of the proposal, and expand on the matters outlined above.

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

ORD06

Attachment 1



Figure 1: Locality Plan

PART 1 – OBJECTIVES OR INTENDED OUTCOMES

The primary objective of the Planning Proposal is to amend the land use mapping arrangements under State Environmental Planning Policy (Sydney Region Growth Centres) 2006 to reflect the amended Town Centre Masterplan and correspond with the modified alignment of South Circuit- discussed below. It aims to demonstrate that the amendments proposed will deliver a logical and consistent planning regime and allow for the seamless delivery of the Town Centre over time.

Design of the Oran Park Town Centre

The Oran Park Town Centre Part B DCP was adopted in October 2011. Since then the design and planning of individual development parcels within the town centre has progressed considerably. Most notably, Camden Council has agreed to relocate its Central Administration Building to the Oran Park Town Centre.

A Civic Precinct is proposed to be located within the Town Centre. This will contain Councils new Central Administration Building, a Branch Library and Community Resource Centre, and a Leisure Centre. The Civic Precinct will be an area of approximately 3ha and will be a major focal point and hub of activity for the town centre.

During much of 2012 and 2013 Camden Council and the project developers have undertaken a joint exercise in the masterplanning of the Civic Precinct. It was during the design development of the Civic Precinct Masterplan that the opportunity arose to review the design merits of the Masterplan for the Oran Park Town Centre. This review identified a number of improvements to the design of the town centre reflected in the Part B DCP (Figure 2) and resulted in the preparation of a new Town Centre Masterplan (2013 Masterplan). The new Town Centre Masterplan is illustrated in Figure 3.

The key improvements to the design of the town centre, as reflected in the 2013 Masterplan are:

- Realignment and rationalisation of the Main North-South Street (bus route)
- Co-location of the Leisure Centre and some of the Youth and Recreational Centre Facilities (2 ball courts and rock climbing wall) within the Civic Precinct.
- Improved street network with a more permeable grid.
- More efficient and desirable spatial layout of the Civic Precinct.
- Better relationship of proposed building and land uses within the precinct.
- Enhanced building efficiencies in the sharing of facilities/ amenities.
- Better pedestrian connections through the site and town centre.

ORD06

Attachment 1

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

- Provides surrounding streets blocks of a size and proportion that can accommodate a variety of long term development options.
- Provides public open space areas within the precinct that are varied in size and character.

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Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

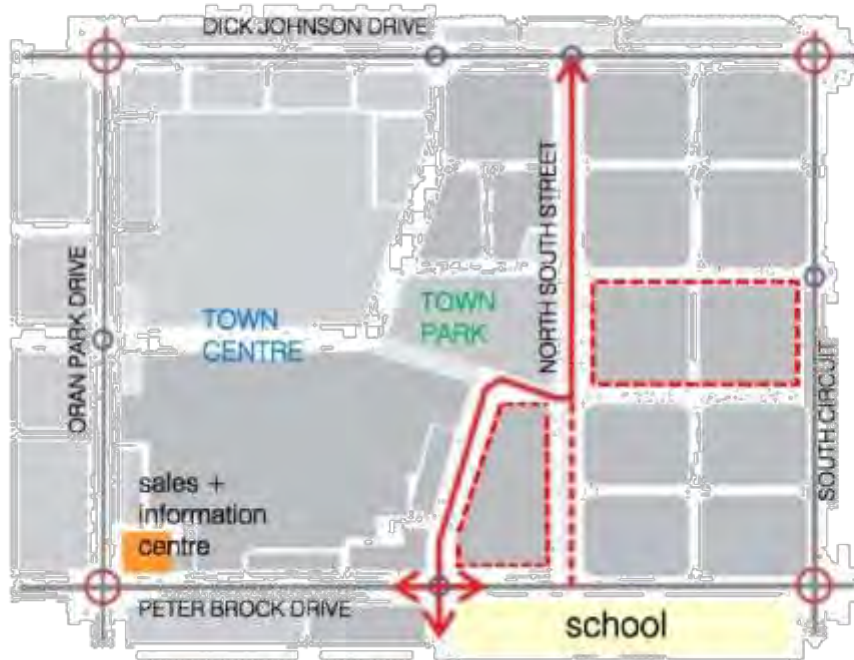


Figure 2: Town Centre Design as per Part B DCP



Figure 3: 2013 Town Centre Masterplan

Realignment of South Circuit

The 2013 Town Centre Masterplan results in the requirement to realign South Circuit, being the road that forms the eastern boundary of the town centre. However, this results in the eastern blocks of the town centre having a dual R3 Medium Density Residential and B2 Local Centre zoning.

This proposal therefore seeks to remove this dual zoning by amending the zone boundary for the B2 Local Centre zone to be consistent with the revised alignment of South Circuit.

The 2013 Masterplan achieves streets blocks of a size and proportion that can accommodate a variety of long term development options, and also provides public open space areas within the precinct that are varied in size and character.

Land Area Proposed to be Rezoned

As indicated in Section 1 of this proposal, the land area proposed to be rezoned under this Planning Proposal is located along the eastern edge of the Oran Park Town Centre.

The land area proposed to be rezoned is restricted to the land between the existing B2 Local Centre zoning boundary and the new alignment of South Circuit (approximately 1ha) to the east as demonstrated in Figures 4 & 5 below.

Without proceeding with this rezoning, the land parcels in the eastern section of the town centre would be burdened with a dual zoning arrangement. This would impede on the development potential of these parcels and would restrict the delivery of the town centre.

This proposal does not seek to amend any land use controls, permissible land uses or land use restrictions relating to retail development within the Oran Park Town Centre. Rather, this proposal seeks to provide a consistent land use planning arrangement between the adopted Town Centre Masterplan, the Part B1 DCP and the SEPP land use mapping arrangements.

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

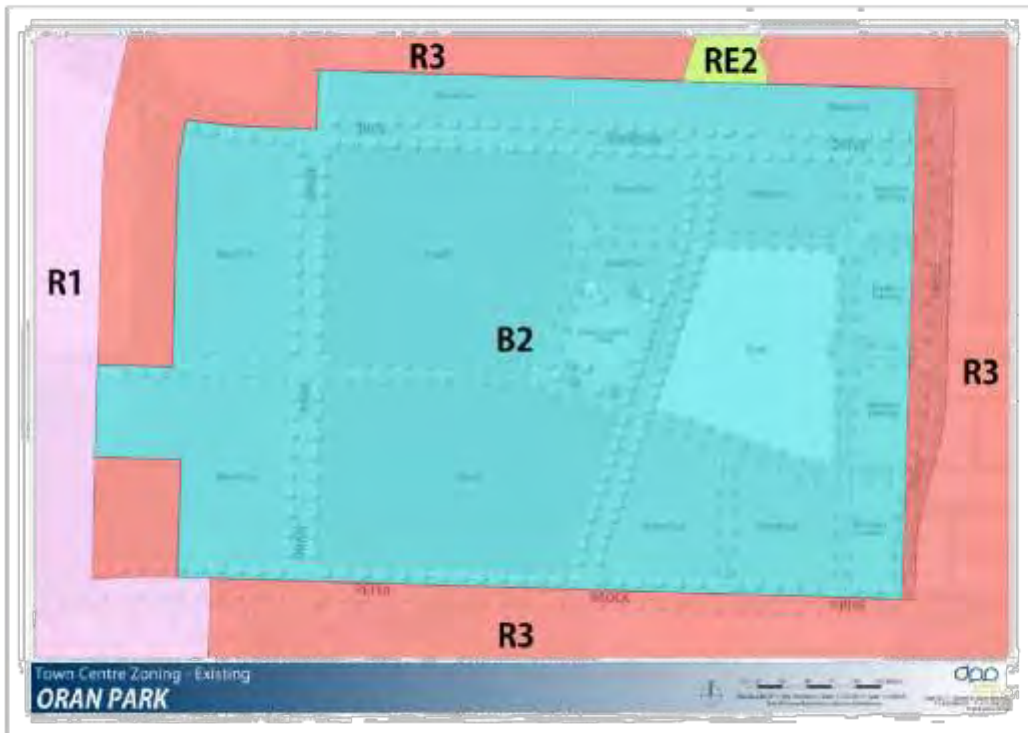


Figure 4: Existing Zoning Plan

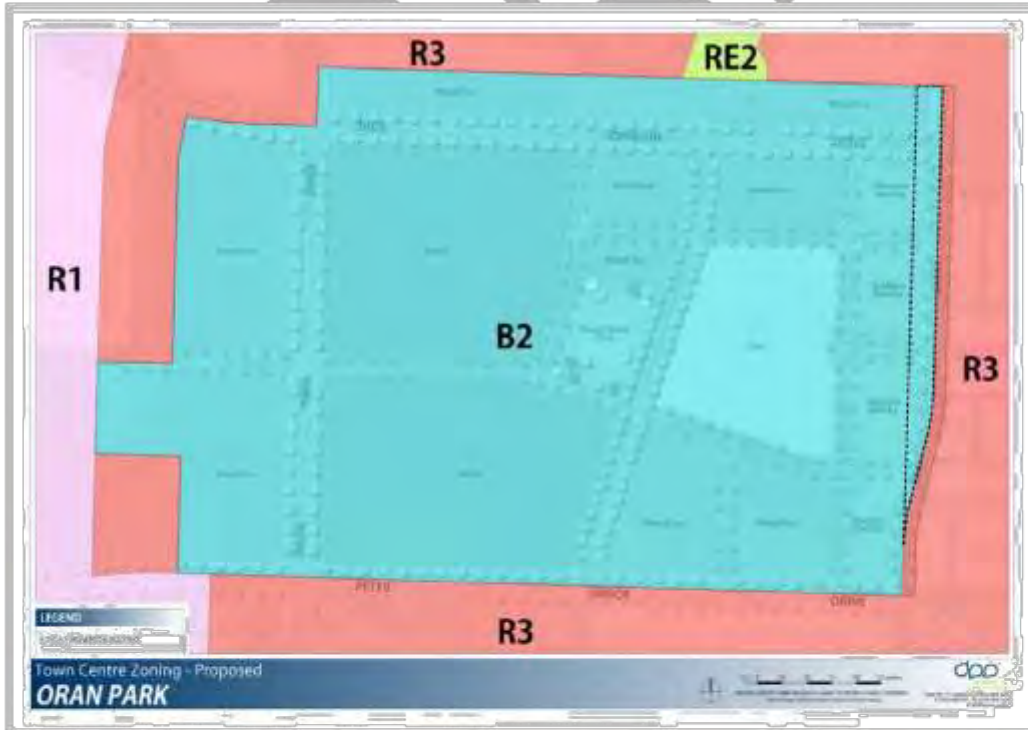


Figure 5: Proposed Town Centre Zoning Plan

PART 2 – EXPLANATION OF PROVISIONS

The objectives of this Planning Proposal are to be achieved by amending the Map set under 'Appendix 1 Oran Park and Turner Road Precinct Plan' of *State Environmental Planning Policy (Sydney Region Growth Centres) 2006* (Growth Centres SEPP) as described below and in the maps accompanying this planning proposal.

The specific amendments to the SEPP Maps are included in Attachments 2 to 5. The Maps to be amended under this proposal are.

- **Amendment to the following South West Growth Centre Land Zoning Map:**
Land Zoning Map - Sheet LZN_004
- **Amendment to the following South West Growth Centre Lot Size Map:**
Lot Size Map - sheet LSZ 004
- **Amendment to the following South West Growth Centre Special Areas Map:**
Special Areas Map - Sheet SAM 004
- **Amendment to the following South West Growth Centre Height of Building Map:**
Height of Buildings Map - Sheet HOB_004

In addition to amending Appendix 1 of the Growth Centres SEPP, an amendment to the Oran Park Development Control Plan 2007 will be necessary should the proposal receive a favourable Gateway Determination. Currently the DCP includes mapping that replicates the zoning from the SEPP, and therefore, the mapping in the DCP will need to be amended to ensure consistency between each document.

A detailed submission which seeks amendments to the Oran Park Development Control Plan 2007 (Part B1 Oran Park Town Centre) has been submitted concurrently with this Planning Proposal.

PART 3 – JUSTIFICATION

Section A – Need for the Planning Proposal

1. Is the planning proposal a result of any strategic study or report?

This Planning Proposal has been prepared on behalf of Urban Growth NSW and Greenfields Developments Company No.2. It seeks to amend the Sydney Region Growth

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

Centres SEPP land mapping for the Oran Park Town Centre, to correspond with detailed design work that was undertaken following the rezoning of the site in December 2007.

The Planning Proposal has been prepared in response to the modified adopted 2013 Town Centre Masterplan. The modified Masterplan provided a strategic land use review of the eastern portion of the Town Centre, the Civic facilities and internal road layout which will facilitate a variety of long term development options and deliver a simplified grid based structure.

2. Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

The modifications sought in this Planning Proposal are the best means of achieving the objectives and intended outcomes. The proposed amendments relate to statutory land use mapping outcomes contained in the Growth Centres SEPP. Other processes are not considered an appropriate means of achieving the objectives and intended outcomes promoted by this Planning Proposal.

3. Is there a net community benefit?

As suggested in the Department's Local Plan-Making Guidelines, the Evaluation Criteria to undertake a Net Community Benefit analysis has been adapted from the Draft Centres Policy (April 2009). In some cases the Evaluation Criteria have been modified or removed to ensure the criteria are meaningful to this Planning Proposal.

The discussion below demonstrates that there is significant net community benefit resulting from the Planning Proposal.

Net Community Benefit Evaluation Criteria	Response
Will the LEP be compatible with agreed State and regional strategic direction for development in the area (e.g. land release, strategic corridors, development within 800 metres of a transit node)?	<p>The proposal is consistent with the State and regional strategic direction for development relating to housing and employment growth in the area. The subject land will form part of an identified urban growth area.</p> <p>The Proposal will assist in the coordinated delivery of housing and employment within close proximity of the Town centre transport services.</p>

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

ORD06

Attachment 1

Net Community Benefit Evaluation Criteria	Response
Is the LEP located in a global/regional city, strategic centre or corridor nominated within the Metropolitan Strategy or other regional/ subregional strategy?	<p>The subject site for this Planning Proposal is within an area covered by the draft Sydney Metropolitan Plan 2031. The draft Metro Strategy identifies the subject land as a future urban area as part of the South West Growth Centre.</p> <p>Accordingly, the proposed amendments are consistent with the draft Metropolitan strategy for Sydney.</p>
Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?	<p>The Planning Proposal does not seek to alter the permissible land use arrangements or development restrictions for the subject land.</p> <p>The proposal will therefore not create a precedent or change land owner expectations of development.</p>
Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?	<p>The proposal will not result in any decrease in existing zoned employment lands within the Camden LEP.</p>
Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?	<p>The Planning Proposal will result in a minor decrease in the area of residentially zoned land within Oran Park Precinct.</p> <p>Notwithstanding, a variety of residential development is permissible within the B2 Local Centre zone.</p> <p>Therefore, the planning proposal will not impact on the potential housing supply within the Oran Park Precinct.</p>

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

Net Community Benefit Evaluation Criteria	Response
Is the existing public infrastructure (roads, rail, and utilities) capable of servicing the proposed site? Is there good pedestrian and cycling access? Is public transport currently available or is there infrastructure capacity to support future public transport?	<p>The subject site forms part of the Oran Park Precinct release area. Detailed planning and provision of public infrastructure has been undertaken as part of the rezoning process and the wider Growth Centres release area.</p> <p>In addition, this proposal will maintain and enhance the provision of an extensive public accessible cycling and pedestrian pathway network throughout the Precincts.</p> <p>Accordingly, there is adequate public infrastructure to accommodate the proposed amendments.</p>
Will the proposal result in changes to the car distances travelled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?	The proposal will not result in any modifications to the planned road network that will impact on travel distances, times and road safety matters.
Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal? If so, what is the expected impact?	<p>There are significant investments occurring in public infrastructure within the locality associated with development of the Growth Centre.</p> <p>Given the minor nature of the proposal, the rezoning of the land will have no impact on the predicted patronage levels.</p>
Will the proposal impact on land that the Government has identified a need to protect (e.g. land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?	There are no environmental constraints associated with the subject land or this proposal.
Will the LEP be compatible / complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?	The proposal is compatible and desirably complementary with adjacent land uses, which includes residential Town Centre lands. There will be no impacts on amenity or the broader community.

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

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Attachment 1

Net Community Benefit Evaluation Criteria	Response
Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?	<p>Given the minor nature of the proposal, it is unlikely that the rezoning would increase retail or commercial competition.</p> <p>The proposal will however ensure consistency between planning documents and facilitate the on-going delivery of Town Centre.</p>
What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?	<p>There are three main public interest reasons for progressing the Planning Proposal, including:</p> <ol style="list-style-type: none"> 1. It will provide a consistent planning and urban design outcome for the delivery of the Town Centre. 2. The Planning Proposal will provide certainty regarding the delivery of the Town Centre and associated land uses. This will allow for earlier delivery of facilities. 3. The public will have a clearer understanding of the defined edge of the Town Centre.

Section B – Relationship to strategic planning framework.

4. **Is the planning proposal consistent with the objectives and actions contained within the applicable regional or sub-regional strategy (including the Sydney Metropolitan Strategy and exhibited draft strategies)?**

Draft Metropolitan Strategy for Sydney 2031

The NSW Government released the draft Metropolitan Strategy for Sydney 2031 in March 2013. This Metropolitan Strategy sets the framework for Sydney's growth and prosperity to 2031 and beyond.

The draft Metropolitan Strategy for Sydney 2031 sets down ambitious housing delivery targets across the Sydney Metropolitan region of 545,000 new dwellings, with 64,000 being delivered within the South West sub-region.

The South West Subregion Plan identifies the subject site as being adjacent to the South West Growth Centre. The Growth Centre has been established to provide for urban

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

growth and work is currently being undertaken to deliver residential and employment development.

The Planning Proposal is consistent with the objectives and direction of the draft Metropolitan Strategy for Sydney 2031 as it will support the balanced growth of Sydney, ensure housing growth can meet market demand, and provide for housing and employment opportunities in an area with high levels of access to planned employment, transport and infrastructure.

The proposed amendments to the Growth Centres SEPP are relatively minor in nature, and will not adversely impact on the objectives and actions of any strategy.

5. Is the planning proposal consistent with the local Council's Community Strategic Plan, or other local strategic plan?

Camden Council's endorsed local strategic plan is 'Camden 2040 - Working Together to Achieve the Community's Vision for the Future'.

Camden 2040 has a vision to effectively manage its growth whilst promoting a prosperous local economy, with thriving local businesses and local employment. Part of successfully managing growth is to overcome a key challenge of "Achieving a balance between large population increases and keeping the valued characteristics of Camden as it is now will be an ongoing tension and challenge over the coming decades."

The specific key challenges for growing the Camden Area which relate to the Proposal include:

- Creating good quality, liveable urban environments with a greater density than is currently available in the Camden area, including providing a range of efficient, affordable and innovative housing styles and public urban and open spaces.
- The importance of building and maintaining certainty and investment confidence within the area through efficient and stable strategic planning and development control processes.

The key strategies to meet the above challenges include:

- Learning from and improving the urban planning process over time so that lessons learned from each precinct planning process, as well as industry best practice, are used in subsequent precincts to ensure improved outcomes over time
 - Prioritising environmental outcomes through the planning and development process to maximise improvement and restoration opportunities and to minimise the ecological impacts of increased urban form, economic activity, and people and lifestyles.
 - Ensuring greater choice and diversity in housing to meet a range of existing and future community needs
-

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

This Planning Proposal will fulfil these key strategies through ensuring that there is certainty and consistency in the delivery of urban growth areas within Camden.

6. Is the planning proposal consistent with applicable state environmental planning policies?

The State Environmental Planning Policies (SEPPs) that are relevant to this Planning Proposal are identified below.

State Environmental Planning Policy	Applicable	Comment	Consistent
Standard Instrument (Local Environmental Plans) Order 2006	n/a		
Standard Instrument—Principal Local Environmental Plan	n/a		
State Environmental Planning Policy No 1—Development Standards	n/a		
State Environmental Planning Policy No 4—Development Without Consent and Miscellaneous Exempt and Complying Development	n/a		
State Environmental Planning Policy No 6—Number of Storeys in a Building	n/a		
State Environmental Planning Policy No 14—Coastal Wetlands	n/a		
State Environmental Planning Policy No 15—Rural Landsharing Communities	n/a		
State Environmental Planning Policy No 19—Bushland in Urban Areas	Yes	The land subject to this Planning Proposal is subject to the provision of SEPP 19. The land does not contain any bushland or vegetation, and is therefore consistent with the objectives of the SEPP.	Yes
State Environmental Planning Policy No 21—Caravan Parks	n/a		
State Environmental Planning Policy No 22—Shops and Commercial Premises	n/a		
State Environmental Planning Policy No 26—Littoral	n/a		

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

Rainforests			
State Environmental Planning Policy No 29—Western Sydney Recreation Area	n/a		
State Environmental Planning Policy No 30—Intensive Agriculture	n/a		
State Environmental Planning Policy No 32—Urban Consolidation (Redevelopment of Urban Land)	n/a		
State Environmental Planning Policy No 33—Hazardous and Offensive Development	n/a		
State Environmental Planning Policy No 36—Manufactured Home Estates	n/a		
State Environmental Planning Policy No 39—Spit Island Bird Habitat	n/a		
State Environmental Planning Policy No 44—Koala Habitat Protection	n/a		
State Environmental Planning Policy No 47—Moore Park Showground	n/a		
State Environmental Planning Policy No 50—Canal Estate Development	n/a		
State Environmental Planning Policy No 52—Farm Dams and Other Works in Land and Water Management Plan Areas	n/a		
State Environmental Planning Policy No 55—Remediation of Land	n/a		
State Environmental Planning Policy No 59—Central Western Sydney Regional Open Space and Residential	n/a		
State Environmental Planning Policy No 60—Exempt and Complying Development	n/a		
State Environmental Planning Policy No 62—Sustainable Aquaculture	n/a		
State Environmental Planning Policy No 64—Advertising and Signage	n/a		

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State Environmental Planning Policy No 65—Design Quality of Residential Flat Development	n/a		
State Environmental Planning Policy No 70—Affordable Housing (Revised Schemes)	n/a		
State Environmental Planning Policy No 71—Coastal Protection	n/a		
State Environmental Planning Policy (Affordable Rental Housing) 2009	n/a		
State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004	n/a		
State Environmental Planning Policy (Exempt and Complying Development Codes) 2008	n/a		
State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004	n/a		
State Environmental Planning Policy (Infrastructure) 2007	n/a		
State Environmental Planning Policy (Kosciuszko National Park—Alpine Resorts) 2007	n/a		
State Environmental Planning Policy (Kurnell Peninsula) 1989	n/a		
State Environmental Planning Policy (Major Development) 2005	n/a		
State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007	n/a		
State Environmental Planning Policy (Penrith Lakes Scheme) 1989	n/a		
State Environmental Planning Policy (Rural Lands) 2008	n/a		
State Environmental Planning Policy (SEPP 53 Transitional Provisions) 2011	n/a		
State Environmental Planning Policy (State and Regional Development) 2011	n/a		
State Environmental Planning Policy (Sydney Drinking Water Catchment) 2011	n/a		
State Environmental Planning Policy (Sydney Region Growth Centres) 2006	Yes	The Oran Park and Turner Road Precincts are located within the South West Growth Centre. The Planning Proposal	Yes

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

		<p>seeks to amend Appendix 1 and associated mapping of this SEPP.</p> <p>The proposal is consistent with the aims of the SEPP to coordinate the release of land for employment generation and housing within the South West Growth Centre.</p>	
State Environmental Planning Policy (Temporary Structures) 2007	n/a		
State Environmental Planning Policy (Urban Renewal) 2010	n/a		
State Environmental Planning Policy (Western Sydney Employment Area) 2009	n/a		
State Environmental Planning Policy (Western Sydney Parklands) 2009	n/a		
Sydney Regional Environmental Plan No 8 (Central Coast Plateau Areas)	n/a		
Sydney Regional Environmental Plan No 9—Extractive Industry (No 2—1995)	n/a		
Sydney Regional Environmental Plan No 16—Walsh Bay	n/a		
Sydney Regional Environmental Plan No 18—Public Transport Corridors	n/a		
Sydney Regional Environmental Plan No 19—Rouse Hill Development Area	n/a		
Sydney Regional Environmental Plan No 20—Hawkesbury-Nepean River (No 2—1997)	Yes	<p>The land subject to this Planning Proposal is within the SREP No 20 applicable area. Future detailed development proposals will comprehensively consider the requirements of SREP No 20 to ensure appropriate environmental considerations to water quality, heritage, flora and fauna, etc. are undertaken.</p> <p>Accordingly, the Planning Proposal is consistent with SREP No 20.</p>	Yes

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

Sydney Regional Environmental Plan No 24—Homebush Bay Area	n/a		
Sydney Regional Environmental Plan No 25—Orchard Hills	n/a		
Sydney Regional Environmental Plan No 26—City West	n/a		
Sydney Regional Environmental Plan No 28—Parramatta	n/a		
Sydney Regional Environmental Plan No 30—St Marys	n/a		
Sydney Regional Environmental Plan No 33—Cooks Cove	n/a		
Sydney Regional Environmental Plan (Sydney Harbour Catchment) 2005	n/a		

7. Is the planning proposal consistent with applicable Ministerial Directions (s.117 directions)?

Each s117 Ministerial Direction is listed below with an annotation stating whether it is relevant to the Planning Proposal and confirming its consistency.

s.117 Direction Title	Applies	Consistency of Planning Proposal
1.1 Business and Industrial Zones	Y	The Planning Proposal is consistent with this direction as it seeks only a minor amendment to the existing zone boundary. No modification is sought to the existing and use and floor space controls established for the Oran Park Town Centre.
1.2 Rural Zones	NA	This direction is does not apply as the planning proposal does not affect land within an existing or proposed rural zone.
1.3 Mining, Petroleum Production and Extractive Industries	NA	This direction is does not apply as the planning proposal does not propose any modification to the permissibility or operational restrictions relating to extractive industries.

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

s.117 Direction Title	Applies	Consistency of Planning Proposal
1.4 Oyster Aquaculture	NA	This direction is does not apply as the planning proposal does not incorporate any land within a Priority Oyster Aquaculture Areas and oyster aquaculture outside such an area as identified in the NSW Oyster Industry Sustainable Aquaculture Strategy (2006) ("the Strategy").
1.5 Rural Lands	NA	This direction does not apply as the planning proposal does not affect land within an existing or proposed rural or environmental protection zone.
2.1 Environment Protection Zones	NA	This direction does not apply as the planning proposal does not affect land within an existing or proposed Environmental Protection zone.
2.2 Coastal Protection	NA	This direction is does not apply as the planning proposal does not affect land within a coastal zone.
2.3 Heritage Conservation	Y	The Planning Proposal is consistent with this direction as it maintains all areas of environmental heritage identified under the existing planning controls for the site.
2.4 Recreation Vehicle Areas	NA	This direction does not apply as the planning proposal does not seek to develop land for the purpose of a recreation vehicle area.
3.1 Residential Zones	Y	<p>The Planning Proposal is consistent with this Ministerial Direction as there is no proposed amendment to the land use controls within the residential zonings.</p> <p>All provisions relating to facilitating the provision of housing are retained.</p>
3.2 Caravan Parks and Manufactured Home Estates	Y	The planning proposal is consistent with this direction as it does not modify provisions relating to the permissibility of caravan parks and the like.

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

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s.117 Direction Title	Applies	Consistency of Planning Proposal
3.3 Home Occupations	Y	The planning proposal is consistent with this direction as it does not modify provisions relating to the permissibility of home occupations within dwellings.
3.4 Integrating Land Use and Transport	Y	The Planning Proposal is consistent with this Ministerial Direction. The Proposal will not result in any modifications to the adopted road and transport network infrastructure across the Oran Park and Turner Road Precincts.
3.5 Development Near Licensed Aerodromes	N/A	This direction is not applicable as the planning proposal will not create, alter or remove a zone or a provision relating to land in the vicinity of a licensed aerodrome.
3.5 Shooting Ranges	N/A	This direction is not applicable as the planning proposal will not affect, create, alter or remove a zone or a provision relating to land adjacent to and/ or adjoining an existing shooting range.
4.1 Acid Sulphate Soils	NA	This direction is not applicable as detailed planning relating to acid sulphate soils has been undertaken under the rezoning of the site under the Growth Centres SEPP.
4.2 Mine Subsidence and Unstable Land	NA	This direction is not applicable as the land is not identified as being within a Mine Subsidence area.
4.3 Flood Prone Land	NA	This direction is not applicable as the planning proposal does not remove or alter provisions relating to flood prone land.
4.4 Planning for Bushfire Protection	NA	This direction is not applicable as the land area subject to this Planning Proposal does not incorporate any Bushfire Prone land as mapped under Camden Council Bushfire Prone Land Maps.

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

s.117 Direction Title	Applies	Consistency of Planning Proposal
5.1 Implementation of Regional Strategies	Y	The planning proposal is consistent with this direction as the land is located within the South West Growth Centre and has been identified to accommodate urban expansion under the relevant Regional Strategies.
5.2 Sydney Drinking Water Catchments	NA	This direction does not apply to the Camden Council Area, therefore is not applicable to the land.
5.3 Farmland of State and Regional Significance on the NSW Far North Coast	NA	This direction is not applicable to the subject land.
5.4 Commercial and Retail Development along the Pacific Highway, North Coast	NA	This direction is not applicable to the subject land.
5.8 Second Sydney Airport: Badgerys Creek	NA	This direction is not applicable to the subject land.
6.1 Approval and Referral Requirements	Y	The Planning Proposal is consistent with this direction as it does not alter any approval or referral requirements.
6.2 Reserving Land for Public Purposes	NA	This direction is not applicable as it does not affect land identified under the SEPP to be reserved for public purposes.
6.3 Site Specific Provisions	Y	The Planning Proposal is consistent with this direction as does not seek to insert or alter any additional site specific provisions.
7.1 Implementation of the Metropolitan Strategy	Y	The Planning Proposal is consistent with this direction as it meets objectives of the Metropolitan Plan through implementing identified urban growth lands.

Section C – Environmental, social and economic impact.

8. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

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Attachment 1

The land area is predominantly cleared and has been subject to semi-commercial, grazing and agricultural activities associated with the previous farming operations and the operation of the former Oran Park Raceway.

The Planning Proposal will not adversely impact on any critical habitat or threatened species, populations or ecological communities, or their habitats, environmental values or matters of environmental significance.

Furthermore, the site is subject to biodiversity certification under the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 which was gazetted on 14 December 2007.

9. Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?

The subject land has been cleared and does not contain any environmentally significant features.

Existing controls relating to Environmental Management in Section 8.0 of the Oran Park DCP 2007 will ensure that environmental impacts associated with the development of the site for residential purposes will be ameliorated.

10. How has the planning proposal adequately addressed any social and economic affects?

Assessment of the economic and social impacts for the Oran Park Precinct was undertaken as part of the comprehensive Precinct Planning process, which included the rezoning the site for residential and employment development.

The proposed modifications will assist in providing consistency in the planning and delivery of the Town Centre. As such, the only economic and social effects are considered to be desirably positive for existing and future communities within the region.

Section D – State and Commonwealth interests.

11. Is there adequate public infrastructure for the planning proposal?

The subject site is located within a major urban growth area of South West Sydney. A comprehensive assessment on infrastructure needs was undertaken at the Precinct Planning stages of planning for the Oran Park Precinct and public infrastructure needs to accommodate the demands of an increased urban development have been determined.

The Planning Proposal is of a minor nature and will not impact on the projected dwelling yield for the Oran Park Precinct.

As such, the proposal will not create any additional needs for public infrastructure for the locality.

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

12. What are the views of state and Commonwealth public authorities consulted in accordance with the gateway determination?

Given the minor nature of this Planning Proposal no State or Commonwealth public authorities have been consulted.

PART 4 – MAPS

The SEPP Maps proposed to be amended under this Planning Proposal include:

- Amendment to the Land Zoning Map - Sheet LZN_004
- Amendment to the Lot Size Map - sheet LSZ 004
- Amendment to the Special Areas Map - Sheet SAM 004
- Amendment to the Height of Buildings Map - Sheet HOB_004

Copies of the amended maps can be found in the Amendments to this Planning Proposal.

PART 5 – COMMUNITY CONSULTATION

Community consultation will be commenced by giving notice of the public exhibition of the Planning Proposal:

1. in a newspaper that circulates in the area affected by the Planning Proposal;
2. on the Camden Council website; and

In accordance with the Department of Planning and Infrastructure's guidelines, 'A guide to preparing local environmental plans', the Planning Proposal is classified as a 'low impact' proposal given that:

- The Planning Proposal is consistent with the pattern of surrounding land use zones and/or land uses;
- The Planning Proposal is consistent with the strategic planning framework;
- The Planning Proposal presents no issues with regard to infrastructure servicing;
- The Planning Proposal is not a principal LEP; and
- The Planning Proposal does not reclassify public land.

In accordance with the practice guidelines, a 'low impact' proposal is required to be publicly exhibited for 14 days. However, Council is recommending that the Planning Proposal and the DCP amendments be exhibited together for a period of 28 days. Notwithstanding, the required exhibition timeframe will be confirmed at the Gateway Determination.

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

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Attachment 1

PART 6 – PROJECT TIMELINE

The following table provides a rough project timeline for the project to be completed. This timeline may change as the planning proposal is being lodged with Gateway over the Christmas period which may push the timeframes out.

Anticipated commencement date (date of Gateway determination)	December 2013
Anticipated timeframe for the completion of required technical information	TBA (although we do not believe any further studies are required for this minor amendment)
Timeframe for government agency consultation (pre and post exhibition as required by Gateway determination)	TBA (we expect this could occur during the exhibition period given the minor nature of this amendment)
Commencement and completion dates for public exhibition period	February / March 2014
Dates for public hearing (if required)	N/A
Timeframe for consideration of submissions	March 2014
Timeframe for the consideration of a proposal post exhibition	March/April 2014
Date of submission to the department to finalise the SEPP	April/May 2014
Anticipated date RPA will make the plan (if delegated)	May/June 2014
Anticipated date RPA will forward to the department for notification	June/July 2014

PART 7 – CONCLUSION

This Planning Proposal has been prepared on behalf of UrbanGrowth NSW and Greenfields Developments Company No.2 and seeks to amend the land mapping for the Oran Park Town Centre. The amendments are sought to give effect to a revised design for the town centre which has been endorsed by both Camden Council and the project developers.

The Planning Proposal has been prepared in response to the modified adopted 2013 Town Centre Masterplan. The modified Masterplan provided a strategic land use review of the eastern portion of the Town Centre, the Civic facilities and internal road layout

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

which will facilitate a variety of long term development options and deliver a simplified grid based structure.

The SEPP Maps proposed to be amended under this Planning Proposal include:

- Amendment to the Land Zoning Map - Sheet LZN_004
- Amendment to the Lot Size Map - sheet LSZ 004
- Amendment to the Special Areas Map - Sheet SAM 004
- Amendment to the Height of Buildings Map - Sheet HOB_004

A detailed submission which seeks amendments to the Oran Park Development Control Plan 2007 (Part B1 Oran Park Town Centre) has also been submitted concurrently with this Planning Proposal.

The adoption of this Planning Proposal, and a supporting proposed modification of the Part B DCP, will ensure that there is consistency in the ongoing design and delivery of the Town Centre and the relevant statutory mapping, land use and development control guidelines

Schedule of Attachments

- Attachment 1: Oran Park Town Centre Amended Masterplan.
- Attachment 2: Proposed amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 Land Zoning Map.
- Attachment 3: Proposed amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 Lot Size Map.
- Attachment 4: Proposed amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 Height of Building Map.
- Attachment 5: Proposed amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 Special Areas Map
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Attachment 1

Attachment 1 – Oran Park Town Centre Amended Masterplan



Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

Attachment 2 - Proposed Amendments to State Environmental Planning Policy (Sydney Region Growth Centre) 2006 Land Zoning Map



ORD06

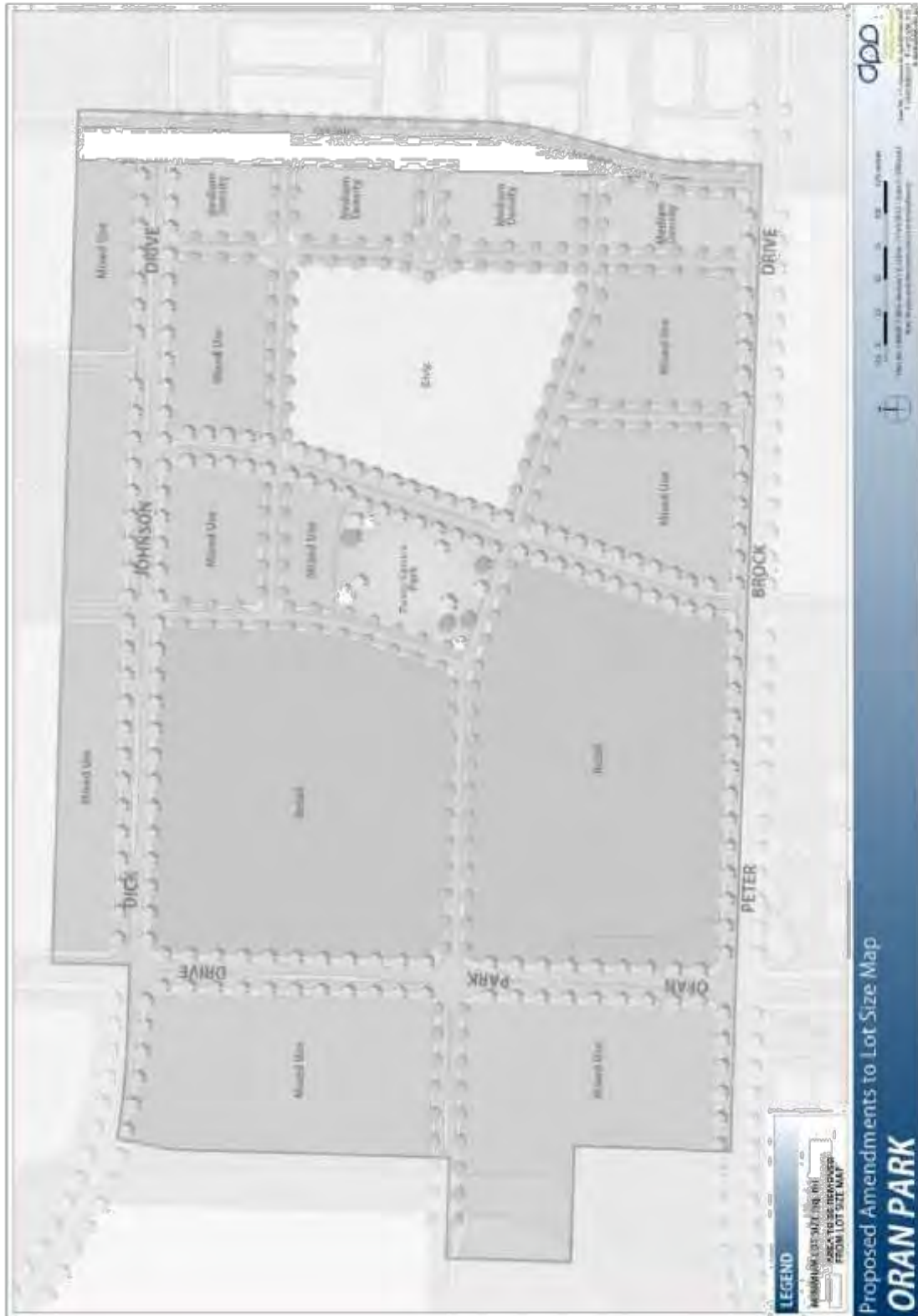
Attachment 1

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Attachment 1

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

Attachment 3 – Proposed Amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 Lot Size Map



Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

Attachment 4 – Proposed Amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 Height of Building Map



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Attachment 1

ORD06

Attachment 1

Oran Park Town Centre Planning Proposal- Amendment to SEPP (Sydney Region Growth Centres) 2006

Attachment 5 – Proposed Amendments to State Environmental Planning Policy (Sydney Region Growth Centres) 2006 Special Areas Map



ORD06

Attachment 2



The wise choice

Waste Management Plan
Construction

Site Address: Lot 211 Furlong Drive Currans Hill

Applicants Name & Address: Wisdom Homes
Shop 5, 338 Camden Valley Way
NARELLAN NSW 2567

Building & Other Structures on Site: Vacant

Description of Proposal: New Two Storey Dwelling

The details provided in this Waste Management Plan are how we intend to treat waste during this project.

Applicants signature:  Date: 9.9.13

Shop 5, 338 Camden Valley Way, Narellan NSW 2567

WASTE MANAGEMENT PLAN

Site Clean	Construction Stage	Task	Responsibility
	Excavation	Remove any excess spoil	Supervisor
	Slab Poured	Waste waffle pods and steel picked up by supplier	Supervisor Concrete
	External Drainage	Removal of any excess spoil	Supervisor
1	Forming	Nominate position for waste for timber Stack all timber waste at front of site in one neat pile All timber waste collected Side and rear yard checked and cleaned	Supervisor Frame Site Clean Contractor Site Clean Contractor Supervisor
		Brick bin delivered to site	Site Clean Contractor
	Brickwork to 20 courses	Paper and plastic bin installed All brick waste placed in brick bin provided Place all other waste - (cement bags, brick slabs etc) in paper waste bin	Site Clean Contractor Bricklayer Bricklayer
	Second Storey Brickwork	All brick waste placed in brick bin provided Place all other waste (cement bags, brick straps, plastics etc) in paper waste bin Muckans Waste notified by supervisor in completion of brickwork Side and rear yard checked and cleaned If site conditions is unacceptable supervisor contacted for ETS	Bricklayer Bricklayer Supervisor Site Clean Contractor Supervisor
2		Brick bin removed from site / paper bin emptied	Site Clean Contractor

Supplied to Brandowns for certification and recycling

Blacktown Waste Services

Supplied to Brandowns for certification and recycling

Separated on site by Site Clean Contractor
Supplied to Brandowns for recycling
Chipped for garden mixes, composts etc

Separated on site by Site Clean Contractor
Supplied to Hellmans - St Marys, crushed for the reuse of allweather access material supplied back to the building sites and general purpose aggregate for landscaping etc

ORD06

Attachment 2

Site Clean	Construction Stage	Task	Responsibility	
3	Facia and Gutter	Place all plastic waste in paper waste bin	Installer	Separated on site by Site Clean Contractor Roof tiles recycled on site as a weather access material placed in driveway Paper and plastics delivered to Gateways Recycling for separation and recycling
	Roof	Stack all steel off cuts at front of site	Installer	
	Eaves	Place all broken roof tiles in driveway (to top up AWA)	Roofer	
	Remove Scaffold	Stack all waste at front of site	All trades	
	Rough Ins	Stack all waste at front of site	All trades	
	Pre-sheet site clean	Place all waste in paper and plastic bin	All trades	
		All waste collected/ paper bin emptied	Site Clean Contractor	
		Site and rear yard checked and cleaned	Site Clean Contractor	
		Stack plasterboard offcuts separate to any general waste on site for recycling	Supervisor	
		Plasterboard recycle pickup	Byproduct/Boyal/CSR	
4	Blockout	Stack all waste at front of site	All trades	Separated on site by Site Clean Contractor Supplied to Brandowns for recycling All metals supplied to Sims Metal to be recycled All lumber chipped for recycling Masonry material crushed for aggregate etc
	Stairs	Stack all waste at front of site	All trades	
	Kitchen	Stack all waste at front of site - plastics, papers in bin	All trades	
	Wall and Floor Tiling	Stack all waste at front of site - plastics, papers in bin	All trades	
	Painter	Stack all waste at front of site	All trades	
	Finish Offs	Stack all waste at front of site (appliance boxes etc)	All trades	
	Internal Cleaner	Place all plastics and paper in bin (incl window protection material)	Cleaner	
	Final Site Clean	All waste collected/ paper bin removed	Site Clean Contractor	
		Site and rear yard checked and cleaned	Site Clean Contractor	



Our Ref: LANOPTCB / 131101 LCC

15th January 2014

The General Manager
Camden Council
PO Box 183
CAMDEN NSW 2570

ATTENTION: KYLIE POWELL

Dear Kylie,

RE: ORAN PARK TOWN CENTRE – MODIFICATION OF PART B DCP TO REFLECT AGREED LAYOUT

In November 2013 UrbanGrowth NSW and Greenfields Development Company No. 2 (GDC2) made a submission to Camden Council to formally amend the Oran Park Development Control Plan (DCP) – Part B1 Oran Park Town Centre. The submission sought to amend the Part B1 DCP to reflect the revised design for the town centre which took into account the adopted Civic Precinct Masterplan.

In addition to the consequential amendments arising from the revised design for the town centre, the submission also proposed a number of additional amendments to the Part B1 DCP. The primary driver for the requested additional amendments is due to the inability to implement parts of the Part B1 DCP as currently documented.

Following advice received from Council it is now proposed to remove the additional requested amendments from the Part B1 DCP Amendment. We note however that a separate submission will be shortly made to Council seeking these additional amendments to the Part B1 DCP.

Accordingly, please find attached an updated submission seeking to amend the Part B1 DCP. This submission comprises of two parts:

- Attachment 1: Provides background information in describing the work undertaken in informing the revised design for the Oran Park Town Centre.
- Attachment 2: Details the proposed amendments to the Part B DCP to reflect the revised town centre design.

We appreciate the opportunity to continue to work with Camden Council to achieve the successful delivery of the Oran Park Town Centre.

Should you require any further information or assistance please feel free to contact either Michael Rodger or the undersigned.

Yours faithfully

DPS (NSW) PTY LTD

**NIGEL McANDREW
DIRECTOR**

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DPS (NSW) PTY LTD IS A DEVELOPMENT PLANNING STRATEGIES
MEMBER OF THE INSTITUTE OF AUSTRALIA (IPA)

ATTACHMENT 1

BACKGROUND TO REVISED TOWN CENTRE DESIGN

1.0 Introduction

This section seeks to describe the evolution of the design of the Oran Park Town Centre. It will explain the design process undertaken and the key design principles that drove the revised design.

2.0 Oran Park DCP – Part B1 Oran Park Town Centre (2007 Masterplan)

The Oran Park Town Centre Part B DCP was adopted in October 2008. The design of the Oran Park Town Centre as reflected in the Part B DCP is shown in Figure 1 below.



Figure 1: Town Centre Design as per Part B DCP



3.0 Preparation of the 2012 Masterplan

The developers of Oran Park made a submission and Formal Offer to Camden Council to locate Council's new Central Administration Building at Oran Park. This offer was ultimately accepted by Council and it was confirmed that the new Administration Building would be located at Oran Park.

Following the acceptance of the offer a review of the town centre design was undertaken. This was undertaken to ensure that the layout was the most efficient and provided the best possible outcome. This design exercise involved representatives from both Council and the project developers. This review identified a number of improvements to the design of the town centre and resulted in the preparation of the 2012 Masterplan.

The key changes from the Part B DCP (2007 Masterplan) to the 2012 Masterplan were:

- Realignment and rationalisation of the Main North-South Street (bus route)
- Co-location of the Leisure Centre and some of the Youth and Recreational Centre Facilities (2 ball courts and rock climbing wall) within the Civic Precinct.
- Reconfigured Town Park.
- Change in the surrounding street network
- Change in the size and shape of surrounding blocks.

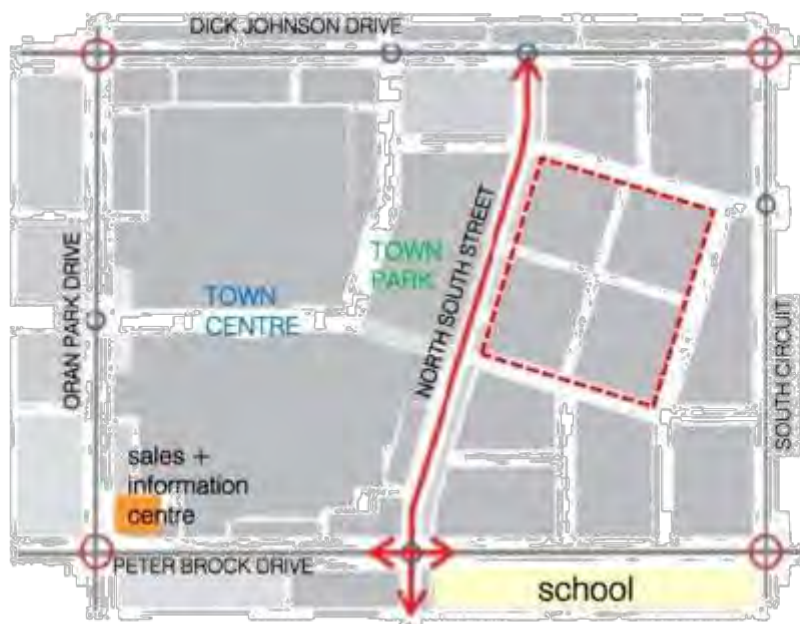


Figure 2: 2012 Masterplan

4.0 Preparation of the 2013 Masterplan

In early 2013 Allen Jack + Cottier (AJ+C) were jointly engaged by Council and the project developers to prepare a masterplan for the Civic Precinct, to be located in the town centre. The Civic Precinct is to comprise commitments made in the Formal Offer and commitments to deliver facilities in accordance with the Voluntary Planning Agreement (VPA). The Civic Precinct is to contain Council's new Central Administration Building; a Branch Library and Community Resource Centre, a Leisure Centre and part of a Youth and Recreational Centre.



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Attachment 3

It was agreed that the preparation of a masterplan specifically for the Civic Precinct would assist in developing a procurement and delivery strategy for the Administration Building.

It was during the design development of the Civic Precinct Masterplan that the opportunity arose to review the design merits of the 2012 Masterplan. In particular, the potential for the better utilisation of the Civic Precinct site; the potential for improved interrelationships between land and building uses; and the better integration of the Civic Precinct within the surrounding street and block network.

As part of the review of the 2012 Masterplan a number of improvements were identified and resulted in the preparation of the 2013 Masterplan. The new Masterplan provides a substantial improvement on the 2012 Masterplan, in particular:

- Improved street network with a more permeable grid.
- More efficient and desirable spatial layout of the Civic Precinct.
- Better relationship of proposed building and land uses within the precinct.
- Enhanced building efficiencies in the sharing of facilities/ amenities.
- Better pedestrian connections through the site and town centre.
- Provided surrounding streets blocks of a size and proportion that can accommodate a variety of long term development options.
- Provides public open space areas within the precinct that are varied in size and character.



The 2013 Masterplan is illustrated in Figure 3.

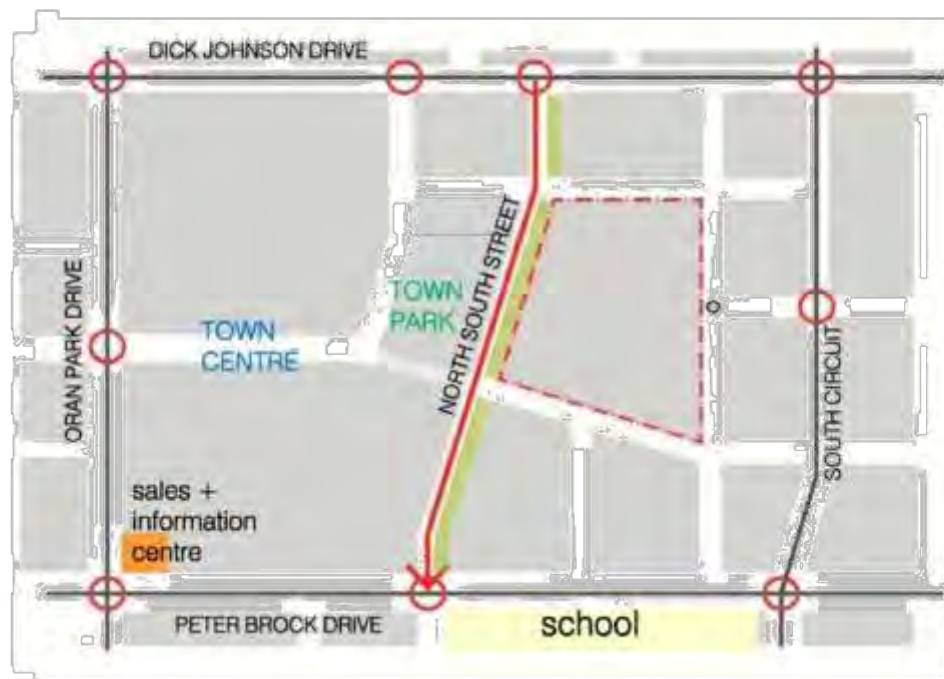


Figure 3: 2013 Masterplan

5.0 Endorsement of the 2013 Masterplan by Camden Council

Camden Council at its meeting on 22nd October 2013 endorsed the Civic Precinct Masterplan and the resulting changes to the design and layout for the town centre. It also endorsed undertaking the necessary amendments required to the relevant Part B DCP and State Environmental Planning Policy (SEPP) to give effect to the Civic Precinct Masterplan.

This Part B DCP Amendment is a consequence of the endorsement issued on 22nd October 2013.

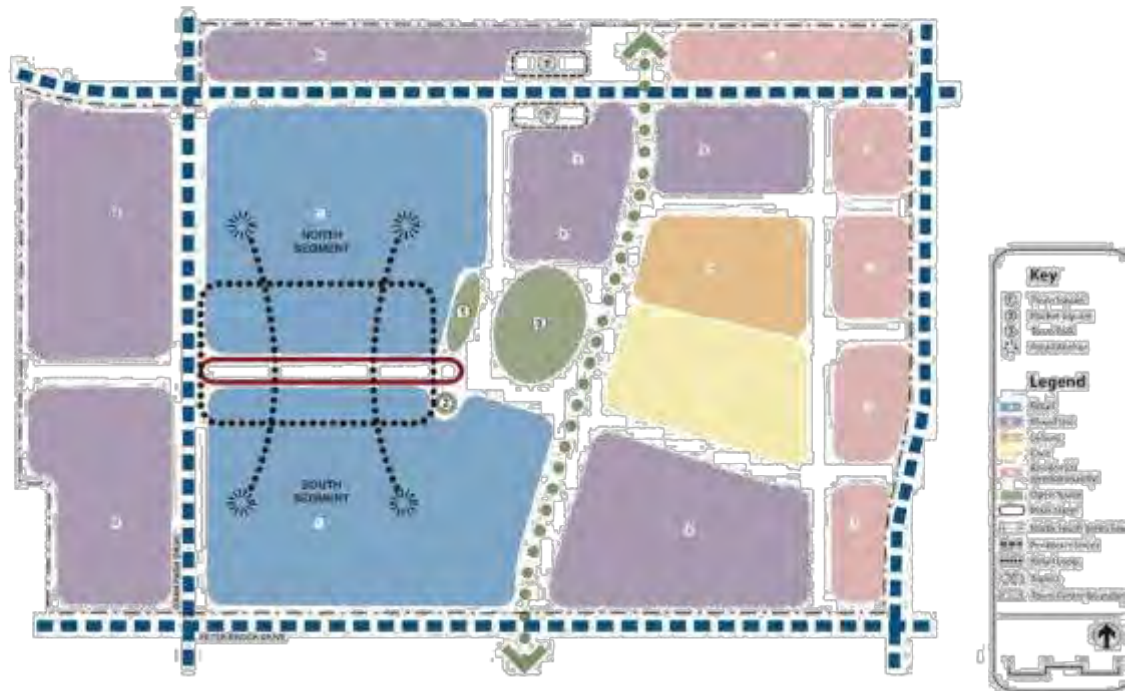


**ATTACHMENT 2
PROPOSED AMENDMENTS TO ORAN PARK DCP – PART B1 ORAN PARK TOWN CENTRE**

The following lists the proposed amendments to the Part B DCP to reflect the revised design for the town centre. It details all the revised text and includes all the required new plans and images for insertion directly into the updated Part B DCP.

All requested amendments listed below are consequential amendments to the Part B DCP arising from the revised town centre design.

Amendment No:	1
Part B DCP Reference	Page 5, Section 2.1 Vision for Oran Park Town Centre
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 1 with amended Figure 1 shown below.



Amendment No:	2
Part B DCP Reference	Page 7, Section 3.1 Town Centre Structure Layout Plan
Requested Amendment	<ul style="list-style-type: none"> • Replace current Figure 2 with amended Figure 2 shown below. • Insert Note as follows below Figure 2: <ul style="list-style-type: none"> - <i>Note: Figure 2 above graphically represents the indicative land uses for the Oran Park Town Centre. The land uses and general road structure may be amended over time to allow for flexible delivery of the Town Centre built form.</i>



Figure 2: Land Use



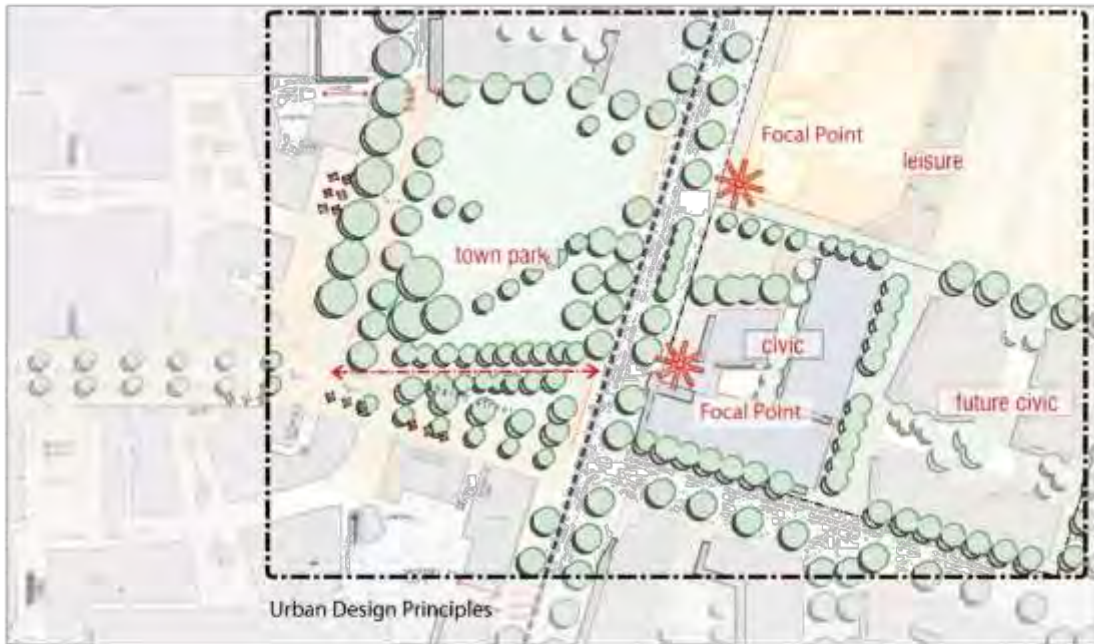
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Attachment 3

Amendment No:	3
Part B DCP Reference	Page 9, Section 3.2 Land Uses – Civic Precinct
Requested Amendment	<ul style="list-style-type: none"> • Text needs to be updated to reflect the inclusion of the Central Administration Building within the Civic Precinct and the revised location for Leisure Centre. • Replace text under 'Civic Precinct' with: <i>The Civic Precinct acts as the heart of the Oran Park Town Centre, centrally located and comprising a Town Square, Town Park, significant regional civic and community buildings and recreation and leisure facilities.</i> <p><i>The co-location of civic land uses within this area will enhance the creation of a Civic Precinct within the core of the Town Centre.</i></p> <p><i>The civic buildings are located to frame the Town Park and provide a termination of the vista along Main Street at an architecturally significant building, which provides a strong element of the visual landscape.</i></p> <p><i>The Civic Precinct will incorporate low speed shared use zones where pedestrian permeability is the guiding principle in the design of roadways.</i></p> <p><i>The following ten design principles apply to the Civic Precinct:</i></p> <ul style="list-style-type: none"> • <i>To create a vibrant Civic Precinct that is a focus for community activities;</i> • <i>Enhance pedestrian accessibility, circulation and way-finding across and through the site linking outer blocks with the Town Park and retail centre;</i> • <i>To create a series of public open spaces within the Civic Precinct to provide a variety of contained and intimate focal points for the community with a high level of climatic amenity;</i> • <i>Provide a safe public domain by creating active frontages to buildings addressing streets and open spaces;</i> • <i>Create a landmark/iconic element with the Council Administration building, to terminate the vista from the Town Centre Main Street;</i> • <i>Design the Administration Building, Library and Leisure Centre to address the Town Park;</i> • <i>Create building efficiencies by co-locating buildings to allow for sharing of facilities and amenities;</i> • <i>Locate the Leisure Centre and Youth Centre at the northern part of the site to take advantage of level changes;</i> • <i>Orientate buildings to maximise sunlight and to reduce overshadowing of the open space; and</i> • <i>Locate car parking to the east of the site with multiple entry/exits from the local streets.</i>



Amendment No:	4
Part B DCP Reference	Page 9, Section 3.2 Land Uses – Civic Precinct
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 4 with amended Figure 4 as shown below.



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Attachment 3

Amendment No:	5
Part B DCP Reference	Page 13, Section 3.3 Special Places – Town Square
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 7 with amended Figure 7 as shown below.



Amendment No:	6
Part B DCP Reference	Page 14, Section 3.3 Special Places – Town Park
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 8 with amended Figure 8 as shown below.



Amendment No:	7
Part B DCP Reference	Page 15, Section 3.3 Special Places – Town Park
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 9 section diagram with amended Figure 9 section diagram as shown below.



Amendment No:	8
Part B DCP Reference	Page 16, Section 3.4 Views and Vistas
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 10 with amended Figure 10 as shown below.



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Attachment 3



Figure 10: Views and Vistas



Amendment No:	9
Part B DCP Reference	Page 18, Section 4.1 Vehicle Movement Network
Requested Amendment	<ul style="list-style-type: none"> • Replace current Figure 11 with amended Figure 11 as shown below. • Insert Note as follows below Figure 11: <ul style="list-style-type: none"> - <i>Note: Figure 11 above graphically represents the indicative road layout and hierarchy for the Oran Park Town Centre. The road structure and hierarchy may be amended over time to allow flexible delivery of the Town Centre built form.</i>



Figure 11: Road Hierarchy

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Attachment 3

Amendment No:	10
Part B DCP Reference	Page 20, Section 4.2 Pedestrian and Cycle Movement
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 12 with amended Figure 12 as shown below.



Figure 12: Pedestrian and Cycle Movement



Amendment No:	11
Part B DCP Reference	Page 23, Section 4.3 Road Types
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 14 section diagram with amended Figure 11 section diagram as shown below.



Amendment No:	12
Part B DCP Reference	Page 22, Section 4.3 Road Types
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 15 section diagram with amended Figure 15 section diagram as shown below.



Amendment No:	13
Part B DCP Reference	Page 23: Section 4.3 Road Types
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 16 section diagram with amended Figure 16 section diagram as shown below.



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Attachment 3

Amendment No:	14
Part B DCP Reference	Page 24, Section 4.4 Public Transport
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 17 with amended Figure 17 as shown below.

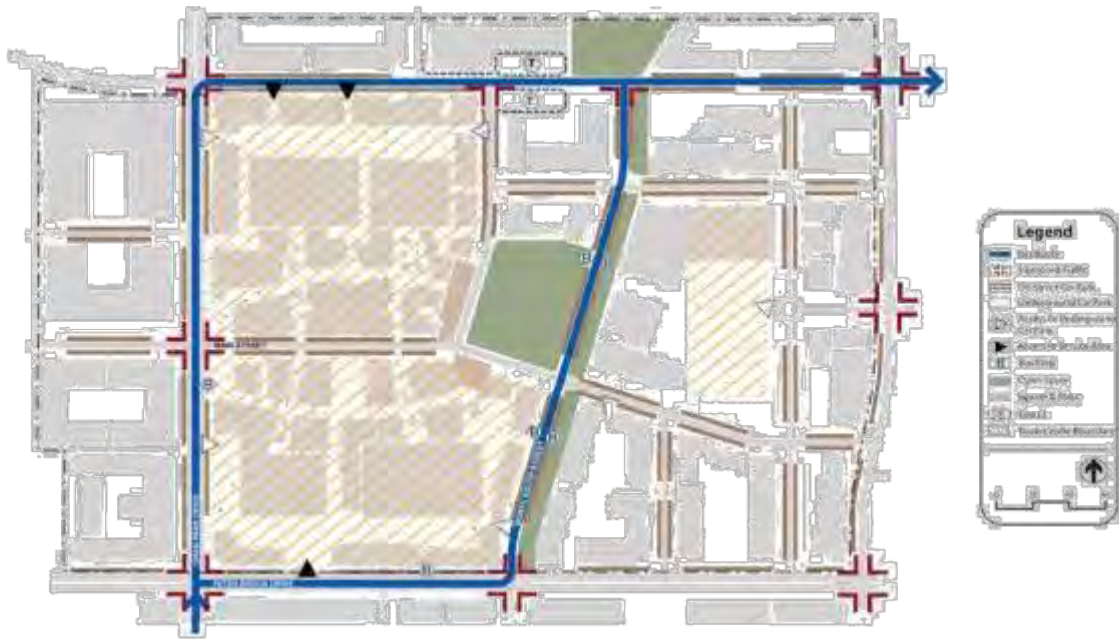


Figure 17: Public Transport and Car Parking



Amendment No:	15
Part B DCP Reference	Page 26, Section 5.1 Public Domain
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 18 with amended Figure 18 as shown below.



Figure 18: Public Domain Plan

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Attachment 3



Amendment No:	17
Part B DCP Reference	Page 35, Section 7.3 Building Envelopes / Bulk & Scale
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 20 with amended Figure 20 as shown below.

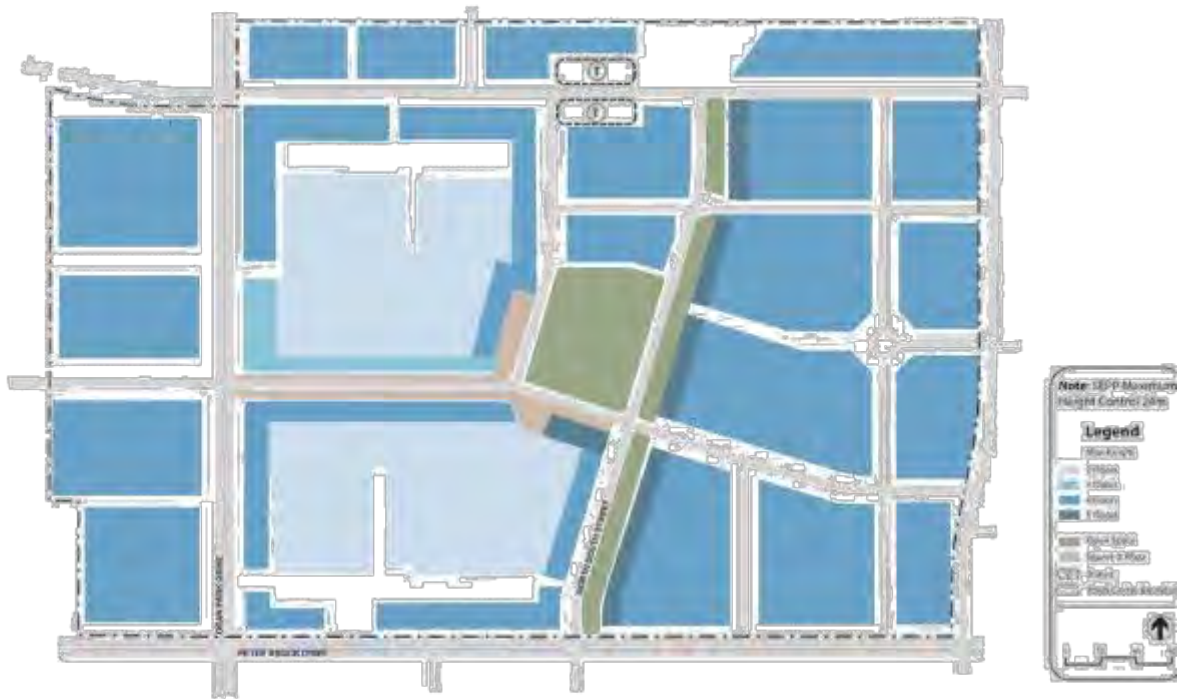


Figure 20: Indicative Building Envelope

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Attachment 3

Amendment No:	18
Part B DCP Reference	Page 40, Section 7.6 Setbacks
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 22 with amended Figure 22 as shown below.



Figure 22: Indicative Build-To Lines and Setbacks



Amendment No:	19
Part B DCP Reference	Page 45, Section 9.1 Staging Considerations for Early Development
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 23 with amended Figure 23 as shown below.



Figure 23: Land Use Stage 1 of Town Centre

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Attachment 3

Amendment No:	20
Part B DCP Reference	Page 46: Section 9.1 Staging Considerations for Early Development
Requested Amendment	<ul style="list-style-type: none"> Replace current Figure 24 with amended Figure 24 as shown below.





CAMDEN COUNCIL DRAFT PLANNING PROPOSAL

Amendment No. 30 - Orielton

September 2013 (Version 1)

January 2014 (Version 2 – Post Gateway Determination)

March 2014 (Version 3 – Post Exhibition)

Amendment No. 30 - Orierton

ORD07

Attachment 1

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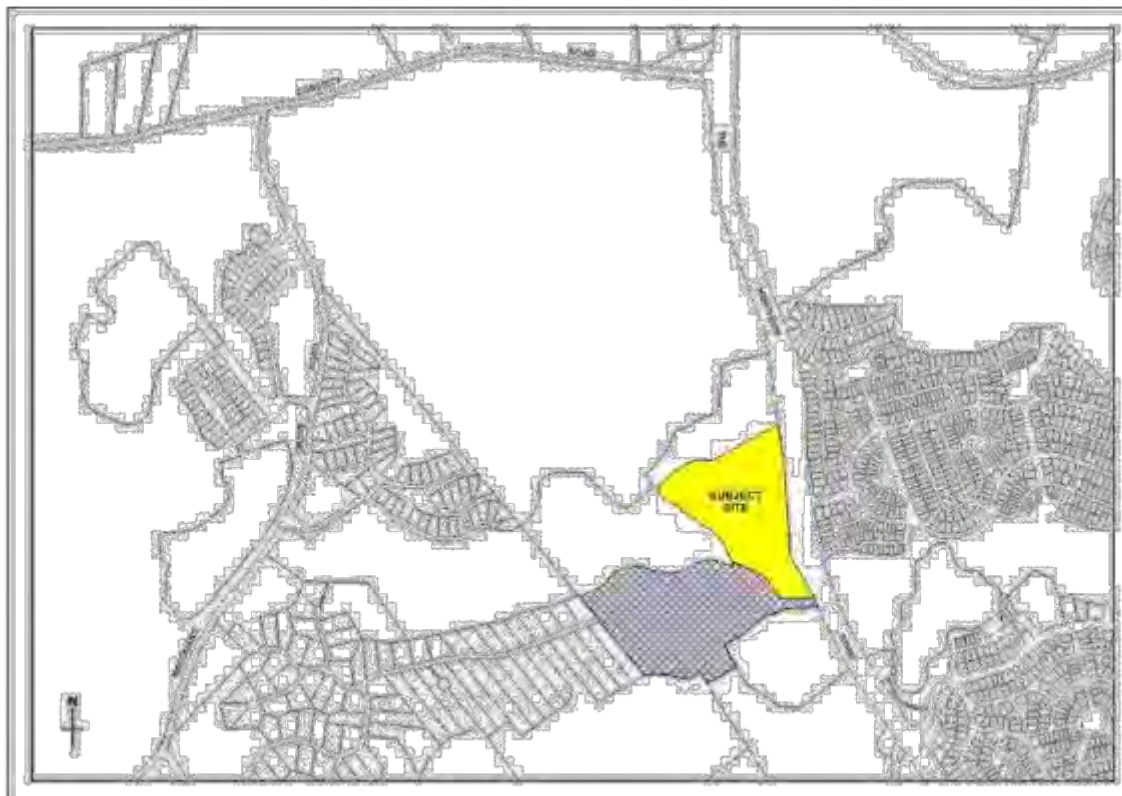
Attachment B - LEP Maps.....16

Amendment No. 30 - Orierton

BACKGROUND

The land subject to this planning proposal is identified as Orierton Heritage Homestead land (part of Lot 7 DP 270613), and is located within Harrington Grove West and adjacent to The Northern Road. The map below shows the subject site. The current and proposed minimum lot sizes of the subject site and surrounding land are shown in Attachment A.

Subject Site Map



BACKGROUND

Three heritage homestead areas (including the subject site) within the Camden LEP 74 were previously zoned 5(a) Special Uses Cultural Landscapes. The other sites are Wivenhoe and Harrington Park Homesteads. These sites did not have an assigned minimum lot size. With the consolidation of all Camden's LEPs into the consolidated LEP Template format the three heritage homestead areas were assigned the R5 Large Lot Residential zone and 40ha minimum lot size, as no further subdivision of these sites was believed to be required.

Since the rezoning there has been a subsequent change of minimum lot size for one of the heritage homestead areas (Harrington Park Homestead) to accommodate a subdivision for land tenure. This level of detail was not considered during the process of consolidation of all Camden LEPs into the LEP Template format.

Similarly further detail for the subject site (Orierton Homestead) is now being considered and a change to minimum lot size is required.

Amendment No. 30 - Orielton

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Attachment 1

PROPOSAL

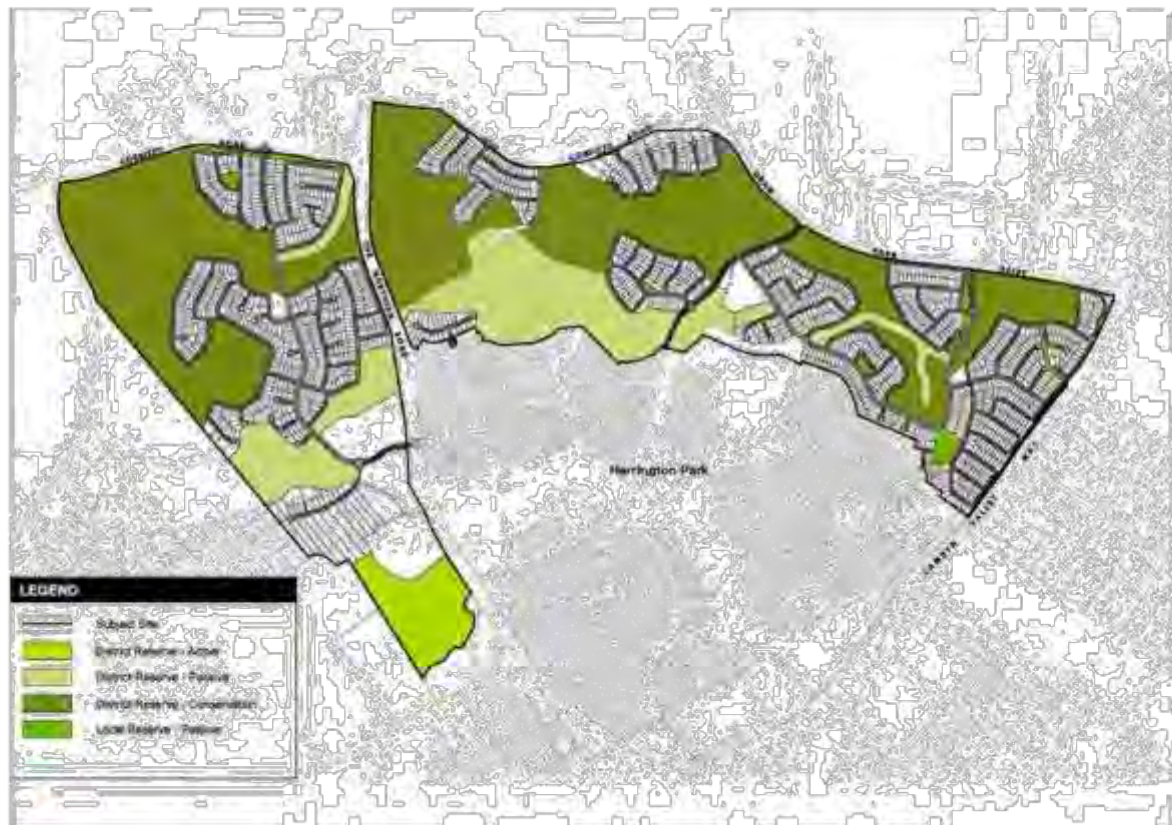
The subject site is currently zoned R5 Large Lot Residential and has a minimum lot size of 40ha. To enable the undertaking of the approved Structure Plan (as in the Camden DCP 2011 C9.2) for residential development adjoining the site (hatched area) and for the consolidation of the heritage homestead lot, subdivision needs to occur. This cannot be done under the current minimum lot size of 40ha. The approved Structure Plan is shown below.

This planning proposal is for the amendment of the minimum lot size for the subject site (Orielton heritage homestead area). The area is 11ha, but will need a smaller minimum lot size to accommodate subdivision for an entry road; road widening for The Northern Road and drainage reserves. If subdivision for roads and drainage were to occur after the plan was made then the area would be less than 11ha and the subdivision for the approved Structure Plan residential development could not occur. Therefore the proposal is to amend the minimum lot size from 40ha to 7ha.

The use of a minimum lot size of 7ha will ensure that:

- 1) no further subdivision of the heritage homestead lot once it is subdivided from the approved Structure Plan;
- 2) subdivision required for the entry road, road widening and drainage reserves.
- 3) subdivision of the approved Structure Plan residential development.

Approved Structure Plan



Amendment No. 30 - Orierton

PART 1 – OBJECTIVES OR INTENDED OUTCOMES

The objective of this Planning Proposal is to amend the minimum lot size of the subject site (part of Lot 7 DP 270613). This will enable the excising of the Orierton Homestead from the approved Structure Plan residential development area and the area required for an entry road, road widening and drainage reserves within the subject site.

PART 2 – EXPLANATION OF PROVISIONS

The objective of this Planning Proposal is to amend Camden LEP 2010 by amending the minimum lot size of the subject site from 40ha to 7ha. The subject site area is 11ha, but will need a smaller minimum lot size to accommodate subdivision for an entry road; road widening for The Northern Road and drainage reserves. If subdivision for roads and drainage were to occur after the plan was made then the area would be less than 11ha and the subdivision for the approved Structure Plan residential development could not occur. Therefore the proposal is to amend the minimum lot size from 40ha to 7ha.

The use of a minimum lot size of 7ha will ensure that:

- 4) no further subdivision of the heritage homestead lot once it is subdivided from the approved Structure Plan;
- 5) subdivision required for the entry road, road widening and drainage reserves.
- 6) subdivision of the approved Structure Plan residential development.

This will be undertaken by amending the following Lot Size Maps:

- Sheet LSZ_007
- Sheet LSZ_012

PART 3 – JUSTIFICATION**Section A – Need for the Planning Proposal****1. Is the planning proposal a result of any strategic study or report?**

This Planning Proposal is not a result of any strategic study or report.

2. Is the planning proposal the best means of achieving the objectives or intended outcomes, or is there a better way?

Currently the subject site has a minimum lot size of 40ha. To enable subdivision of the approved Structure Plan residential development the minimum lot size of the subject site needs to be reduced. Camden LEP 2010 does have a clause allowing for 'Exception to development standards' (Clause 4.6). However, this clause does not apply in this instance as the subdivision will result in 2 or more lots of less than the minimum area specified for such lots by a development standard and the subdivision will result in at least one lot that is less than 90% of the minimum area specified for such a lot by a development standard. A Planning Proposal is the only way to achieve the objective and intended outcomes.

Section B – Relationship to strategic planning framework.

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3. **Is the planning proposal consistent with the objectives and actions contained within the applicable regional or sub-regional strategy (including the Sydney Metropolitan Strategy and exhibited draft strategies)?**

The Planning Proposal is consistent with the objectives and actions of the Sydney Metropolitan Strategy and the Draft west sub regional Strategy.

4. **Is the planning proposal consistent with the local Council's Community Strategic Plan, or other local strategic plan?**

The Planning Proposal is consistent with Camden Council's Strategic Plan Camden 2040. Specifically the proposal is consistent with Key Direction 1 Actively Managing Camden's Growth:

- Growth Objective 1.1: Camden has the best of both worlds - Strategy 1.1.2 Conserving and enhancing heritage.
- Growth Objective 1.3: There are housing choices – Strategy 1.3.1 Ensuring greater choice and diversity of housing.

5. **Is the planning proposal consistent with applicable state environmental planning policies?**

State Environmental Planning Policy	Applicable	Comment	Consistent
Standard Instrument (Local Environmental Plans) Order 2006	Yes	The Planning Proposal intends to amend Council's LEP conforming to the standard instrument by amending the minimum lot size of the subject area from 40ha to 7ha.	Yes
Standard Instrument—Principal Local Environmental Plan	Yes	The Planning Proposal intends to amend Council's LEP conforming to the standard instrument by amending the minimum lot size of the subject area from 40ha to 7ha.	Yes
State Environmental Planning Policy No 1—Development Standards	N/A		
State Environmental Planning Policy No 4—Development Without Consent and Miscellaneous Exempt and Complying Development	N/A		
State Environmental Planning Policy No 6—Number of Storeys in a Building	N/A		
State Environmental Planning Policy No 14—Coastal Wetlands	N/A		
State Environmental Planning Policy No 15—Rural Landsharing Communities	N/A		

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State Environmental Planning Policy No 19—Bushland in Urban Areas	N/A		
State Environmental Planning Policy No 21—Caravan Parks	N/A		
State Environmental Planning Policy No 22—Shops and Commercial Premises	N/A		
State Environmental Planning Policy No 26—Littoral Rainforests	N/A		
State Environmental Planning Policy No 29—Western Sydney Recreation Area	N/A		
State Environmental Planning Policy No 30—Intensive Agriculture	N/A		
State Environmental Planning Policy No 32—Urban Consolidation (Redevelopment of Urban Land)	N/A		
State Environmental Planning Policy No 33—Hazardous and Offensive Development	N/A		
State Environmental Planning Policy No 36—Manufactured Home Estates	N/A		
State Environmental Planning Policy No 39—Spit Island Bird Habitat	N/A		
State Environmental Planning Policy No 44—Koala Habitat Protection	N/A		
State Environmental Planning Policy No 47—Moore Park Showground	N/A		
State Environmental Planning Policy No 50—Canal Estate Development	N/A		
State Environmental Planning Policy No 52—Farm Dams and Other Works in Land and Water Management Plan Areas	N/A		
State Environmental Planning Policy No 55—Remediation of Land	N/A		
State Environmental Planning Policy No 59—Central Western Sydney Regional Open Space and Residential	N/A		

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State Environmental Planning Policy No 60—Exempt and Complying Development	N/A		
State Environmental Planning Policy No 62—Sustainable Aquaculture	N/A		
State Environmental Planning Policy No 64—Advertising and Signage	N/A		
State Environmental Planning Policy No 65—Design Quality of Residential Flat Development	N/A		
State Environmental Planning Policy No 70—Affordable Housing (Revised Schemes)	N/A		
State Environmental Planning Policy No 71—Coastal Protection	N/A		
State Environmental Planning Policy (Affordable Rental Housing) 2009	N/A		
State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004	N/A		
State Environmental Planning Policy (Exempt and Complying Development Codes) 2008	N/A		
State Environmental Planning Policy (Housing for Seniors or People with a Disability) 2004	N/A		
State Environmental Planning Policy (Infrastructure) 2007	N/A		
State Environmental Planning Policy (Kosciuszko National Park—Alpine Resorts) 2007	N/A		
State Environmental Planning Policy (Kurnell Peninsula) 1989	N/A		
State Environmental Planning Policy (Major Development) 2005	N/A		
State Environmental Planning Policy (Mining, Petroleum Production and Extractive Industries) 2007	N/A		
State Environmental Planning Policy (Penrith Lakes Scheme) 1989	N/A		
State Environmental Planning Policy (Rural Lands) 2008	N/A		
State Environmental Planning Policy (SEPP 53 Transitional Provisions) 2011	N/A		

Amendment No. 30 - Orielton

State Environmental Planning Policy (State and Regional Development) 2011	N/A		
State Environmental Planning Policy (Sydney Drinking Water Catchment) 2011	N/A		
State Environmental Planning Policy (Sydney Region Growth Centres) 2006	N/A		
State Environmental Planning Policy (Temporary Structures) 2007	N/A		
State Environmental Planning Policy (Urban Renewal) 2010	N/A		
State Environmental Planning Policy (Western Sydney Employment Area) 2009	N/A		
State Environmental Planning Policy (Western Sydney Parklands) 2009	N/A		
Sydney Regional Environmental Plan No 8 (Central Coast Plateau Areas)	N/A		
Sydney Regional Environmental Plan No 9—Extractive Industry (No 2—1995)	N/A		
Sydney Regional Environmental Plan No 16—Walsh Bay	N/A		
Sydney Regional Environmental Plan No 18—Public Transport Corridors	N/A		
Sydney Regional Environmental Plan No 19—Rouse Hill Development Area	N/A		
Sydney Regional Environmental Plan No 20—Hawkesbury-Nepean River (No 2—1997)	N/A		
Sydney Regional Environmental Plan No 24—Homebush Bay Area	N/A		
Sydney Regional Environmental Plan No 25—Orchard Hills	N/A		
Sydney Regional Environmental Plan No 26—City West	N/A		
Sydney Regional Environmental Plan No 28—Parramatta	N/A		
Sydney Regional Environmental Plan No 30—St Marys	N/A		
Sydney Regional Environmental Plan No 33—Cooks Cove	N/A		
Sydney Regional Environmental Plan (Sydney Harbour	N/A		

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Attachment 1

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Catchment) 2005			
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6. Is the planning proposal consistent with applicable Ministerial Directions (s.117 directions)?

The following table provides an assessment of the planning proposal with the relevant S117 Directions:

s.117 Direction	Objective	Response
2.3 Heritage Conservation	The objective of this direction is to conserve items, areas, objectives and places of environmental heritage significance and indigenous heritage significance.	The Planning Proposal is consistent with this direction as it will ensure that the heritage homestead lot cannot be subdivided further.
3.1 Residential Zones	The objectives of this direction are: (a) To encourage a variety and choice of housing types and provide for existing and future housing needs, (b) To make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services, and (c) To minimise the impact of residential development on the environment and resource lands.	The Planning Proposal will reduce the minimum lot size of the subject site from 40ha to 7ha. This will enable the subdivision of the approved Structure Plan residential development.

Attachment 1

Amendment No. 30 - Orierton

Section C – Environmental, social and economic impact.

- 7. Is there any likelihood that critical habitat or threatened species, populations or ecological communities, or their habitats, will be adversely affected as a result of the proposal?**

Prior to the conversion of Camden's LEPs to the LEP template format the subject site was previously zoned, as part of a wider rezoning, 5(a) Special Purposes Cultural Landscape. At the time of this previous rezoning process an E2 (Environmental Conservation) zone was allocated to areas of environmental significance. These areas are outside the subject site. Therefore there is no likelihood of any adverse affect on any critical habitat or threatened species, populations or ecological communities, or their habitats, as a result of this proposal.

- 8. Are there any other likely environmental effects as a result of the planning proposal and how are they proposed to be managed?**

There will not be any other likely environmental effects as a result of the Planning Proposal

- 9. How has the planning proposal adequately addressed any social and economic affects?**

The purpose of this Planning Proposal is to enable the approved Structure Plan residential development and to ensure there will be no further subdivision of the Orierton Homestead lot once it is subdivided from the approved Structure Plan (Orierton Homestead is listed on the State Heritage Register - Data Base number 5052821, and within the Camden LEP 2010 Schedule 5 as Item I135). This will improve the operation of Camden LEP 2010 by allowing the approved residential area to be developed and provides a social benefit by ensuring the heritage homestead is conserved.

Section D – State and Commonwealth interests.

- 10. Is there adequate public infrastructure for the planning proposal?**

The Planning Proposal will not require further public infrastructure. Any public infrastructure that is required for the approved Structure Plan has previously been planned.

- 11. What are the views of state and Commonwealth public authorities consulted in accordance with the gateway determination?**

The subject site of this proposal is within the heritage curtilage of Orierton Homestead (State Heritage listed as Item I135). As a result of this the Office of Environment and Heritage (Heritage Branch) have been consulted. The OEH have provided a submission outlining that it supports the proposal on the basis it will allow Orierton Homestead to be excised from the large land holding and enable the delivery of the development foreshadowed in the Harrington Grove West Structure Plan. The submission also outlined that any subdivision of the subject land will require the approval of the Heritage Council and that the Orierton Conservation Management Plan should be reviewed given it was prepared a number of years ago.

Amendment No. 30 - Orielton

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Attachment 1

PART 4 – MAPS

The following Lot Size Maps will be amended:

- Sheet LSZ_007
- Sheet LSZ_012

PART 5 – COMMUNITY CONSULTATION

Gateway Determination required this Planning Proposal to be exhibited for 28 days. Accordingly the proposal was publicly exhibited from the 22 January 2014 to the 19 February 2014. Exhibition material consisted of the Planning Proposal, Orielton Heritage Conservation Management Plan, Council's report and resolution and Gateway Determination.

The exhibition material was made available at Narellan and Camden Customer Service Centres and Libraries and Council's website and a notice of public exhibition was placed in the local paper on the 22 January 2014 and the 5 February 2014. Camden Historical Society were also consulted and have no objection to the proposal.

PART 6 – PROJECT TIMELINE

Gateway Determination recommends that the timeline for this Planning Proposal should be 6 months from the time of Gateway Determination. Gateway Determination was received on the 19 December 2013.

Anticipated commencement date (date of Gateway determination)	19 December 2013
Anticipated timeframe for the completion of required technical information	None required
Timeframe for government agency consultation	21 days during exhibition.
Commencement and completion dates for public exhibition period	22 January 2014 to 19 February 2014
Dates for public hearing (if required)	None required
Timeframe for consideration of submissions	No submissions objecting to proposal
Timeframe for the consideration of a proposal post exhibition	No submissions objecting to proposal
Date of submission to the department to finalise the LEP	
Anticipated date RPA will make the plan (if delegated)	
Anticipated date RPA will forward to the department for notification	

Amendment No. 30 - Orierton

Schedule of Attachments

- Attachment A - **A1 Current Minimum Lot Size Map**
- A2 Proposed Minimum Lot Size Map**

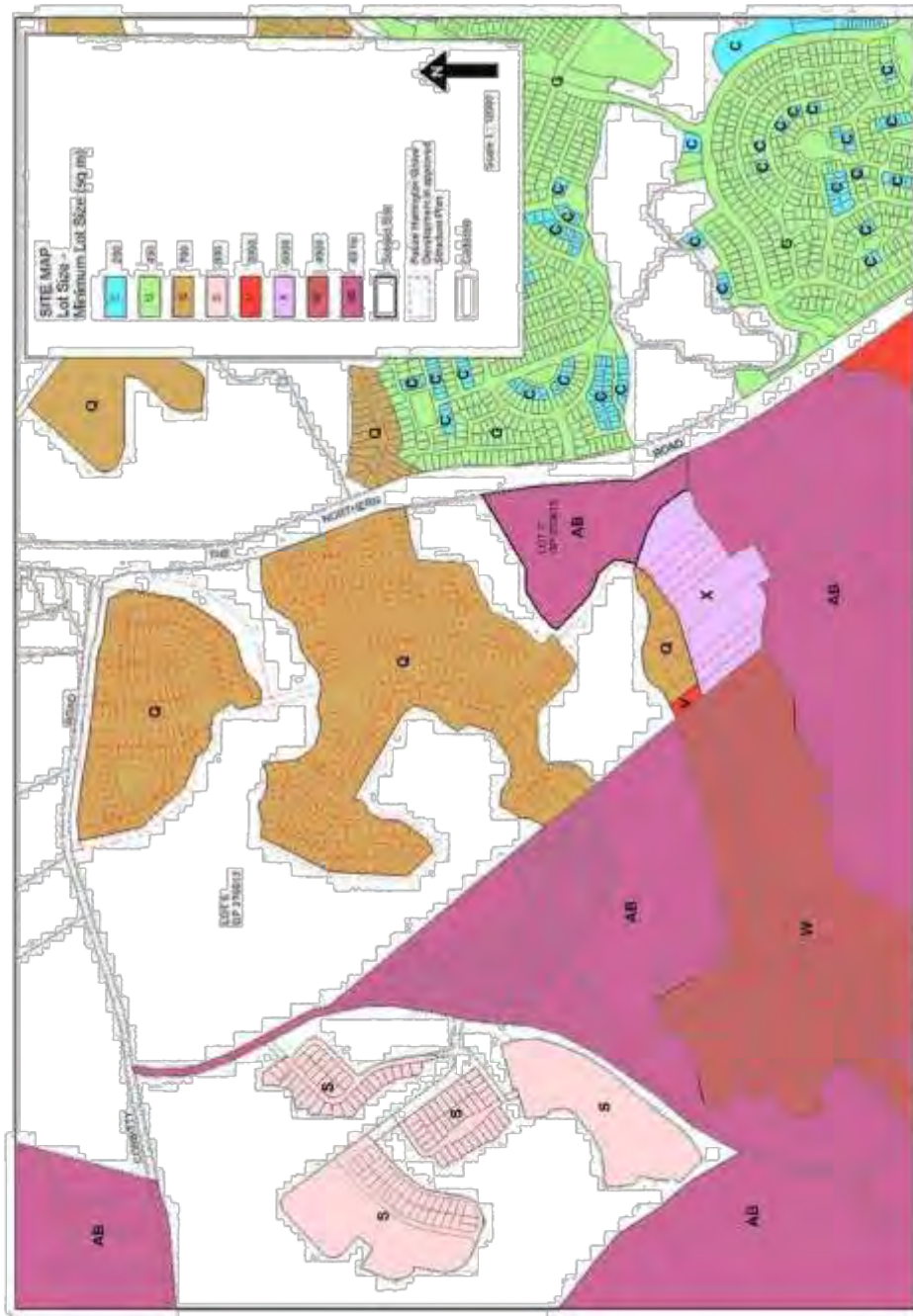
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Attachment 1

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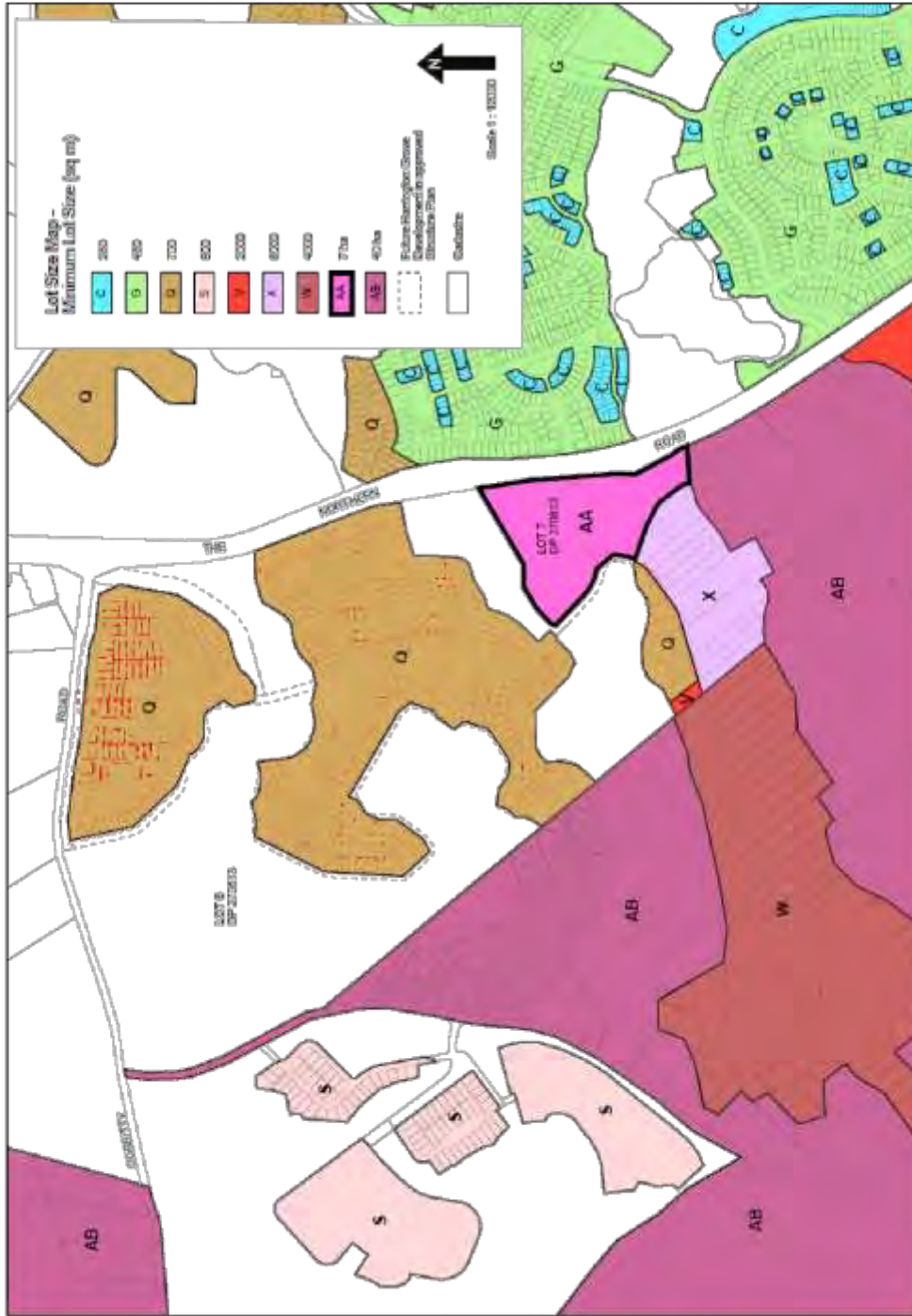
Attachment 1

Attachment A1 – Current Minimum Lot Size Map



Amendment No. 30 - Orierton

Attachment A2 – Proposed Minimum Lot Size Map



ORD07



Contact: Alice Brandjes
 Phone: (02) 9873 8560
 Fax: (02) 9873 8599
 Email: alice.brandjes@heritage.nsw.gov.au
 File: 14/
 A No. 18390

The General Manager
 Camden Council
 PO Box 183
 CAMDEN NSW 2570

Attention: Mary– Anne Madden

Dear Sir/Madam

Planning Proposal Camden Local Environmental Plan 2010 Amendment 30 - Orielton

Thank you for referring the above Planning Proposal to the Heritage Division for comment.

The documents submitted with the Planning Proposal including the Planning Proposal Report prepared by Camden Council, Ordinary Council Report and Resolution, Gateway Determination and Orielton Conservation Management Plan prepared by Tropman and Tropman Architects in 2006 have been reviewed.

The Planning Proposal applies to land known as "Orielton Homestead". "Orielton Homestead" is listed as an item of State heritage significance on the State Heritage Register (Item Number 01693) and as item number I 135 in the heritage schedule of Camden Local Environmental Plan 2010.

The Planning Proposal seeks to amend the minimum lot size of the subject land from 40 hectares to 7 hectares to enable Camden Council to implement a Structure Plan for Harrington Grove West.

It is noted that Harrington Grove West was rezoned by Camden Council in 2007 to facilitate limited residential development and the conservation of "Orielton Homestead" and that the rezoning was informed by the Conservation Management Plan prepared by Tropman and Tropman, Heritage and Voluntary Planning Agreements.

It is further noted that the Structure Plan that was subsequently adopted for Harrington Grove West provided for residential development, required entry road, road widening and drainage reserves.

Subdivision of "Orielton Homestead" from the larger land holding is now required to enable Council to deliver the development that was foreshadowed in the Structure Plan and that this is currently prevented by the minimum lot size of the subject land.

Helping the community conserve our heritage

Attachment 2

The subject land which includes the State Heritage Register listed "Orielton Homestead" comprises a total area of approximately 11 hectares. The land is zoned R 5 Large Lot Residential under the Camden Local Environmental Plan 2010 and has a minimum lot size of 40 hectares.

Amendment of the minimum lot size for the subject land from 40 hectares to 7 hectares is supported on the basis that this will allow "Orielton Homestead" to be excised from the larger land holding and enable Council to deliver the development foreshadowed in the Harrington Grove West Structure Plan. It is considered that the proposed 7 hectare minimum lot size will not lead to undue expectation of further subdivision at "Orielton Homestead" as there will be insufficient remaining land for this to occur. Furthermore impacts arising from proposed the residential development in this stage of Harrington Grove West on "Orielton Homestead" will be somewhat mitigated by adjacent open space lands and the State Heritage Register curtilage boundary.

Subdivision of the subject land will require the approval of the Heritage Council under the Heritage Act 1977 due to the State Heritage Register listing of "Orielton Homestead".

It is considered that the Conservation Management Plan prepared by Tropman and Tropman Architects should be revised as more than eight years have elapsed since preparation of the initial plan. The revision should include a review of the condition of all buildings within the property.

For further information please contact Alice Brandjes on (020 9873 8560).

Yours sincerely

Ed Beebe

Acting Conservation Manager – Heritage Division
Office of Environment & Heritage
Department of Premier and Cabinet
As Delegate of the Heritage Council of NSW

CC Ms Rachel Cumming
Regional Director
Sydney West Region
Department of Planning and Infrastructure
10 Valentine Avenue
Parramatta NSW 2150

Helping the community conserve our heritage

ORD08

Attachment 1



ORDINARY COUNCIL

ORD13

ORD13

SUBJECT: TRANSMISSION LINE UPGRADES - LODGES ROAD TO ORAN PARK
SUBSTATION
FROM: Director Works & Services
BINDER: Land Use and Planning\Zoning\Flood Information

PURPOSE OF REPORT

To inform Council of the outcome of negotiations with Endeavour Energy for the route selection and design of the 132 kV transmission lines across the Kirkham Floodplain, Narellan.

BACKGROUND

On 27 April 2010 Integral Energy's (now Endeavour Energy) proposed transmission line was reported to Council for the purpose of endorsement of a submission by Council regarding the proposed route. Subsequently, Council forwarded a submission requesting Endeavour Energy to construct its power lines underground to maintain rural vistas and the amenity of the area and to maximise development potential in Oran Park.

In the lead up to this report, Council received seven letters and emails and a petition addressed to Integral Energy containing 31 signatures which objected to the then proposed route.

Endeavour Energy has considered submissions relating to its proposals and has now published details of its preferred route and again invited comment.

Endeavour Energy proposes to construct a new powerline to service the Oran Park development and has prepared a Review of Environmental Factors for the project. An assessment of the visual impacts of the powerline has been commissioned from HBO+EMTB Urban and Landscape Design. This assessment considers the visual impact of overhead structures (poles and wires) in various combinations, including underground structures, when viewed from public streets and public places.

Following Council's submission in 2010, Endeavour Energy has undertaken further consultation with Council and surrounding residents, resulting in a modified proposal and options that still use overhead transmission. Endeavour Energy's now preferred route for the overhead power lines is located further away from residents in The Mews and The Outlook estates.

Endeavour Energy has considered a number of route options for the northernmost part of the proposed line, along The Northern Road. In addition, south of the Narellan Creek, several other options crossing the Narellan Creek Floodplain to Camden Valley Way were considered. **Attachment 1 at the end of this report** shows the options considered, with Option 5 being Endeavour Energy's now preferred route.

This is the report submitted to the Ordinary Council held on 13 September 2011 - Page 235



ORD13

MAIN REPORT

The Narellan Creek Floodplain lies to the north west of The Northern Road and is adjacent to the Narellan industrial lands. The floodplains are cleared pasture lands of approximately 191 hectares, and extend to Kirkham Lane and beyond until reaching to the Nepean River. A major district sporting precinct and facilities, known as the Narellan Sporting Precinct, lie within the floodplain. The precinct currently hosts the Macarthur Hockey Association and Narellan Jets Ruby League Club, with 2 competition hockey fields and a league field with associated car parking and amenities. The fields are currently lit. However, future lighting demands on new fields / facilities need a closer review based on the proposed route nominated by Endeavour Energy.

Endeavour Energy's preferred route passes through Council's Narellan Sporting Precinct and will affect the proposed future hockey complex and League developments. Option 5 passes between the existing football field and the proposed indoor and outdoor hockey facilities. Endeavour Energy has indicated that the transmission lines will not affect Council's proposed plans for the Narellan Sporting Precinct. However, details of any assurances have not yet been provided. The proposed transmission line requires a 25 metre easement through the sporting precinct, potentially sterilising this portion of land for development of sporting facilities and associated amenities.

Council Officers' Preferred Options

Council Officers' preference remains that the transmission line be placed underground as this has the least visual impact and can minimise restrictions on land use. However, Endeavour Energy has indicated that undergrounding the transmission line through this area would be prohibitively expensive, and hence its plan for overhead transmission.

The Officers' second preference is for the transmission line to skirt the sporting precinct (such as in Option 2). This would also avoid impact on any future plans for the precinct.

Should Endeavour Energy pursue its preferred Option 5 (Officers' third preference), Council will seek written assurances that the existing plans for future development will not be adversely impacted and that Council will be seeking compensation for any required easement.

Endeavour Energy has also indicated that Option 5 is a more straight forward implementation, with fewer changes of direction and hence a lesser requirement for supplementary straining poles and stays.

Implementing Option 5 will require the granting by Council of a 25 metre wide easement through the sporting precinct. Because the easement restricts the nature of facilities Council is able to place within this easement. Council is able to seek compensation from Endeavour Energy for loss of utilisation. Importantly, Council will also need to seek written assurances from Endeavour Energy that plans for buildings and sportsfield lighting will not be unreasonably constrained by the planned transmission line route.

This is the report submitted to the Ordinary Council held on 13 September 2011 - Page 236

ORD08

Attachment 1



CONCLUSION

The development at Oran Park requires the upgrading of electricity infrastructure which includes a high voltage transmission line from Spring Farm to Oran Park. Council and Endeavour Energy have been in discussion regarding potential routes since early 2010. Residents impacted by proposed routes have also made submissions to Endeavour Energy and to Council.

Based on Endeavour Energy's assessment and review of environmental factors, Endeavour Energy has decided against undergrounding 132 kV powerline through the Kirkham Floodplain and opted to select option 5 as their preferred route. This route passes directly through the Narellan Sporting Precinct, potentially impacting on future facilities, but minimising the impacts on the residential areas of The Mews and The Outlook estates.

Endeavour Energy is seeking Council's comment on its proposal. Council's preference, in order, would still be to underground the transmission line across the floodplain, or to skirt the sporting precinct (as per Option 2) to minimise the impact of future plans for the precinct.

It is recommended a response consistent with the content with this report is sent to Endeavour Energy.

RECOMMENDED

That Council:

- i. **advise Endeavour Energy of its preference for undergrounding of the proposed transmission line, and should that not be possible, the preference for the line to skirt the sporting precinct at Narellan; and**
- ii. **in the event that either of the alternatives, under point 'i' above is not accepted, advise Endeavour Energy that "option 5" as their preferred route for the 132 kV powerlines across the Kirkham Floodplain can be accepted subject to:**
 - a) **obtaining assurances from Endeavour Energy that the proposed powerlines will not impact in any way on the planned development of Narellan Park; and**
 - b) **Council receiving appropriate compensation for any concurrence of an easement through the Narellan Sporting Precinct.**

ATTACHMENTS

1. Endeavour Energy Proposed Power Line Option Through Hockey Fields

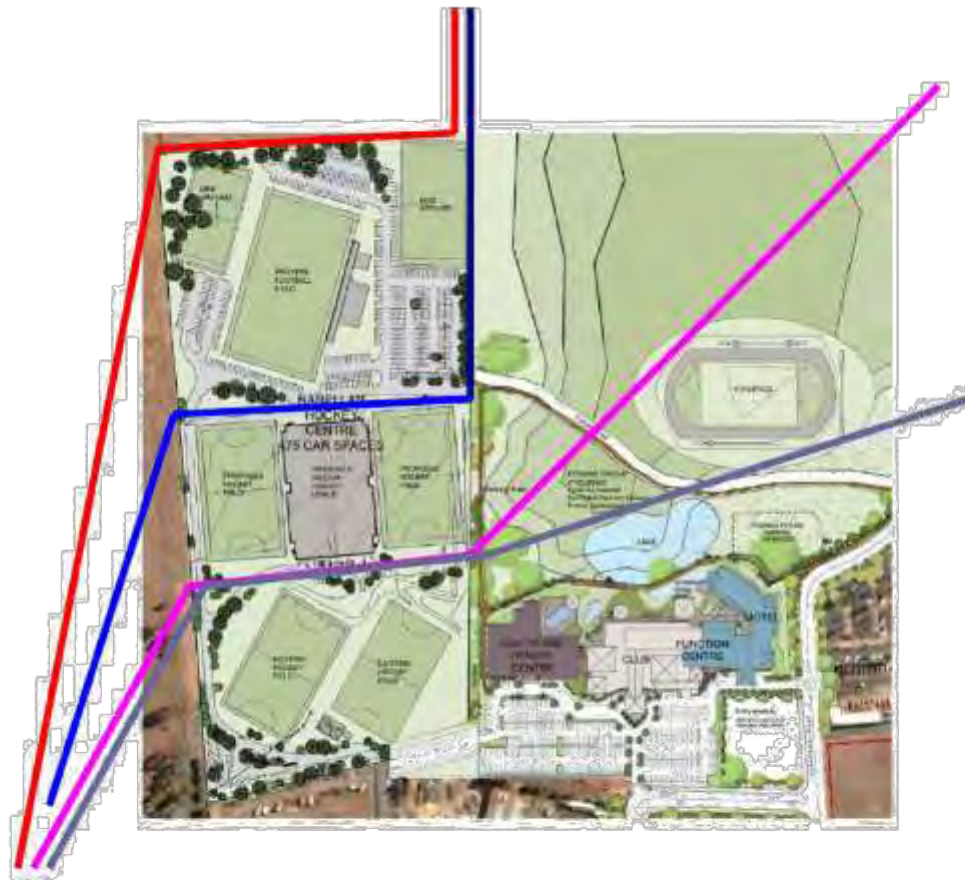
ORD13





Attachment 1



ORD08

Attachment 1



- Option 2 
- Option 3 
- Option 4 
- Option 5 

ORD13

Attachment 1

ORD08

Attachment 1

ORD08

Attachment 2



- Location of proposed easement
- Council owned land Lot 1
- Council owned land Lot 100
- Privately owned land

This map has been prepared from Council records by the Land Information section. If you intend to rely on this information you should have this verified.



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Scale: 1:4000

Printed Date: 28/02/14

Location plan - Lots 3 & 5 Lodges Road



-  Location of proposed easement
-  Subject land

This map has been prepared from Council records by the Land Information section. If you intend to rely on this information you should have this verified.

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Scale: 1:6000

Printed Date: 28.02.14

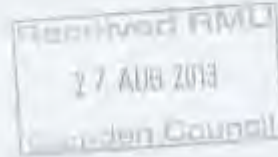
ORD08

Attachment 4



23 August 2013

Kim Fury
 Property Legal Officer
 Camden Council
 PO Box 183
 CAMDEN NSW 2570



Dear Kim

Acquisition of Easement for Overhead Powerlines through Council Land - The Northern Road Narellan

I refer to ongoing negotiation with Council regarding the acquisition of an easement over Council land being Lot 100 DP1107591, The Northern Road Narellan.

Following input by Council regarding the impact of the proposed powerline on the future development of sporting fields and a water-body at this site, a revised route has been chosen for the powerline to fit in with Council's future plans. This route alters the position of the easement to be acquired within the subject lot.

The easement will still need to be 25 metres wide however its length has increased from 300m long to 410m long as shown on the attached drawing. This includes a section running parallel to The Northern Road within proposed RMS road widening. The area of easement in this road widening section is 6085 sqm with the remaining section of easement having an area of 4278 sqm. This gives a total area of easement to be acquired of 10,363 sqm.

The original proposed easement within Lot 100 had an area of 7,500sqm.

As the area of easement has increased, to ensure fair and reasonable compensation is paid to Council, Endeavour submits a revised compensation offer of **\$21,000 plus GST** for the grant of the easement within Lot 100 DP1107591. Endeavour will also meet Council's reasonable costs incurred in the easement grant.

This offer is submitted for Council's consideration and acceptance.

I await your advice on this matter and should you wish to discuss this matter further, please do not hesitate to contact me on 42522817.

Yours faithfully

John Lucich
 Network Property Officer
 Endeavour Energy

Endeavour Ref: 2012/06536/001

51 Haringwood Drive Haringwood NSW 2148
 PO Box 6366 Blacktown NSW 2146
 T: +61 02 9612 9853 6000

www.endeavourenergy.com.au

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Final Report of the NSW Independent
Local Government Review Panel
October 2013

There are three volumes of supplementary information that provide essential background to this report:

Volume 1 - Consultation Report

Volume 2 - Research Report

Volume 3 - 'Strengthening Far West Communities'

All three volumes are available to read or download at www.localgovernmentreview.nsw.gov.au

Acronyms

ACELG	Australian Centre for Excellence in Local Government	ID	Joint Organisation Local Government Area
ACT	Australian Capital Territory	LGA	Local Government Managers Australia
AGM	Annual General Meeting	LGMA	Local Government NSW
BTB	Bring to Satisfaction	LGNSW	Local Government NSW
CGC	Community Grants Commission	IHS	Local Infrastructure Renewal Scheme
CV	Capital Improved Value	MAG	Ministerial Advisory Group
COMAG	Commonwealth of Australian Governments	NIER	National Institute of Economic & Industry Research
DIG	NSW Division of Local Government	OC(HL)	Opportunity, Choice, Health, Sustainability, Employment
DPC	NSW Department of Premier & Cabinet	PMO	Project Management Office
IP24	NSW Unit of Planning & Infrastructure	RMS	NSW Roads & Maritime Service
FAGS	Financial Assistance Grants	RDC	Regional Organisation of Councils
ESW	Financial Sustainability Working	RRTG	Regional Roads & Transport Groups
FR	Integrated Planning & Reporting	SPV	Special Rate Variation
IPART	Independent Pricing & Regulatory Tribunal	TCorp	NSW Treasury Corporation

Letter to Minister

Letter to Minister

25 October 2013

Hon Don Page MP
Minister for Local Government
Parliament House
Sydney NSW 2000

Dear Minister

I am pleased to provide you with the final report of the Independent Local Government Review Panel: *Revitalising Local Government*.

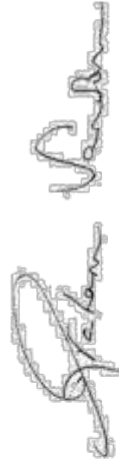
The Panel has made 65 recommendations and its findings are unanimous. We are of one mind in concluding that wide-ranging and concerted action is essential to make NSW local government sustainable and fit-for-purpose into the mid-21st Century. Our terms of reference required nothing less.

May I take this opportunity to thank you for the support and encouragement you have given the Panel throughout its task, and for your steadfast commitment to the Panel's independence. As you indicated at the very beginning, this has been a genuinely open review with no limits placed on the issues the Panel could explore.

I also wish to acknowledge the generous assistance provided to the Panel by several of your ministerial colleagues, their departments, and other State government agencies. Above all, the Division of Local Government under the leadership of Ross Woodward has made an indispensable contribution.

We trust that the report will provide a sound basis for further reforms to strengthen such an important part of the State's system of government.

Yours sincerely



Graham Sansom – Panel Chair

Also on behalf of:
Jude Munro AO – Panel Member
Glenn Inglis – Panel Member

Panel Members

The Panel was chaired by:

Professor Graham Sansom, previously Director of the Australian Centre of Excellence for Local Government at the University of Technology, Sydney.

The other members were:

Ms Jude Munro AO, a former chief executive of metropolitan councils across three states, including the City of Brisbane

Mr Glenn Inglis, who has extensive experience as a senior local government manager across regional NSW, including as General Manager of the amalgamated Tamworth Regional Council.

Acknowledgements

The Panel gratefully acknowledges everyone who helped with the review. Details of the many organisations involved are provided at the end of this report.

First and foremost, the Panel thanks its Project Manager Vaughan Macdonald, and his team of Sue Anderson, Wayne Trudgen and Leonie Myers for their hard work, expertise, advice and friendship. They were fine colleagues. Their efforts were complemented by those of the Panel's consultants, several of whom provided ongoing advice and support.

The Panel also owes much to all those staff of the Division of Local Government, led by Chief Executive Ross Woodward, who assisted with research or logistics, and contributed to discussions. Special thanks go to Kathy Alorati and the Sydney office staff for helping with so many meetings.

Councils and local government organisations throughout the State participated in forums and roundtables, prepared detailed submissions, and assisted with the Panel's numerous regional visits. Many councillors and staff travelled long distances to take part. The Panel particularly acknowledges the cooperation of Local Government NSW, as well as that of the United Services Union and Local Government Managers Australia.

State agencies were equally supportive, readily agreeing to meetings, providing important background information, and making staff available for roundtables. Particular thanks go to the NSW Treasury Corporation, IPART and the Regional Coordination Unit of the Department of Premier and Cabinet.

Valuable assistance and inputs were also provided by business groups, academic bodies (especially the UTS Centre for Local Government), and colleagues in other states, New Zealand and England.

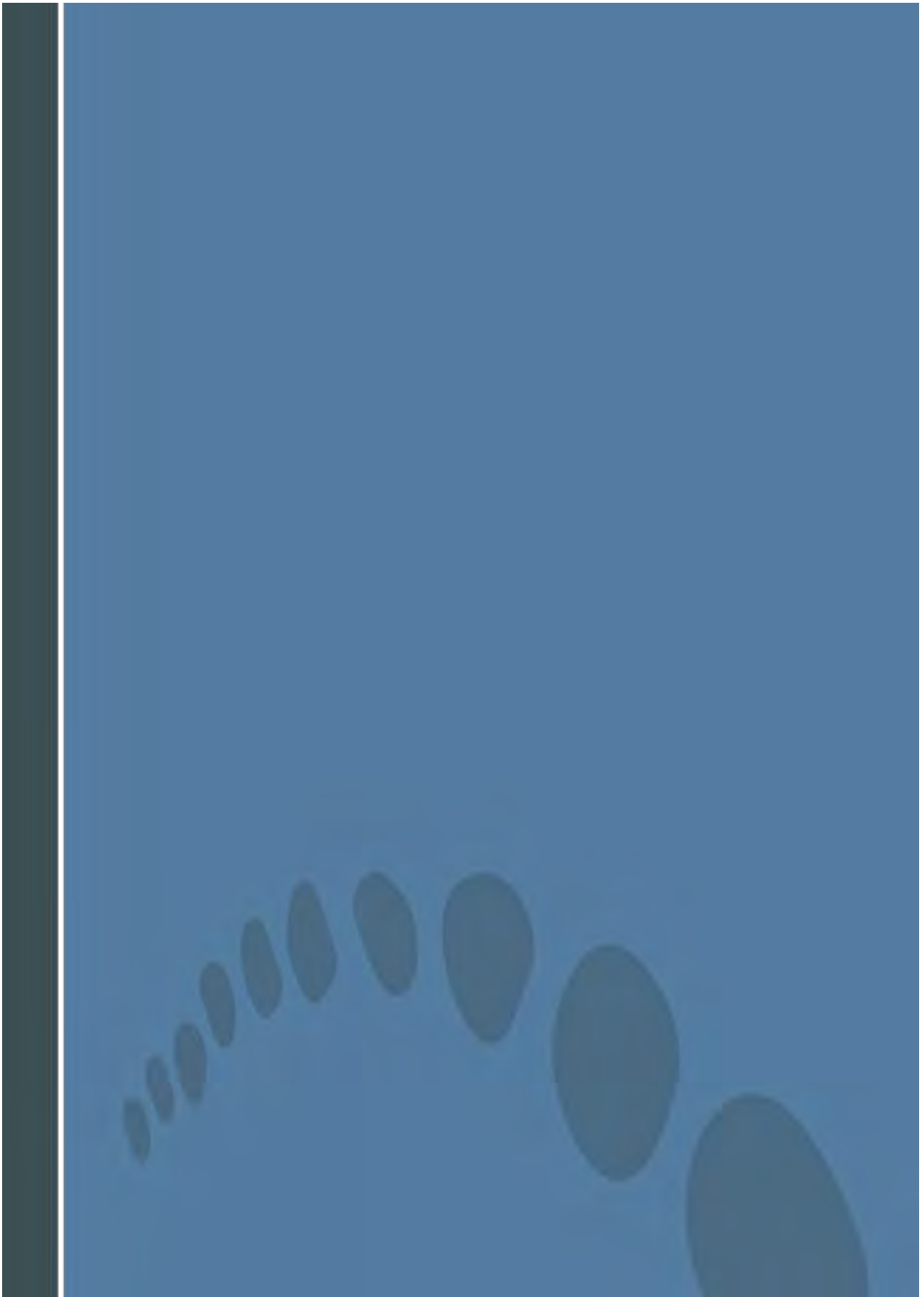
Last but certainly not least the Panel thanks the thousands of people and community groups who attended meetings, made submissions and responded to surveys. Reviews such as this must be grounded in reality, and the Panel's ideas have been well tested!

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ORD09

Attachment 1



Preamble: A Fresh Start

Preamble: A Fresh Start

Local government in NSW needs a new agenda and a fresh start. The same applies to its relationship with the State government and how the two work together in practice.

For far too long local government has been bogged down in debates about amalgamations, rate-pegging, cost-shifting and demands for additional State and federal funding. Meanwhile the financial sustainability of many councils – and their capacity to deliver the services communities need – has declined, and a significant number are near crisis point. Local government is far from realising its potential to help achieve the State government's goal of 'Making NSW Number One'.

Nowhere is this more evident than in the Sydney region, where the structure of local government has been largely 'snap frozen' for more than half a century. Australia's global city is still divided amongst forty-one councils, many of which lack the scale and resources to play an important role in metropolitan affairs. There is also a deepening divide between a privileged east and a struggling west. Gaps in coordination amongst State agencies have made matters worse.

The Independent Local Government Review Panel was tasked with formulating options for a stronger and more effective system of local government. The two key words are *options* and *system*. The Panel has made a decisive move away from 'one size fits all', and has sought to give communities and regions more options for the way local government is arranged and how it operates.

At the same time, the Panel has highlighted the need for a systems approach. The challenges facing local government can only be addressed successfully through a package of measures: the jigsaw has to be assembled correctly to create a clear picture of the way forward.

Thus the Panel's objective is to create a revitalised system of local government that will remain sustainable and fit-for-purpose well into the middle of the 21st Century. For that to be achieved, the old debates and slogans must be put aside. The time has come to tackle the underlying issues.

Sooner or later amalgamations will have to be part of the package: the number of councils in NSW has halved during the past century and that trend will surely continue. Rate-pegging should be reviewed in the context of a wider effort to address infrastructure backlogs and ensure financial sustainability. Cost-shifting has been overstated relative to other factors, but local government does have legitimate concerns about rating exemptions and concessions, and the way some fees and charges are fixed below cost. And all concerned need to face the reality that there are no 'pots of gold' in Canberra or Macquarie Street: councils must make better use of their own revenue base, and limited grant funding must be distributed according to needs, not simply numbers of people.

The Panel's approach to these issues has been evidence-based and pragmatic, not ideological. Its recommendations blend economic rationalism with a firm belief that more must be done to enhance social equity. Similarly, a strong commitment to local identity and democracy does not rule out creating larger council areas to improve efficiency and effectiveness.

The Panel sees encouraging signs of an understanding that things must change. This can be found in the *Destination 2036* Action Plan, the joint local and State government initiative to 'create strong communities through partnerships'. The formation of a single local government association also offers an invaluable opportunity to set a new agenda, as do moves by several State agencies to establish more productive working relationships with councils.

Local government has lots of people with the talent, drive and commitment to make the changes required. The Panel has heard many times that this review offers a 'once in a generation' opportunity: an opportunity to advance both local government as an institution and the wellbeing of the communities it serves. Much of what the Panel has proposed echoes the findings of the 'Barnett' committee that examined NSW local government exactly forty years ago. Not enough was done to follow through on Barnett's work. This generation must do better.

ORD09

Attachment 1



1. Introduction and Overview

The Independent Local Government Review Panel was appointed by the NSW Government in April 2012, following an approach by the then Local Government and Shires Associations (now combined as 'Local Government NSW'). Its task has been to formulate options for governance models, structures and boundary changes:

- To improve the strength and effectiveness of local government
- To help drive the key strategic directions set out in the Destination 2036 Action Plan, and to further the objectives of NSW 2021: A Plan to Make NSW Number One (the State Plan).

The Panel's terms of reference are set out in Box 1.

Box 1: The Panel's Terms of Reference

Investigate and identify options for governance models, structural arrangements and boundary changes for local government in NSW, taking into consideration:

- ability to support the current and future needs of local communities
- ability to deliver services and infrastructure efficiently effectively and in a timely manner
- the financial sustainability of each local government area
- ability for local representation and decision making
- barriers and incentives to encourage voluntary boundary change

In conducting the review the Panel will:

- ensure recommendations meet the different nature and needs of regional, rural and metropolitan communities
- consult widely with the broader community and key stakeholders
- take into account the work completed, and future work to be completed, under the Destination 2036 initiative
- take into account the broader interests of the State including as outlined in the State Plan
- consider the experiences of other jurisdictions in both the nature and implementation of local government reform
- take into account the Liberal-National's 2011 election policy of 'no forced amalgamations'.

Additional Matters from the Destination 2036 Action Plan

- Develop options and models to enhance collaboration on a regional basis through regional organisations of councils
- Undertake research into innovation and better practice in local government in NSW, Australia and internationally
- Examine the current local government revenue system to ensure the system is contemporary, including raising provisions and other revenue options
- Identify those functions that are clearly State or local government responsibilities, those that cannot be readily defined and those that have been legislated/regulated as core functions.

Other Matters referred to the Panel

- The future of local governance and service delivery by all levels of government in the far west of NSW
- Proposals for consolidation of local government-owned water utilities

Attachment 1

ORD09

Box 2: Destination 2036.

The review was the first initiative under Destination 2036, a joint State-local government program based on a vision to create strong communities through partnerships.

The Destination 2036 Action Plan identifies 12 major initiatives to create strong local government (see www.dlg.nsw.gov.au):

- Establish local government as an employer of choice
- Encourage and facilitate innovation
- Ensure the Local Government Act supports stronger local government
- Ensure strong and effective local governance
- Review the revenue system to ensure greater flexibility and self-reliance
- Develop strategies that maximise opportunities to secure funding from other levels of government
- Establish a range of funding models to enable the long term maintenance, replacement and creation of different classes of assets
- Develop a number of different structural models for local government
- More clearly define the functions, roles and responsibilities of local and State government
- Align State and local government planning frameworks
- Negotiate a new inter-government agreement
- Recognise local government as a legitimate and important sphere of government.

In addition to its core task, some additional items from the Destination 2036 Action Plan were referred to the Panel for consideration. The Panel was also asked to consider the particular governance challenges and issues facing communities and all levels of government in the far west of NSW; as well as the proposals for restructuring of local government water utilities advanced in the 2009 Armstrong-Gellately report and a more recent report by Infrastructure NSW. The Panel sought to address all those additional matters as far as time and resources allowed.

No limits were placed on how the Panel went about its work, and its resources were sufficient to commission some independent research and advice to inform its thinking.

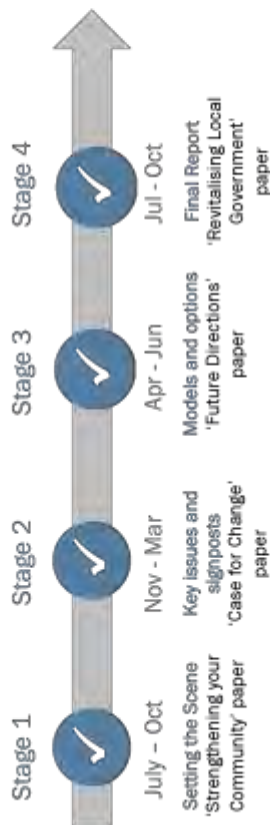
The Panel has concluded that new directions must be pursued to revitalise the culture, structures and operations of NSW local government, as well as its relations with the State. This must be done first and foremost so that local government can provide better services, infrastructure and representation for the communities it is intended to serve. The Panel's goal is therefore:

A more sustainable system of democratic local government with added capacity to meet the needs of local and regional communities, and to be a valued partner of State and federal governments.

The Panel has tested all its ideas, options and proposals against that goal. Its proposals are far-reaching but far from radical. They rest on evidence drawn from the extensive literature on local government reform, commissioned research, previous inquiries, and established practice elsewhere in Australia or New Zealand, England and Canada.

1. Introduction and Overview

Figure 1: Four Stages of the Review



1.1 The review process

The Review was carried out in four stages to maximise opportunities for councils and local communities to have their say, and to canvass ideas and directions for change with the broadest possible range of stakeholders. The Panel looked at all aspects of the local government system – not just councils but also their regional organisations and associations, the statutory bodies that regulate them and the key state agencies with which they need to work to achieve desired outcomes for their local communities.

The Panel has aimed to conduct an open and transparent consultation process: all the information used to develop its reports has been made available on the website www.localgovernmentreview.nsw.gov.au, with regular updates provided via email and Facebook. The opportunity for everyone to Have Your Say has been available on the website throughout the review. Also the Panel issued a series of media releases; gave numerous press, radio and television interviews; and made presentations at conferences, seminars and other events.

The Panel prepared and released for discussion three separate papers and held extensive consultations in all four stages. Details of this approach are shown in Figure 1 and Box 3. In total, the Panel received more than 1,800 submissions.

Related reviews

The Review was conducted in parallel with several other important reviews looking at various aspects of local governance. Most important was the work of the Local Governments Acts Task Force, which has been paving the way for a major re-write of the Local Government Act and City of Sydney Act. The Panel and the Task Force maintained close liaison throughout, and the Panel provided the Task Force with regular updates and interim advice on legislative issues likely to feature in this final report.

The Panel also established regular dialogue with the review of the NSW Planning System carried out by the Department of Planning and Infrastructure, and the Independent Pricing and Regulatory Tribunal (IPART) which has been investigating local government compliance and enforcement practices as one of the State government's 'Red Tape' reviews. The Panel is confident that its proposals align closely with those of other reviews.

Figure 2: The Panel's Review in Context



Box 3: Summary of Consultations	
<p>Stage 1 – July to October 2012</p> <ul style="list-style-type: none"> Released <i>Strengthening Your Community – Consultation Paper</i> Listening Tour – visits to 18 locations across NSW for council and community meetings Meetings with local government stakeholders, State government agencies 221 council and public submissions received 	
<p>Stage 2 – November 2012 to March 2013</p> <ul style="list-style-type: none"> Released <i>Better Stronger Local Government – The Case for Sustainable Change</i> Visits to all Regional Organisations of Councils 10 roundtable discussions with councils, local government stakeholders, business groups and NSW government agencies Meetings with Members of Parliament Online survey and 157 council and public submissions 	
<p>Stage 3 – April to June 2013</p> <ul style="list-style-type: none"> Released <i>Future Directions for Local Government: Twenty Essential Steps and Strengthening NSW Remote Communities: The Options paper</i> Visits to 29 locations to hold 63 meetings with councils and communities Meetings with a wide range of stakeholders Over 3,400 council and public submissions 	
<p>Stage 4 – July to October 2013</p> <ul style="list-style-type: none"> Follow-up visits to councils and regions, and meetings with stakeholders New opinion polling released 2 roundtable discussions on specific issues with local government representatives Governance Working Party to explore options advanced in <i>Future Directions</i> A number of supplementary reports and submissions received 	

The evidence base

This was an evidence-based inquiry. The Panel referenced a large number of research papers and reports of previous inquiries. It commissioned supplementary research in several key areas, as well as new surveys and opinion polling. Submissions received from councils and others also provided a great deal of valuable and up-to-date information, including specially commissioned studies. As well, the Panel benefited from reviews and studies of various aspects of local government under way in other states, particularly Western Australia, South Australia and Victoria.

Of particular importance were the reports on the *Financial Sustainability of the New South Wales Local Government Sector* released by the NSW Treasury Corporation (TCorp) in April 2013; and the *Local Government Infrastructure Audit* completed by the Division of Local Government (DLG) in May. Reports of several other recent inquiries were also most valuable, notably the 'Allan' inquiry commissioned by the Local Government and Shires Associations (2006); and studies of the local government revenue base by the Productivity Commission (2008) and IPART (2009).

Again, all this material has been assembled on the Panel's website. Of course, not everyone will agree on the conclusions to be drawn from the evidence, but the Panel is confident that its proposals are soundly-based and achievable.

1. Introduction and Overview

1.2 Governance, structures and boundaries

The Panel was asked to develop options for governance models, structural arrangements and boundary changes. It has defined those terms in the following way.

- 'Governance' includes the way councils are organised politically and administratively and how they go about their business. Over the course of the review the Panel also focused on financial and asset management as key elements of governance: do councils have access to adequate resources? Are they managing their finances and assets appropriately?
- 'Structures' refers to the different types of local government bodies. There are already a variety of different structural arrangements in local government across NSW. The basic unit is normally an elected local council, but additional structures include regional organisations of councils, county councils, joint undertakings for water supply and sewerage, council-owned businesses and others. In the Unincorporated Far West region of NSW there are elected 'Village Committees' in Silverton and Tibooburra.
- 'Boundary changes' also take different forms. Historically, most have involved creating larger councils through amalgamations or mergers. In other cases relatively minor adjustments to boundaries have been made to improve administration. For example, a boundary may be altered around a town to incorporate new urban development that has flowed into an adjoining rural area. In the case of the City of Sydney, there has been a mix of repeated substantial changes to boundaries and amalgamations.

The Panel's view is that the number of available options should be increased so that local government arrangements can be tailored to the varying needs and circumstances of different parts of NSW. It proposes a further move away from the 'one size fits all' approach.

1.3 Defining the 'problem'

Why conduct a major review of NSW local government at this time? A number of people have put the classic argument to the Panel that: 'if it ain't broke, don't fix it'. They believe that on the whole local government is performing well enough, and that although some councils face significant problems, there is no case for sweeping change.

The Panel agrees that change for change's sake is unwise. However, there are at least four key reasons for wide-ranging reforms.

- The world is changing rapidly and the system of local government must also change if it is to remain 'fit for purpose'. Issues such as the relevance of existing boundaries, the need for new approaches to regional cooperation, shortcomings in the structure of metropolitan local government, and the internal workings of councils must all be explored.
- Large sections of local government are not faring well. There is mounting evidence to show that around a third of all NSW councils are 'at risk' from weak revenues, infrastructure backlogs and declining populations; some are in crisis or very close.
- Whilst a substantial number of councils could continue more or less on their current path for several decades to come, very few are actually realising their full potential as partners in the system of government. There is a great deal of under-achievement in local government and its resources and skills could be used to far greater effect to address the challenges facing NSW.
- Relations with the State government have not been as close and productive as they should be. Progress is now being made but far more needs to be done in areas such as joint strategic planning, information exchange, cooperative policy development, and resource sharing. State agencies and councils must see themselves as partners in one public sector, not competitors.

1.4 Community attitudes

The Panel took a number of steps to assess community attitudes to local government and potential reforms. These included:

- A review of the results of a broad cross-section of surveys and opinion polls conducted over recent years, both in NSW and elsewhere, and including in particular surveys of ratepayers concerning proposed Special Rate Variations
- A web-based questionnaire to gauge responses to the Panel's *Case for Sustainable Change* report released in November 2012
- New opinion polling conducted in the Sydney and Hunter regions in May-June 2013
- Discussions with Hornsby Shire Council on the results of independent polling it commissioned on some of the options put forward in the Panel's *Future Directions* paper (results available on the council's website).

The findings of the Panel's own research closely aligned with those of previous surveys and the Hornsby Shire polling. Broad conclusions may be drawn as follows:

- On the whole, people appear satisfied with the performance of local government – more so than with State and federal governments – and welcome the fact that councils are elected bodies.
- However, the overall level of awareness and understanding about the role and functions of councils is quite low, and there is very limited recognition of mayors and councillors.
- Also, there is an important distinction between high levels of satisfaction with service delivery, and notably lower ratings for local government's performance in understanding community needs and expectations, communicating

effectively, improving the local area or getting things done in the community's interests.

- There is broad acceptance that council rates may need to increase faster to avoid cuts to local services and make necessary improvements.
- A significant minority of people are strongly opposed to amalgamation of councils due to concerns about local government areas becoming too large and loss of local representation and identity.
- On the other hand, there is a widespread view that amalgamations could lead to cost-savings and better services.

Such findings again confirm the value communities place on local government services. The Panel notes, however, that many people have little knowledge of the activities of their council, and cannot recall the names of the mayor or any councillors. It is also concerned about the relatively low ratings given to councils' performance in various aspects of community leadership and improving local areas. Those results suggest councils are not performing as well as they should as part of the wider system of government.

Polling results in relation to rate increases and amalgamations suggest that the respective concerns of State and local governments in these areas are probably over-stated. Surveys have shown consistently that Special Rate Variations costing in the range \$1-2 per week are widely accepted: such increases represent up to 10% on average residential rates across NSW. In the case of amalgamations, it appears that opposition is less firm than it may first appear: there is scope to gain community support provided a sound business case is established and the public can be fully and accurately informed.

1. Introduction and Overview

1.5 Key themes and principal recommendations

In total, the Panel has made 65 recommendations. These are presented in groups at the end of sections 5 to 18, with references back to the specific sub-section in which the issues involved were canvassed.

The Panel's principal recommendations are set out in Box 4. Some are in abbreviated form. The recommendations respond to twelve key themes that run throughout this report.

1. The overarching imperative is to ensure the long-term sustainability and effectiveness of NSW local government: in its present form and under current policy settings the system as a whole will not remain sustainable and fit-for-purpose for much longer.
2. The focus of policy should be on strengthening 'strategic capacity' – ensuring that local government has the right structures, governance models, skills and resources to discharge its responsibilities and realise its potential.
3. Major new initiatives are required to tackle the underlying problems of financial weakness and infrastructure backlogs.
4. In particular, a series of measures must be put in place to promote greater 'fiscal responsibility' within local government and to make associated improvements to local government's efficiency, accountability and political governance.
5. Changes to the rating system and rate-pegging are essential to generate the revenues needed to fund infrastructure and services, and – equally as important – to make the system more equitable.
6. Given limited funds, the distribution of grants must change to direct more assistance to areas of greatest need.
7. Stronger regional organisations are vital to ensure increased resource sharing and joint planning, and to support vulnerable rural-remote councils.
8. Structural reform – including council amalgamations – is another essential component of reform, notably in metropolitan Sydney.
9. The process for considering possible amalgamations and boundary changes needs to be overhauled, and a package of incentives introduced to encourage voluntary mergers.
10. The particular issues and problems facing the Far West of NSW require special arrangements.
11. Working relations between local government and State agencies need to be improved across the board, and regional coordination should be the centrepiece of this effort.
12. Reforms must be pursued as an integrated package, not one-off measures.

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Box 4: Principal Recommendations

Fiscal responsibility

- Establish an Integrated Fiscal Responsibility Program – coordinated by DLG and also involving TCORP, IPART and LENSW... (5.1 and 5.3)
- Introduce more rigorous guidelines for Delivery Programs... (5.2)
- Place local government audits under the auspice of the Auditor General (5.4)

Strengthening the Revenue Base

- Commission IPART to undertake a further review of the rating system focused on options to reduce or remove excessive exemptions and concessions... (6.2), more equitable rating of apartments and other multi-unit dwellings... (6.3)
- Either replace rate-capping with a new system of 'rate benchmarking' or streamline current arrangements to remove unwarranted complexity, costs, and constraints to sound financial management (6.5)
- Subject to any legal constraints, seek to restructure Federal Financial Assistance Grants and some State Grants (in order to channel additional support to councils and communities with the greatest needs (6.6)
- Establish a State-wide borrowing facility to enable local government to make increased use of debt where appropriate... (6.7)

Mentoring Infrastructure Needs

- 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)
- 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... (7.2)
- Adopt a similar model to Queensland's of Regional Roads and Transport Groups... (7.4)

Improvement, Productivity and Accountability

- Commission IPART to undertake a whole-of government review of the regulatory, compliance and reporting burden on councils (8.2)
- Amend IPB Guidelines to require councils to undertake regular service reviews in their Delivery Programs (8.4)
- Strengthen requirements for internal and performance auditing as proposed in Box 17 (8.5)

Political Leadership and Good Governance

- Require councils to undertake regular Representation Reviews... (9.1)
- Amend the legislated role of councillors and mayors... and introduce mandatory professional development programs (9.2 and 9.3)
- Amend the legislated role and standard contract obligations of General Managers... (9.5)
- Develop a Good Governance Guide... (9.7)

Advance Structural Reform

- 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)
- Legislate a revised process for considering potential amalgamations and boundary changes through a re-constituted and more independent Boundaries Commission... (10.3)
- Encourage voluntary mergers of councils through measures to lower barriers and provide professional and financial support (10.4)

Regional Joint Organisations

- Establish new Joint Organisations (JOs) for each of the regions shown on Map 2 – under new provisions of the Local Government Act that replace those for County Councils (11.5)
- Establish Regional Water Alliances in each JO along the lines proposed in the 2008 Armstrong Griffith report (11.3)

'Rural Councils' and Community Boards

- Establish a working party... to further develop the concept of Rural Councils (12.1)
- Include provisions for optional Community Boards... (12.2)

Metropolitan Sydney, Hunter and Central Coast

- Seek evidence-based responses from councils to the Panel's proposal for mergers and major boundary changes... (13.3, 14.1, 14.2)
- Maximise utilisation of the local government revenue base in the eastern half of the Sydney region in order to help-up State resources... (13.6)

Non-Metropolitan Regions

- Progressively refer (non-metropolitan) councils... to the reconstituted Boundaries Commission in accordance with Table 11 and the proposed timeline (15.1)

The Far West

- Agree in principle to the establishment of a Far West Regional Authority (16.1)
- Adopt the preferred new arrangements for local government set out in Box 40... (16.4)

State Local Government Relations

- Introduce new arrangements for collaborative, whole-of government strategic planning at a regional level (17.3)
- Amend the State Constitution to strengthen recognition of elected local government (17.4)

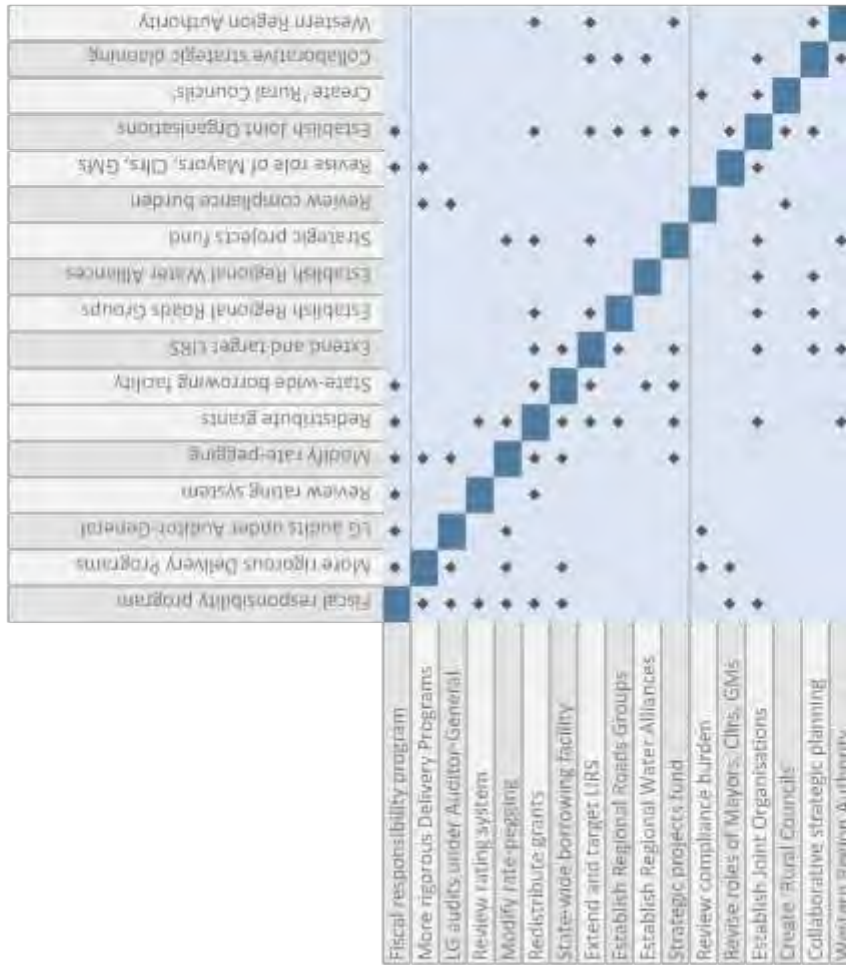
1. Introduction and Overview

An integrated package

The Panel has highlighted the need for a systems approach to improving and strengthening local government, aimed at ensuring long-term sustainability. This is discussed in detail in section 4. The challenges facing local government can only be addressed successfully through an integrated package of measures, and the Panel's key recommendations are inter-dependent. If individual recommendations are 'cherry-picked', then at best the benefits of reform will only be partially realised, and at worst there will be no significant improvement at all.

Figure 3 seeks to make this clear by showing the inter-relationships between some of the key reforms the Panel is proposing. For example, achieving 'fiscal responsibility' and financial sustainability will require, among other things, modifications to the current rate-pegging system and a new approach to auditing. Extending the Local Infrastructure Renewal Scheme (LIRS) will be far more cost-effective with a state-wide borrowing facility that cuts interest rates. Creating the rural-remote areas depends on reducing the regulatory and compliance burden on those councils, and establishing regional Joint Organisations. And so on.

Figure 3: An Integrated Package of Reforms



1.6 Responding to submissions

As noted previously, the Panel received a total of over 1,800 submissions throughout the review. All have been carefully considered and extensive summaries and analyses have been compiled in an accompanying volume to this report.

Particular concerns were raised with a number of the options advanced in the Panel's *Future Directions* paper released in April 2013. These have since been the subject of extensive further consultations and follow-up research. As a result, the Panel has re-affirmed its views in several areas, but made significant changes in others. The latter applies especially to earlier proposals for 'new look' County Councils and 'local boards'. The Panel has also developed new ideas around the rating system and rate-pegging, and on cost-shifting.

Table 1 presents the Panel's responses to key issues and concerns raised in submissions.

Table 1: Key Areas of Concern in Consultation Feedback and Panel's Response

Area of Concern	Issues Raised in Submissions	Panel's Response
Amalgamations	<ul style="list-style-type: none"> Panel failed to recognise 'no forced amalgamations' policy and should not have suggested amalgamations Evidence shows amalgamations do not save money and are highly intrusive There should be no 'mega' councils; Auckland's 'super council' is struggling with debt Regional Organisations of Councils (ROCs) and shared services are not adequate alternatives 	<ul style="list-style-type: none"> Panel was asked to develop options for restructuring and did so Evidence quoted is not conclusive; recent studies indicate major efficiencies and savings are achievable with careful planning Panel's focus is strategic capacity, not cost savings as such Largest Councils suggested by Panel are similar to Gold Coast, City of NZ Auditor General says Auckland Council's debt is acceptable Panel respects 'no forced amalgamations' but some restructuring is essential to produce a sustainable system of local government However, a new process is required with a re-constituted boundaries Commission Research shows ROCs are not strong enough and shared services activity is too patchy
Local Boards	<ul style="list-style-type: none"> Support for additional governance options that concern about creating a 'fourth tier' of government Local boards concept seen to 'downgrade' or spell the end of existing unitary councils 	<ul style="list-style-type: none"> Panel has developed a revised approach involving options for largely autonomous 'Rural Councils' and Community Boards similar to those operating in New Zealand
'New Look' multi-purpose County Councils	<ul style="list-style-type: none"> County Council model has proved unsatisfactory; member councils lose effective control Minister has absolute power over County Councils Provisions in Local Government Act need to be re-written; not just amended Voluntary ROCs are a better model and should be retained and strengthened as the base for regional planning and shared services 	<ul style="list-style-type: none"> A more effective, robust regional model in local government is essential to underpin sustainability and provide a basis for improved working relations with State and Federal agencies Evidence shows performance of ROCs is patchy and varies over time Concerns about experience with County Councils and legal provisions are understood and accepted Panel has developed an alternative model of 'Joint Organisations' to address legal and operational concerns

1. Introduction and Overview

Area of Concern	Issues Raised in Submissions	Panel's Response
Regional Water Alliances	<ul style="list-style-type: none"> Concern that assets and staff will be transferred to new regional bodies and that utilities will ultimately be taken over by the State Government 	<ul style="list-style-type: none"> Panel has never proposed transfer of assets or operational staff Water alliances are part of new utility organisations that are embedded in the system of local government
TCorp Financial Sustainability Ratings (FSRs)	<ul style="list-style-type: none"> Criticism in some quarters of TCorp's methodology and lack of consultation 	<ul style="list-style-type: none"> Panel reviewed criticisms in detail but found no significant flaws in TCorp's approach TCorp reported on information available at the time – assessments need to be updated regularly and the accuracy and reliability of data improved
Rating system	<ul style="list-style-type: none"> Strong support to overhaul rating system to review exemptions and concessions Widespread calls to abolish rates pegging completely, but some recognition this is unlikely to occur 	<ul style="list-style-type: none"> Panel undertook further research and has also drawn on IGHNSW (Deloitte Access Economics) report on rating exemption provisions Final report includes additional material and proposals to improve the rating system Panel has developed a new option for 'Rate Benchmarking' but still sees full abolition of rate-pegging as unachievable at present
Cost-Shifting	<ul style="list-style-type: none"> Concern that the Panel failed to address the issue Cost-shifting frequently cited as a key factor in the financial difficulties facing many councils 	<ul style="list-style-type: none"> Panel has addressed this issue in some detail, but believes that the significance of cost-shifting is overstated relative to other factors New State-Local Government Agreement contains specific provisions to address cost-shifting
Grant Funding	<ul style="list-style-type: none"> Widespread belief that additional State and federal support is the primary solution to local government's financial problems Calls for increased share of federal taxes Concerns that Panel's proposals for re-distribution of grants and creation of Strategic Projects Fund will mean some councils receive less funding 	<ul style="list-style-type: none"> Panel remains of this view that substantial increases in State or federal support are most unlikely given current fiscal constraints – local government must focus on other options to assist communities in greatest need Re-distribution can be achieved by using annual growth in federal grants Those councils that may receive less in real terms have unused rating capacity
Western Region Authority	<ul style="list-style-type: none"> View that the Far West region is too big and diverse for a single authority Concerns about the autonomy and future of existing councils 	<ul style="list-style-type: none"> Panel has undertaken extensive and detailed further discussions with councils and other stakeholders Authority concept has been retained but with modification – and alongside a robust system of autonomous local government
Governance options	<ul style="list-style-type: none"> Limited support for stronger role for mayors and more directly elected mayors – but also significant opposition Widespread support for 2-year terms for indirectly elected mayors 	<ul style="list-style-type: none"> Special working party convened to address basic issues and revised package largely agreed

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Part A
The Need for
Sustainable Change

2. Role and Importance of Local Government

2. Role and Importance of Local Government

Local government is the government of communities and places. Elected councils are a fundamental element of our democracy, giving expression to people's aspirations for their neighbourhoods, towns and regions. Stronger, more effective local government can provide better services and infrastructure, and can do more to support economic development, safeguard environmental quality and enhance community wellbeing. It can also partner State and Commonwealth governments in achieving regional, state and national goals.

The Panel is committed to establishing a framework within which democratic local government can flourish. This section looks at some recent trends in the evolving role of local government and considers how it should develop over coming decades.

2.1 Diversity

Box 5 provides a snapshot of NSW local government in 2013. The over-riding characteristic is one of extreme diversity – in geographical characteristics, population size and density, cultural mix, economic prospects and rates of growth, budgets and functions performed. This makes it difficult to establish over-arching legal and policy frameworks. There cannot and should not be a 'one-size-fits-all' approach, and in later sections of this report the Panel suggests a wider range of governance options to reflect that reality.

Box 5: A Snapshot of NSW Local Government

- NSW councils spend about \$10bn each year and are responsible for more than \$130bn of infrastructure and other community assets; they employ around 50,000 people
- There are currently 152 councils with an average population of 46,000 – less than Queensland (65,000) and Victoria (71,000), but more than the Australian average of 41,000 people
- Population size ranges from 1,200 (Urana) to 312,000 (Blacktown), and 25 councils have populations of less than 5,000
- The majority of local government areas in the west of the state will decline in population over the next 25 years. By contrast, metropolitan and coastal areas will continue to grow on average by more than 1% per annum
- In some rural-remote areas Aboriginal people make up more than 60% of the population, whilst several metropolitan areas have populations with more than 50% from a non-English speaking background

2.2 Evolving functions

The *Local Government Act 1993* provides NSW councils with their major powers, functions and responsibilities. Councils also have responsibilities under over 120 other Acts, such as the *Environmental Planning and Assessment Act 1979*, the *Roads Act 1993*, *Protection of the Environment Operations Act 1997*, *Water Management Act 2000*, *Swimming Pools Act 1992* and *Companion Animals Act 1998*.

The Local Government Act empowers councils to plan and manage local services and facilities in consultation with their communities. In some respects it is highly detailed and prescriptive, but its description of councils' functions is generic and flexible. Thus, for example, some councils support medical and dental services, many have funded community safety programs including installing CCTV, and it is commonplace for councils to engage in a range of commercial activities.

Over recent decades there has been a widespread tendency for councils' activities to expand in scope in order to meet changing and growing community needs and demands. Some federal and state grants programs have also encouraged councils to take on additional responsibilities. This trend is placing considerable pressure on council budgets, and leads to calls to define local government's 'core' responsibilities and to reduce apparent overlap with the activities of federal and state governments.

The Panel was asked to consider this issue. However, there are three main problems with the concept of 'core' responsibilities:

- The functions of all three spheres of government will inevitably evolve over time and with changing circumstances
- Precisely because local government is the government of places and communities, it needs to be as responsive as possible to their varying needs and wants, and within budget constraints councils should adjust their activities accordingly
- There is a danger that a list of 'core' functions – unless very wide-ranging and hence fairly meaningless – could be unnecessarily restrictive.

Moreover, local government has made it clear that it wants legislation governing its role to be less rather than more prescriptive: the current review by the Local Government Acts Task Force is proceeding on that basis. Thus the Panel does not consider it feasible or appropriate to define 'core' responsibilities at this time, nor to try to draw sharp

distinctions between the respective roles of local, State and federal governments.

2.3 Localism and community governance

Maximising councils' freedom to act for the benefit of their communities is central to emerging concepts of 'localism' and 'community governance'. In the UK, the term 'localism' has been applied to a package of initiatives aimed ostensibly at reducing central government controls, granting local government a power of general competence and much more discretion in the way they deliver services, and

increasing the accountability of councils to their local communities. But perhaps the most significant element of UK localism is that of 'double devolution': not only giving more autonomy to councils, but also directly engaging communities in delivering services. Community organisations can now 'challenge' councils to hand over facilities and services to them if they believe they can do a better job.

This approach can be seen as part of a trend to community governance. There are several strands to this concept: intensifying community engagement in decision-making about local planning, the type and level of services required, and budgeting; empowering and assisting community organisations to prepare their own neighbourhood plans and undertake local projects and service delivery; forging partnerships between councils, business and community organisations, such as the community banking network of the Bendigo Bank; and establishing new forms of 'sub-council' governance

such as New Zealand's Community Boards and UK Parish Councils.

The ideas embodied in both 'double devolution' and community governance challenge councils to re-think and re-balance their role; to become enablers of community-based action and to cede some of their functions and authority to community organisations and other partners. A growing number of councils across Australia are already moving in that direction, in part because resources are becoming increasingly scarce relative to needs and forging partnerships can unlock additional energy, skills and funds.

The practical application of community governance is discussed further in section 1.2.

2.4 Community perspectives

The Panel commissioned two pieces of research to explore community views about the performance of local government. The first was an overview of recent community surveys and polling conducted in NSW and across Australia. It explored some of the key questions raised by the Panel's terms of reference:

- Are councils adequately supporting the current and future needs of their local community?
- Do local councils deliver services and infrastructure efficiently and effectively and in a timely manner?
- To secure councils' financial sustainability, in what circumstances would the community be prepared to pay more to maintain or improve services?

2. Role and Importance of Local Government

areas. Those results suggest councils are not performing as well as they should as part of the wider system of government, and that a lot more needs to be done to increase community awareness of how better and stronger local government can contribute to the future of NSW.

The issue of attitudes towards amalgamations and boundary changes is addressed in more detail in section 10.

2.5 A more effective role

At its best, local government demonstrates leadership on some of society's most intractable problems by harnessing resources and acting in a timely way.

Mayors, councillors and staff together take ownership of issues, and take the initiative. They enable communities to deal with their own issues, in the context of the bigger picture, as part of regional, metropolitan, state and national strategies. Despite tight budgets, purposeful and effective councils find the resources for crucial initiatives, like medical services in rural areas. They act as government, getting on with what needs to be done.

NSW has long been Australia's 'premier State' but in recent years that mantle has slipped. The need for change and improvement has been recognised in NSW 2021, the State plan, and local government can and should make a major contribution across all the Plan's five major strategies (see Figure 4).

contacts with councils are for general inquiries, to report maintenance issues or to make a complaint.

- Whilst councils' performance in delivering adequate basic services is rated quite highly, satisfaction with other aspects of their role, such as understanding community needs and expectations, communicating effectively, improving the local area or getting things done in the community's interests, is noticeably lower.

- Council rates are seen as 'fairly good value' and most respondents would rather see rates rise than have cuts to local services. Similarly, most would be willing to pay more in rates if it meant the quality of local services improved.

- A majority of respondents did not support amalgamation of councils due to concerns about local government areas becoming too large and loss of local representation and identity. On the other hand, nearly half of respondents thought that amalgamations could lead to cost-savings, and a substantial minority also saw scope for better services.

Such findings again confirm the value people place on local government services, but also point to the need for improvements in the way NSW local government plays its role. The Panel sees particular cause for concern at people's limited knowledge of the activities of local government, the lack of recognition of mayors and councillors, and the relatively low ratings given to councils' performance in various aspects of community leadership and improving local

- How important is local representation and community input into decision making by local councils?

- What are people's attitudes towards council boundary changes?

This overview was then used to design a poll of 1500 people conducted in the Sydney and Hunter regions in May 2013. Given limited funding, polling was restricted to just two regions to ensure statistically valid results.

The findings of the Panel's new polling closely aligned with those of previous surveys. Some key points are as follows:

- On the whole, people appear more satisfied with the performance of local government than with State and federal governments. Local councils are seen to play a very important role in providing community infrastructure and services.
- Around two-thirds of respondents believe it is very important that councils are run by elected councillors, and a similar number take an interest in local government elections.
- However, more than half said they knew little or nothing about their local council, and could not recall the name of a single councillor or mayor.
- Similarly, more than half of respondents had not had any contact with their local council over the previous 12 months, and only 1 in 10 had contacted a mayor or councillor – but most were satisfied with the response when they did. Most

Figure 4: NSW 2021: The State Plan



councils. At the same time, relationships between councils and State agencies often fail to maximise the use of available resources and to add value to the system of government. When State politicians and bureaucrats talk about the 'public sector', they rarely think to include local government – and local government rarely thinks of itself in those terms.

Despite recent improvements, the State-local relationship is typically regarded in local government circles as one of 'master to servant'. Compared to other States, NSW has been slow to establish processes for regular policy dialogue between State and local government. Some State policies affecting local government cut across each other with adverse, unintended consequences. For its part, local government has failed to raise its sights and make it itself a more attractive partner. These issues must be addressed and there is now ample scope to do so through the recently signed State-Local Government Agreement. This is discussed further in section 17.

This will, however, require a re-appraisal and re-definition of its place in the State's system of government. The days of councils being focused on 'roads, rates and rubbish' are well gone, but some of the attitudes associated with that era linger in both State and local government circles. There is still a heavy emphasis on regulation and service delivery, and the potential for local government to provide what has been termed 'place-based leadership' remains largely unexplored. As the Panel's polling and other surveys suggest, the rhetoric of local government being 'closest to the people' has yet to be given full meaning in practice by a substantial number of

3. Challenges of Change

3. Challenges of Change

This review looks ahead to the middle years of the 21st Century. Local government must be ready to cope with the new and tougher challenges that lie ahead, and to grasp the opportunities of change to realise its potential. Box 6 summarises some of the key challenges.

Box 6: Challenges and Opportunities of Change

- Continuing strong population growth in metropolitan areas, along the coast, and in some regional centres
- The importance of maintaining Sydney as Australia's premier 'global city'
- Intensifying pressures of urban management, including housing supply and affordability, transport and environmental quality
- Infrastructure gaps and backlogs that constrain economic development, limit service delivery, and reduce community safety
- Declining populations (but not necessarily economies) across most of inland NSW and especially in the far west
- An ageing population, with population growth in some areas consisting largely of retirees
- Social change, with an evolving mix of people and cultures
- The economic imperative of increased efficiency and productivity
- Opportunities for further mining projects, and also for Australia to become a major 'food bowl', with possible conflicts between the two
- Continuing and probably worsening environmental concerns, including the likelihood of adverse climate change
- Increasing spread of new information and communications technologies, with the potential to transform concepts of space and methods of service delivery
- A much tighter fiscal environment that will require all governments to review revenue and expenditure policies, and limit grants to local government.

3.1 Demographic trends

The Panel has taken into account revised population projections to 2031 recently issued by the Department of Planning and Infrastructure. Some key points are as follows:

- The Sydney region (excluding Illawarra and Central Coast but including Wollondilly Shire and Blue Mountains City) will grow to almost 6 million people by 2031
- Almost all coastal local government areas will also have strong growth, in some cases up to 40%
- A number of inland regional centres will also grow significantly, up to 30%
- Agricultural shires in more densely settled regions will mostly have static populations or experience modest declines
- Most of far western NSW will experience considerable loss of population (falls of up to 30%) but the proportion of Aboriginal people will grow substantially
- The number of people over the age of 65 is expected to increase from just over 1 million now (1.4% of the population) to 2.5 million in 2050 (24%); more than half of people aged over 65 live in the Sydney metropolitan region.

Population shifts will thus sharpen regional disparities – between Sydney and the rest of NSW; between the coast and inland; between major regional centres and smaller towns; between areas that benefit from mining-related growth or agricultural expansion and those that do not. The way local government is structured and operates will need to change in response.

3.2 The fiscal outlook

The available evidence points to a difficult fiscal outlook for NSW and Australia as a whole: weaker revenues during a time of relatively slow economic growth, coupled with the need to fund infrastructure gaps and increasing demands for services. The federal budget is much more constrained than it has been for decades due to the government's aim to bring it back into surplus and reduce the debts incurred during the Global Financial Crisis.

This suggests that local government cannot expect increases in total state and federal funding and may well see a declining trend in specific purpose grants as some regional development and climate change programs are wound back. Making the best use of the existing pool of grants and of local government's own tax base – rates – will assume even greater importance.

The 'Henry' tax review of 2009 covered a number of issues of significance for local government:

- the need for councils to have sufficient autonomy in setting rates
- potential integration of rates and land tax
- the need to review the current distribution of federal financial assistance grants (FAGs)
- the potential for expanded road user charges
- the problem facing Australians in relation to housing affordability
- the cost of providing aged care in a country with an ageing population
- the limited longer term financial capacity of the states.

The review's report made it clear that taxes on land and property are an efficient and effective means of raising revenue and could make a substantially greater contribution to Australia's overall taxation effort. Contrary to much of the rhetoric, rates actually offer local government a very robust tax base. Recent figures highlight that fact: since the Global Financial Crisis, while federal and state revenues have stagnated, local government's share of taxation has risen from a long-term low of 2.9% to around 3.5%.

3.3 Financial sustainability

To cope with the challenges of change, councils need above all to be in the strongest possible financial position. The recent report of the NSW Treasury Corporation (TCorp) on the *Financial Sustainability of the NSW Local Government Sector* defined sustainability in the following terms:

A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.

This definition takes into account the potential impact that changing circumstances and emerging challenges could have on a Council's operating position and service levels over the long term.

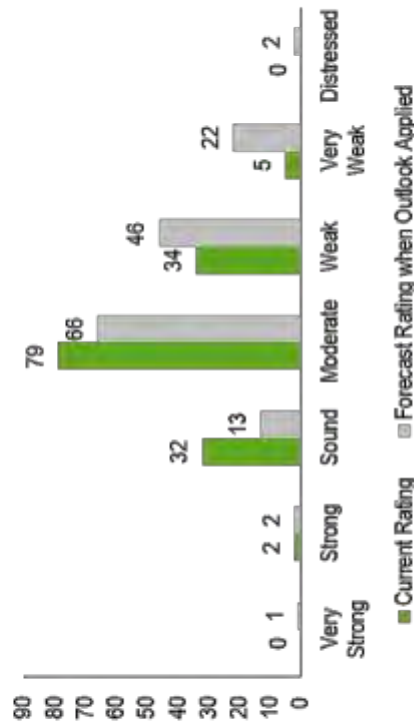
TCorp allocated all councils a Financial Sustainability Rating (FSR) on a scale from Very Strong to Distressed. A council needs to be assessed at a Moderate or higher level to be acceptable in terms of its sustainability. A Moderate level FSR is on average equivalent to marginally exceeding the benchmarks utilised in TCorp's assessment process.

Councils were also assigned a short-term Outlook rating of Positive, Neutral or Negative. A Negative Outlook is a sign of a general weakening in performance and sustainability. Hence a council with a FSR of Moderate and an Outlook of Negative, is at risk of being downgraded from Moderate to Weak. Councils rated Moderate-Negative or worse need to address areas of poor performance in order to avoid becoming steadily more unsustainable.

3. Challenges of Change

As shown in Figure 5, in 2012 around 75% of NSW councils achieved a rating of Moderate or better. However, only five councils had a Positive Outlook, while 73 – nearly half of all councils – rated Negative. This means that without corrective action the overall position of the sector is likely to deteriorate, and that in a few years well over 40% of councils could be rated Weak, Very Weak or Distressed.

Figure 5: Financial Sustainability Ratings with Outlooks



- **The infrastructure backlog has yet to be addressed.** Achieving an annual breakeven operating position would provide councils with adequate funds to meet future requirements for maintenance of assets and services, but this would not be sufficient to address the cumulative infrastructure backlog of \$7.2b reported in 2012, nor any additional maintenance funding gaps that may be identified as data improves.
- **Regional performance varies.** There is a higher proportion of councils rated as Weak and Very Weak along the north coast and in the far western regions compared to others.

A number of councils have argued that TCorp’s methodology was flawed and that the rating allocated to them was incorrect. The Panel has discussed these issues in detail with TCorp and DLG, and has concluded that the ratings are correct based on the data available to TCorp at the time (mid 2012-early 2013). The Panel understands that several councils have since provided additional or revised data, and have approached TCorp for an updated assessment.

Action needed to address the financial concerns raised by TCorp’s findings is discussed in sections 5 and 6.

TCorp’s other key findings may be summarised as follows:

- **Operating deficits are unsustainable.** Most councils are reporting operating deficits and a continuation of this trend is unsustainable. In 2012 only one third of councils (50) reported an operating surplus. Moreover, the figures for 2012 significantly understate the problem, because the federal government prepaid half of its 2013 Financial Assistance Grants to councils.
- **There is a large annual asset maintenance gap.** Councils’ reported expenditure shows an annual shortfall in spending on asset maintenance. In 2012 alone, the reported maintenance gap was \$389m across the local government sector, and the total for the last four years is \$1.6b.

3.4 Infrastructure management and backlogs

The TCorp report makes it clear that tackling local government's annual asset maintenance gap and the cumulative infrastructure backlog warrants the highest priority. Economic development, service delivery and community wellbeing all depend on adequate infrastructure, especially roads, bridges and buildings.

Both TCorp and DLG now estimate the backlog at over \$7 billion. This figure is based on unaudited council data and might be reduced substantially if councils revise acceptable service levels in consultation with their communities – for example, replacing some dual-lane bridges with cheaper single lane structures or culverts. On the other hand, important environmental works (eg pollution traps to improve water quality, or revegetation of eroding stream banks) may have been excluded from the calculations.

This uncertainty, and the need to formulate sensible strategies to address the backlog, highlights the importance of further improving asset and financial planning. TCorp and DLG have identified continuing weaknesses in these areas and called for ongoing efforts to enhance performance, including upgrading the skills of both managers and councillors to develop and implement appropriate plans and programs.

There is no doubt that the sheer scale of infrastructure problems threatens to overwhelm a significant number of councils. This applies particularly to rural-remote councils that have to maintain extensive networks of roads and bridges that serve very few ratepayers; and to north coast councils having to cope with varying combinations of retiree-driven growth, dispersed populations, difficult terrain, frequent flooding, numerous old timber bridges, coastal erosion and the demands of tourism.

These issues are addressed in section 7.

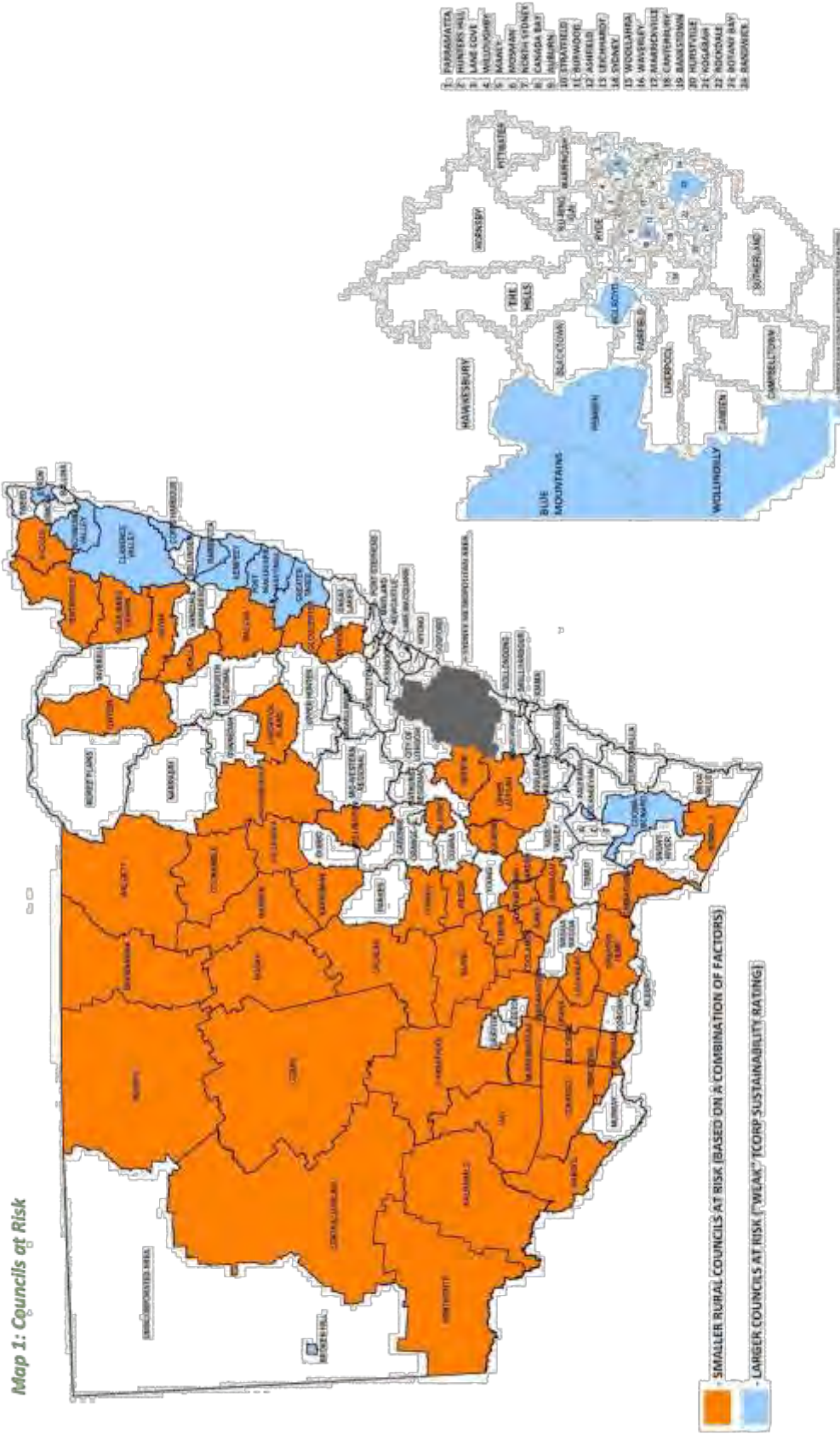
3.5 'Councils at risk'

Based on the TCorp analysis, a council-by-council infrastructure audit undertaken by DLG, the latest DP&I population projections, and a state-wide 'cluster-factor' analysis of local government areas, the Panel has made an assessment of those councils that could be deemed to be 'at risk'. This means that, under current policy settings, the councils concerned may become unsustainable or cease to be 'fit for purpose' within the foreseeable future. The councils are shown on Map 1. Risk was assessed based on combinations of several factors:

- FSR of Moderate with Negative Outlook or worse
- Weak, Very Weak or Distressed rating in DLG infrastructure audit
- Projected population less than 10,000 in 2031
- Projected decline in population or only marginal growth
- Low rating base
- High dependence on grants for operating income.

The analysis identified 52 smaller 'councils at risk' in rural-remote NSW. In addition, there were 18 larger councils (projected populations in excess of 10,000) that received a 'Weak' or 'Very Weak' FSR. Eight of these were concentrated along the north coast between the Hunter and the Queensland border, but they also included three other regional councils (Broken Hill, Queanbeyan and Cooma-Monaro) and seven councils in or around the Sydney metropolitan area. Given their size and growth prospects, it seems likely that most if not all of these larger councils can progressively improve their sustainability rating through sound policy and management. Some have already begun to deal with the issues identified by TCorp.

Full details of the factors involved in determining 'councils at risk', together with future options for all rural and regional councils are contained in Table 11 (section 12).



4. Building a Sustainable System

The rest of this report focuses on ways in which local government can best address the challenges it faces, realise its potential, and thus become a true partner in the governance of NSW.

Communities deserve high capacity local councils that can:

- deliver quality services and infrastructure
- prepare soundly-based plans for the future
- help support local jobs and economic growth
- represent the diverse needs of different groups
- influence State and federal government decisions to achieve local and regional objectives, for example in transport and housing
- keep rates and charges at affordable levels and maximise the benefits from spending those revenues.

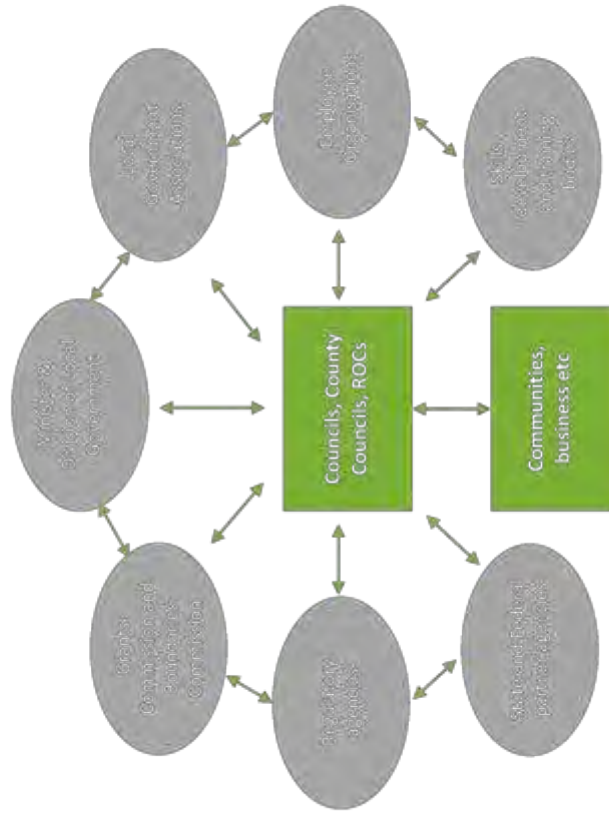
The Panel's goal is to ensure that every community in NSW has local government that reaches the highest possible standard, and that will be sustainable for several decades to come. This can only be achieved if we look at the system of local government as a whole. Very few challenges can be addressed or problems 'fixed' in isolation: understanding how the system of local government works is essential to achieve lasting improvements and to avoid the unintended and often adverse consequences of poorly conceived policies and interventions.

4.1 A systems approach

The system of local government in NSW is much more than the 152 general purpose councils. There are complex interactions between councils and many other players (see Figure 6).

Significant changes to any part of the system will have ripple effects throughout and these must be taken into account. For example, creating stronger, more capable councils will engender changes in their roles and relationships vis-à-vis State and federal agencies, in the way they are overseen and regulated by the State government, and in their needs for professional development and training. Reform proposals must take those systemic adjustments into account.

Figure 6: The Local Government System



4. Building a Sustainable System

Box 7: Essential Elements of an Effective System of Local Government

- Councils with the scale, resources and 'strategic capacity' to govern effectively and to provide a strong voice for their communities
- Maintenance of a strong sense of local identity and place
- Councils with an adequate revenue base (own source (grants) relative to their functions, healthy balance sheets, and sound financial management)
- Councils renowned for their efficiency and focus on outcomes, based on the Integrated Planning and Reporting framework
- Regional groupings of councils that share resources on a large scale and jointly plan and advocate for their regions
- Councils that have highly skilled mayors, councillors and executive teams, and are respected by the State government and community alike
- Mayors who are recognised leaders both within the council and throughout the local community, and enjoy a positive reputation for that leadership
- An electoral system designed to ensure that as far as possible councils are representative of the make-up and varied interests of their communities
- A Local Government Act that minimises prescription and provides a range of options for the way councils and regional bodies are structured
- Effective mechanisms for State-local consultation, joint planning, policy development and operational partnerships
- A local government association that is focused on strategy, a well-informed, dynamic advocate, a leader in reform, and a troubleshooter
- A constructive relationship between employers, employees and employee organisations, focused on improving productivity, performance and rewards.

Box 7 summarises the Panel's views on the essential elements of a more effective system of local government. The Panel is concerned that underlying weaknesses in the current system in NSW are not being adequately addressed, and that – as explained in section 3 – many councils are in poor shape to address foreseeable future challenges.

On the whole, councils continue to deliver a reasonable range of services and do so quite efficiently. But financial problems and infrastructure backlogs are mounting; grants are not being allocated sufficiently to areas of greatest need; many more councils should have been applying for Special Rate Variations to restore and strengthen their revenue base; efficiency, effectiveness and regional collaboration must be improved considerably to make the best use of scarce resources; there appears to be excessive regulation; councils tend to focus on compliance rather than improving their performance; the local government association needs to play a stronger role; and so on.

The Integrated Planning and Reporting (IPR) framework introduced in 2009 was, as its name implies, a deliberate attempt to encourage councils to adopt a more holistic approach in their strategic and corporate planning. It is still early days in implementing that framework across the State, but IPR has been well received and has already brought about improvements. However, experience to date also highlights the need for a range of complementary measures and adjustments to policy in order to achieve the full benefits of an integrated approach. For example, IPR has made it clear that councils need to enhance regional cooperation around key strategic issues; that the rate-pegging arrangements need to be adjusted; that political leadership needs to be strengthened; and that State-local cooperation must be improved. Thus the imperative of a systems view of the world is becoming more and more evident.

4.2 Strategic Capacity

Recent research by the Australian Centre of Excellence for Local Government (ACELG) has explored the need to create more 'strategic capacity' in local government – both within individual councils and collectively. Building a sustainable system requires councils that are 'fit for purpose' to play their part in the broader system of government. In Queensland, this issue was addressed by the 2007 report of the Local Government Reform Commission. It argued that:

The challenges confronting Queensland in the coming decades require governments of all levels to be high capacity organisations with the requisite knowledge, creativity and innovation to enable them to manage complex change.... This requires a local government structure which responds to the particular characteristics of the regional economies emerging over the coming decades, recognising communities of interest are developing rapidly and differently across the regions due to improved transportation, telecommunications and economic interdependencies. This structure needs to give rise to local governments capable of responding to the sometimes quite diverse demands by these communities and of a sufficient size and scale to generate cost efficient and effective services. (p.5)

The concept of strategic capacity highlights this aspect of reform: the need for councils to shift their focus towards a more strategic view of their operations; to have the ability to respond to the diverse and changing needs of different communities; and to take on new functions or deliver improved services in order to meet those needs. This implies a move to larger, more robust organisations that can generate increased resources through economies of scale and scope, and then 'plough back' efficiency gains into infrastructure, services and other benefits for their communities (see Box 8).

Box 8: Key Elements of Strategic Capacity

- Move robust revenue base and increased discretionary spending.
- Scope to undertake new functions and major projects
- Ability to employ wider range of skilled staff
- Knowledge, creativity and innovation
- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for State and federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership.

ACELG's report *Consolidation in Local Government: A Fresh Look* made it clear that strategic capacity can be increased both by creating larger units of local government – the approach favoured in Queensland – and through regional collaboration and resource sharing. In the Panel's view, a mix of these two approaches will be necessary to ensure a sustainable and effective system of local government in NSW. Section 11 outlines the way forward.



Part B
Finance and
Governance

ORD09

Attachment 1

5. Fiscal Responsibility

Securing local government's financial capacity and sustainability is the fundamental pre-requisite for all other moves to enhance its strength and effectiveness. The Panel has received a great deal of evidence and advice that points to the need for new initiatives to address current weaknesses in the financial position of a number of individual councils and the sector as a whole. The scope of changes required is canvassed in this and the next two sections. As TCorp makes clear, a concerted, medium-long term strategy is required. This will need to combine fiscal discipline with improved financial and asset planning, accelerated increases in rates and charges where required, redistribution of grant funding, and improved efficiency and productivity.

A useful start has been made with the introduction of IPR, changes to the rate-pegging guidelines for 2013-14, and the State government's Local Infrastructure Renewal Scheme (which has highlighted the need to make more use of borrowings where appropriate). There are signs of a growing understanding of what needs to be done, but there is also evident reluctance to take the hard decisions involved. Notably, only 23 councils applied for a Special Rate Variation in 2013: the TCorp findings suggest that number seriously understates the need for faster revenue growth.

5.1 Essential elements

The Panel believes that the starting point has to be a new focus on what it terms 'fiscal responsibility' – by which asset and financial management, the level of rates and charges, distribution of grants, setting of service standards, increased efficiency, performance improvement and audit practices are all aligned to achieve the long term goal of financial sustainability. TCorp recommended a focus on the following aspects:

- At least breakeven annual operating positions are essential
- Rate increases must meet *underlying* costs as well as annual growth in expenditure
- Medium-term pricing paths are needed for ongoing adjustments to rates and charges
- Asset management planning must be prioritised
- Councillor and management capacity must be developed
- The system and guidelines for accessing restricted funds should be reviewed
- Increased use of borrowings for infrastructure.

Sustainability benchmarks

TCorp used a wide range of financial ratios to assess and benchmark councils' performance. Its report makes the point that further development of benchmarking data and methodologies is required to strengthen the assessment framework: no doubt there is room for improvement on the approach used in the first round of assessments. An agreed set of sustainability benchmarks and rigorous collection of accurate data to calculate relevant ratios and indicators would be a central element of such a framework.

The need for improved comparative data on councils' financial performance was highlighted in 2012 in a report by the NSW Auditor General. The Division of Local Government is currently working on performance measurement in the context of the *Destination 2036* Action Plan item: *Develop a consistent performance measurement approach for councils and a comprehensive program to support improvement*. This work needs to be extended to cover sustainability. Development of sustainability indicators and benchmarks is currently being pursued in Victoria and Queensland, and NSW can learn from their experience.

5. Fiscal Responsibility

5.2 Guidelines for Delivery Programs

Soundly-based, long term asset and financial plans are the essential foundations of sustainability. Under IPR, each newly-elected council must prepare a 4-year Delivery Program that gives expression to those plans, and to the Community Strategic Plan. The Panel's investigations suggest that this aspect of IPR needs further attention, so that a council's Delivery Program accurately and fully reflects the provisions of its asset and financial plans, and embeds fiscal responsibility. Proposals for expanded mandatory Guidelines for Delivery Programs to achieve those objectives are set out in Box 9. More rigorous Delivery Programs are also central to the Panel's proposals to replace or streamline rate-pegging (section 6.5).

Box 9: Proposed Requirements for Delivery Programs

A Delivery Program should:

- Give effect to long-term financial and asset management plans prepared fully in accordance with IPR guidelines
- Contribute effectively to progressive elimination of an operating deficit
- Establish a 4-8 year 'revenue path' for all categories of rates linked to specific expenditure proposals for infrastructure and services
- Clearly justify any proposed increases in services or creation of new assets, based on regular service reviews and community consultation to determine appropriate levels of service
- Incorporate substantially increased funding for infrastructure maintenance and renewal (where backlogs have been identified)
- Apply increased borrowing to meet infrastructure needs wherever appropriate and financially responsible
- Ensure a fair and reasonable distribution of the rate burden across categories of ratepayers
- Include measures to bring about ongoing improvements to efficiency, productivity, financial management and governance
- Be certified by the Mayor and General Manager, in their respective capacities, as meeting these requirements.

5.3 Capacity for asset and financial management

TCorp makes the point that many councils across NSW still appear to be having difficulty both in meeting the asset and financial planning requirements of IPR, and in ongoing financial management. TCorp goes on to make a series of recommendations including the need to:

- Undertake regular independent reviews of councils' financial position.
- Assist councils with financial planning
- Improve management of liquidity
- Offer support to councils in respect of complex procurement tasks
- Provide additional training programs for councillors and staff
- Review some elements of the IPR guidelines

The Panel endorses these proposals.

Two underlying issues here are the continued existence across NSW of many small (in population) councils with limited staff resources; and a shortage of personnel with necessary financial and asset management skills. The Panel notes that there is at present no statutory requirement for a council to employ an appropriately qualified chief financial officer: this should change and the role must be seen as one of strategic management, not simply 'keeping the books'. 'Fiscal responsibility' will remain an elusive goal unless these underlying issues are addressed. Regional collaboration to share expertise has an important role to play (see section 11).

As part of capacity building, the initial 2012-13 TCorp sustainability assessments should be followed up on a regular basis to ensure that the impetus for improvement is maintained, that progress is monitored systematically, and that requirements for further external advice and support can be identified. In Queensland, the Treasury Corporation undertakes reviews of a sample of councils each year, in addition to its assessments of those councils seeking to borrow. It also provides advice on financial management, including to councillors. Similar arrangements should be made in NSW. As well, calculation and monitoring of sustainability benchmarks could be built into annual financial audits (see below).

5.4 A new approach to auditing

Another issue raised by TCorp is the desirability of a more consistent approach to auditing of annual financial statements and collection of data on asset maintenance and infrastructure backlogs. The Panel does not doubt that auditors undertake their tasks in a professional manner. Nevertheless, it is concerned that the current system whereby councils individually tender for audit services creates a tendency to minimise the amount of work involved, and hence the cost. This limits the potential for the audit process to contribute to improving financial management and fiscal responsibility.

The Panel has held numerous discussions on this issue with key stakeholders. It has also noted the findings of the recent inquiry by the NSW Public Accounts Committee that the Auditor-General should have some oversight of local government affairs; that s/he should be able to directly audit functions performed by local government entities on behalf of the State in the delivery of government programs; and that further consideration be given to expanding the Auditor General's role to include the oversight of local government financial audits generally.

The Panel is convinced that NSW should follow the example of Queensland and Victoria in placing local government audits firmly under the aegis of the Auditor General. This is the best way to ensure consistency of approach and provision of reliable data that can be used for sustainability assessments and benchmarking. Most audits would continue to be carried out by private firms, but under the supervision

of the Auditor General, who would also prepare an annual overview report to Parliament, providing an independent assessment of the financial health of the local government system. The Panel sees this as a major step forward for the sector.

There are various ways to establish a legal basis for this new approach. Provisions could be added to either the Local Government Act or the Public Finance and Audit Act; local government could be treated along very similar lines to State agencies, or special provisions could be drafted to reflect its different character. These options need to be resolved over coming months, and an implementation program agreed. In evidence to the Public Accounts Committee the Auditor General indicated that changes to audit arrangements could be phased-in over several years, and existing contracts with independent auditors honoured.

A widespread concern in local government is that a move to oversight by the Auditor General would increase the cost of audits. The Panel believes some increases could indeed occur, given the resources required to administer the system and compile an overview report. As well, there may be cases where competitive pressures under current arrangements have driven down the cost (and perhaps scope) of audits to unrealistically low levels. In general, however, the Panel considers that additional costs would be relatively minor, and far outweighed by the benefits of a more robust system. Moreover, there is evidence to suggest that changes to other regulatory and compliance regimes may well produce offsetting

savings (see section 8.2). Nevertheless, the Auditor General should be required to detail and justify the cost structure involved in the new approach.

5.5 Cost-shifting

An often expressed concern of local government is 'cost-shifting'. This is described in various ways, but the defining theme is that State and to a much lesser extent federal governments have transferred functions to local government or imposed additional costs on councils without either providing corresponding funding or enabling councils to raise the extra revenue required.

Local Government NSW and its predecessors have conducted an annual survey of cost-shifting for several years. According to the results for 2010-11 the financial impact on councils amounted to \$499 million or 5.72% of local government's total income before capital. Most of this sum was attributable to five causes:

- Waste disposal levies
- The declining level of grants for public libraries (which originally covered 50% of councils' operating costs)
- Contributions to the NSW Fire Brigade, Rural Fire Service and State Emergency Services
- Pensioner rebates
- Costs of processing development applications and other approvals or inspections which cannot be recovered due to State controls on the fees councils may charge.

5. Fiscal Responsibility

Recommendations for fiscal responsibility	
1	<p>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)</p> <p>As part of the program:</p> <ul style="list-style-type: none"> • 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)
2	<p>Place local government audits under the aegis of the Auditor General (5.4)</p>
3	<p>Ensure that the provisions of the State-Local Government Agreement are used effectively to address cost-shifting (5.5)</p>

section 6.5 are part of the way forward. The other essential element is effective implementation of the recently signed *Intergovernmental Agreement to Guide NSW State-Local Government Relations on Strategic Partnerships*. This is discussed in section 17. One of its principal provisions specifically addresses cost-shifting:

Where local government is asked or required by the State Government to provide a service or function to the people of NSW, any consequential financial impact is to be considered within the context of the capacity of local government.

The critical issue now is to ensure that this provision is implemented effectively. This will require further discussions on three fronts:

- First, to establish an agreed approach to assessment of 'consequential financial impacts', and to ensure that all State agencies understand what is involved and their obligations to consult
- Second, to review pensioner rebates (see section 6.2)
- Third, to ensure that any future arrangements for rate-pegging and/or setting fees and charges enable councils to recover cost increases associated with additional services or functions covered by the Agreement.

The Panel understands local government's concerns over this issue. It is particularly difficult to justify the State's actions in setting-up regulatory regimes without allowing councils to recover the full cost of operating them. This does not apply to waste levies, however, as the power to restrict annual charges for waste management has never been used. Also, consideration is being given to establishing a separate funding source for fire and emergency services – although as in the case of the waste levy, this would be collected by local government and may be seen by the community as part of council rates.

Applying a broader perspective, the central issue here is threefold:

- Is local government precisely that – government – in which case it cannot expect to be isolated from inevitable shifts in the division of responsibilities between the three levels?
- Is local government empowered to raise the funds necessary to meet whatever obligations are imposed on it?
- Are adequate arrangements in place to ensure that shifts in responsibilities are properly planned and negotiated?

In the Panel's view, current concerns in NSW flow from past failures to address the second and third points. The changes to rate-pegging proposed in

6. Strengthening the Revenue Base

The Panel was specifically asked to examine the current local government revenue system, including rating provisions. It commissioned independent research for this purpose, including comparisons with rating systems in other states. The Panel has also referenced recent reports on local government revenues issued by the Australian Centre of Excellence for Local Government, and the *Review of local government rating exemption provisions* prepared for Local Government NSW by Deloitte Access Economics.

6.1 The rating system

Key findings and options for improvements to the rating system, drawn from the Panel's research, are summarised in Box 10. A number of significant changes are warranted in order to strengthen councils' revenue base within the overall framework of fiscal responsibility.

Box 10: The NSW Rating System and Potential Improvements

- Total council revenues in 2011-12 were \$9.245bn; 52% came from rates and annual charges (including water)
- There may be scope to raise a greater share of revenue from fees and charges levied on services akin to 'private goods' eg leisure centres
- Rates are a tax, not a fee-for-service; they need to be set in accordance with principles of taxation – equity, efficiency, simplicity, sustainability and policy consistency
- The level of rates paid relative to property values varies greatly from one local government area to another; this raises a number of equity issues (notably the relatively low rates paid by property owners in many affluent suburbs of Sydney)
- In particular, there is a need for more equitable arrangements for rating apartments; these might include a partial shift from Land Value to Capital Improved Value as the basis for rates
- Other options to generate increased rate revenues from apartments also need to be explored
- Existing options for minimum rates, base charges and differential rates should remain, but overly complex use of those mechanisms should be discouraged
- There is considerable potential for greater use of special rates
- Some concessions for disadvantaged ratepayers are justified, but social welfare should not be a local government responsibility; arrangements for pensioner concessions should be reviewed
- Further consideration should be given to enabling income-poor but asset-rich ratepayers to defer payment of rates as a charge against their property, rather than receive a concession
- The extent of non-rateable land and exemptions for government business enterprises, benevolent institutions and others should be reviewed

6. Strengthening the Revenue Base

Table 2: Potential Changes to Rate Exemptions

Type of Land	Possible Way Forward
Commercial activities of various statutory authorities	Remove or modify current exemptions (eg commercial forestry in State forests and commercial activities in National Parks)
Land used for certain religious, charitable and educational purposes	Modify current exemptions and/or switch to a minimum rebate with the option of additional concessions at council's discretion
Diverse cultivation and cattle dipping land leased for grazing, military claims	Remove exemption (little justification on efficiency or equity grounds)
Various listed groups	Remove exemption (largely commercial purposes eg Royal Agricultural Society, Sydney Cricket Ground, Museum of Sydney)
Land used for health and safety, Aboriginal land, cemeteries, public places, libraries	Retain exemption

been applied. This would enhance transparency and accountability to the community, and encourage councils to avoid both arbitrary imposition of rates and unnecessary complexity. Revenue Policies should be updated as part of each new 4-year Delivery Program, and reviewed thoroughly every second or third term of a council to ensure they are fit-for-purpose.

Additional guidance to councils would need to be provided through amendments to the Act and Regulations, and/or advisory materials.

6.2 Exemptions and concessions

NSW legislation has progressively established a very long list of properties exempt from local government rates. The recent Deloitte Access Economics report provides a useful typology, and examines the case for exemptions in terms of taxation principles, practice in other jurisdictions, and their impacts on efficiency, equity, competitiveness, administrative complexity and long term sustainability. Table 2 provides a simplified summary of the report's conclusions. The Panel considers that the way forward proposed in the report is reasonable and warrants further consideration by Government in the broader context of the Panel's recommendations relating to sustainability and financial management. The goal should be to strengthen the position of those councils – especially rural-remote councils with a limited revenue base – that are most affected by the current pattern of exemptions, and to ensure a more equitable imposition of rates.

Revenue Policies

NSW councils are already required to prepare a Revenue Policy as part of their operational plans. In nearly all cases, however, this amounts to little more than a list of the different categories of rating and the rates in the dollar to be applied. Such policies do not explain why the council has adopted those different rates and the basis on which they have been set. The Local Government Act and Regulations offer little guidance on this matter, but do provide scope for more detailed policies, which would be consistent with IPR Guidelines.

The 'Henry' review again confirmed that rates are a tax, not a fee-for-service. That being the case, councils should be applying well established principles of taxation – such as equity, efficiency, simplicity, sustainability and policy consistency – as part of their Revenue Policies. The Panel can find little evidence that this is occurring. In most cases, rating systems appear to be the result of an accumulation of pragmatic decisions taken over many years, focused simply on raising as much revenue as possible within legal limits and in a manner acceptable to the majority of ratepayers. This approach is unlikely to reflect sound fiscal policies or to lay a solid foundation for long-term sustainability.

The Panel thus sees a need for preparation and adoption by councils of more rigorous Revenue Policies that set out a clear rationale for the way their rating systems are structured, precisely what they are designed to achieve, and how taxation principles have

Pensioner concessions

Pensioner concessions are another thorny issue. There are three elements to this. First, the current annual cost to councils is some \$62m per annum (45% of the total), and NSW is the only jurisdiction in which councils are required to make such a contribution. Second, the level of the concession has not changed since 1989, raising questions about its longer term worth unless both the State and councils can find the funds to increase its value in real terms.

Third, pensioner rating concessions are clearly a welfare measure and a form of tax relief, and it is doubtful whether funding such a concession ought to be a local government (or even State government) function within Australia's federal system. The Panel also notes that financial advice offered to many relatively affluent retirees often includes how to arrange their affairs so as to obtain pensioner concessions.

The Panel thus believes that pensioner rate concessions should also be reviewed against the objectives of sustainability and equity.

6.3 Equitable rating of apartments

Rating in NSW is based solely on land values. Research indicates that this is generally an acceptable approach that achieves a reasonably equitable distribution of the rate burden. It offers the distinct benefit of a relatively simple and low cost system of valuation.

However, a significant issue has now arisen in terms of the rating of apartments and other multi-unit dwellings. Particularly in the inner suburbs of Sydney, such dwellings now constitute a large proportion of the housing stock, and this proportion is planned to increase considerably. For example, in the City of Sydney and in the Waverley Council area multi-unit dwellings already constitute 75% and 63% of the total respectively, and virtually all new housing will take that form.

Currently, the unimproved value of the land occupied by a block of apartments is split between the owners of individual dwellings (strata titles), such that each is rated on only a small fraction of the total value. As a result, owners of apartments worth millions of dollars pay less in rates than owners of nearby houses worth much less, and all or most owners of apartments may pay the same minimum council rate irrespective of the differing market values of their properties. Not only are such outcomes inequitable, but they also mean that the rating system is raising far less revenue than it reasonably could.

For example, in 2011-12 75% of the 87,000 residential assessments in the City of Sydney were flats, units or apartments, and 74% of all assessments (mostly multi-unit dwellings) paid the then minimum rate of \$430. On the very conservative assumption that the rates of 60% of dwellings could have been increased to the then average residential rate of \$565, additional revenue of more than \$7m would have

been generated. This was well in excess of the City's federal Financial Assistance Grant of \$5.5m. The Panel believes that the City could in fact increase its residential rates revenue by much more without imposing an undue burden on residents. A substantial number of other councils could similarly generate very substantial additional revenues within reasonable levels of affordability.

Equity issues can be addressed to some extent by increasing minimum rates and by changing the way the value of the land is distributed amongst the owners of strata-titled properties. However, these are only partial solutions and do not enable a council to capture significantly increased revenues from apartments overall. The only way both objectives can be achieved is by changing the valuation base to Capital Improved Value (CIV).

Advice received by the Panel suggests that a move to CIV could be limited to selected local government areas and need not involve all properties in those areas. It could be restricted to either all residential properties or perhaps – by creating a new rating category – just multi-unit dwellings. Either way, the cost of making the change would be significant but not excessive, and discussions with the Valuer General do not suggest any major methodological or logistical concerns. The cost could be recouped quickly provided rate-pegging rules are adjusted to allow the councils concerned to retain the additional revenue that would be forthcoming (see below).

6. Strengthening the Revenue Base

Equity concerns are of particular significance in metropolitan Sydney, where councils in a number of affluent areas with high-value properties are charging low levels of rates compared to their counterparts in western and south-western Sydney. This issue is discussed further in section 13.6.

Table 3: Relative Levels of Rates

Local Government Area	Average Residential Land Value 2011/12 (\$)	Average Residential Rates 2011/12 (\$)	Rates as % of Land Value 2011/12
Woolahra	1,036,898	1,006	0.10
Kuring-gai	529,412	591	0.11
North Sydney	366,043	484	0.13
Waverley	563,832	796	0.14
Kogarah	446,270	887	0.20
Palerang	237,770	770	0.32
Penrith	229,634	957	0.42
Blacktown	183,763	806	0.44
Clarence Valley	152,449	784	0.51
Campbelltown	154,348	817	0.53
Bathurst	100,403	810	0.81
Albury	115,128	1,045	0.91
Warrumbungle	30,648	452	1.47
Broken Hill	26,802	674	2.40

Such a change would mean that some ratepayers would pay considerably more. However, these would be owners of high-value properties and any increases could be phased-in over several years.

The Panel is satisfied that the overwhelming majority of those likely to be affected would have ample capacity to pay, and that the fundamental objective of a more efficient and effective rating system must be given priority.

6.4 Broader equity issues

As indicated in Table 3, a broader equity issue concerns the wide variation between local government areas in the level of rates paid as a proportion of property values. Some variation is inevitable given that rates are levied on a council-by-council basis and the range of services provided, as well as the cost of service delivery, differs from one area to another. The Panel believes, however, that more weight should be given to relative levels of rates – and hence the potential financial capacity of different councils – when decisions are made about allocating grants; and when consideration is being given to the responsibilities different councils can reasonably be expected to undertake.

6.5 Rate-pegging

The 2007 Productivity Commission study of local government's revenue raising capacity found that many councils could make better use of their rating base to achieve substantial increases in own-source revenue, and that this can be done without undue impacts on household budgets. In terms of long term financial sustainability, increasing own-source revenues is a better option than greater reliance on grants, where it can be achieved. Affordability must remain a key objective, but it must be remembered that rates typically constitute a very small percentage of both household and business expenditure. Experience in other states and the results of community surveys suggest that increases of \$1-2 per week would be acceptable for most NSW ratepayers, provided the additional revenue is earmarked for specific improvements to infrastructure and services. Increases of that order would be sufficient to address many of the problems identified by TCorp.

Since 1979 NSW has had a system of rate-pegging designed to prevent excessive increases in rates, and to encourage councils to become more efficient. The system was reviewed in 2008 and some adjustments have been made since then. Councils can apply to the Independent Pricing and Regulatory Tribunal (IPART) to increase rates above the annual limit, provided they have a strong case that the funds are needed and can demonstrate community awareness of what is involved.

According to advice received from IPART, over the period 2001/2 to 2010/11, growth in the total revenues of NSW councils was 5.7% per annum, compared to an average of 8.0% for the other mainland states. Taxation revenue (rates) increased by 4.4% per annum in NSW compared to an average of 8.0%. This points to 'revenue foregone' in rates of well over \$1bn. The fact that rates in those other states have increased without a strong community 'backlash' suggests that political sensitivities in NSW have been overstated.

The Panel's investigations also indicate that rate-pegging has had significant unintended consequences, in particular:

- Unrealistic expectations in the community (and on the part of some councillors) that somehow rates should be contained indefinitely, even though other household expenditures are rising
- Excessive cuts in expenditure on infrastructure maintenance and renewal, leading to a mounting infrastructure backlog
- Under-utilisation of borrowing due (in part) to uncertainty that increases in rates needed to repay loans will be granted
- Reluctance to apply for Special Rate Variations (SRVs) even when clearly necessary, because exceeding the rate peg is considered politically risky, or because the process is seen as too complex and requiring a disproportionate effort for an uncertain gain.

The Panel notes also that the system has become highly complex. There are two different types of SRV. The increased level of rate revenues may or may not be embedded permanently into the councils rating base. Applications to IPART may be required not only for increases in the current level of rates that exceed the annual peg, but also for some adjustments to minimum rates and special rates, and to capture revenue from newly valued or developed land. Special approvals are also required where the increase in revenues is under-estimated and ultimately exceeds the peg, even by a very small amount.

In 2013 only 23 of 152 councils applied for SRVs. Yet figures for the 2011/12 financial year show that 83 councils would have needed to increase rates and annual charges by more than 5% to achieve a break-even operating result.

The Panel's conclusion is that, whilst there is certainly a case for improving efficiency and keeping rate increases to affordable levels, the rate-pegging system in its present form impacts adversely on sound financial management. It creates unwarranted political difficulties for councils that really can and should raise rates above the peg to meet genuine expenditure needs and ensure their long-term sustainability. The Panel can find no evidence from experience in other states, or from the pattern and content of submissions for Special Rate Variations, to suggest that councils would subject their ratepayers to grossly excessive or unreasonable imposts if rate-pegging were relaxed.

6. Strengthening the Revenue Base

The rate-pegging system is also very costly relative to the benefits it delivers. Millions of dollars are spent each year by councils and State agencies on preparing, reviewing and determining applications when the actual cost impact of the proposed rate increases on households is often no more than \$1 per week.

Options for more effective arrangements

The Panel has developed three options to respond to the issues raised above.

Rate Benchmarking. The first option is for the current system of rate-pegging to be replaced by what might be termed 'Rate Benchmarking' (see Box 11). This would form part of the new fiscal responsibility framework, with specific links to proposals for improved Delivery Programs and revenue policies, as well as oversight of council audits by the Auditor General. IPART would calculate and publish an annual Local Government Cost Index (as occurs currently in Victoria and Queensland), as well as comparative data on rate increases and associated expenditures (drawn from annual audits and the new performance measures being developed by DLG). The aim would be greater public scrutiny of councils' revenue and expenditure decisions, and a heightened awareness of the need for, and key elements of, sound financial management. The Minister would retain a reserve power to intervene in cases where the evidence suggests a council is imposing excessive increases and failing to control expenditure.

Box 11: Rate Benchmarking

- More rigorous Delivery Programs (see Box 9) and Revenue Policies, certified by the Mayor and General Manager as meeting all applicable requirements
- Proposed rate increases and associated expenditures must be subject to community consultation when preparing Delivery Programs
- IPART publishes and justifies an annual Local Government Cost Index
- Annual audits (under the aegis of the Auditor General) check whether revenues in excess of the cost index have been expended in accordance with the Delivery Program
- IPART publishes benchmarking data on increases in revenues and expenditure efficiency
- Minister can intervene if the evidence warrants corrective action

Rate Benchmarking is the Panel's preferred option. However, the Panel accepts that rate-pegging has long been part of the political landscape in NSW, and that a proposal for what could be seen as 'abolition' may prove unacceptable at this time. Accordingly, its second option is to streamline current arrangements (see Box 12).

Streamlined Rate Pegging. IPART's advice to the Panel makes the important point that current rate-pegging arrangements are not cast in stone: a 'more light handed regulatory approach' is entirely possible. The Panel notes that the relevant provisions of the Local Government Act could be applied in a number of ways, and that the current complexities flow in large part from administrative decisions.

Some 'streamlining' has already occurred under revised rate-pegging guidelines for 2013 and 2014, which link the system more closely to IPR requirements. The Panel believes this approach can be taken much further, with reduced demands on councils for special documentation, and with guarantees that some increases in rate revenues above the annual peg will be approved 'automatically' provided certain requirements are met.

The TCorp report makes it clear that rate revenues need to grow to cover not only annual cost increases faced by councils, but also *underlying* costs of service delivery, including progressive elimination of operating deficits and funding infrastructure needs. This means that in most cases rates do need to rise by substantially more than the current annual peg if councils are to achieve long-term sustainability.

IPART suggested increased flexibility for councils to set rates within a margin of 3% above the rate-pegging limit. That would add around 60 cents per week to the average residential rate (over and above the typical rate-pegging increase of around 3.5% or 70 cents per week). However, based on TCorp's assessments, the Panel considers that a margin of up to 5% would be more realistic where councils need to make significant short-medium term inroads into infrastructure backlogs and correct operating deficits. This would result in a total increase for the average residential ratepayer of around \$1.70 per week, which is well within the range of affordable and acceptable increases indicated by survey data.

Other elements of Streamlined Rate Pegging would include amendments to the Act and guidelines to:

- strip away what the Panel considers to be excessively detailed controls and 'Red Tape'
- remove some Special Rates from the system
- remove the possibility of any limits on domestic waste management charges, which should be set on a full cost-recovery basis.

IPART would continue to review and determine applications for SRVs of more than 5% pa above the peg. It would also advise the Minister on which councils might be exempted from rate-pegging (see below).

Box 12: Streamlined Rate-Pegging

Councils would be able to increase rates by up to 5% pa above the rate-pegging limit over the life of a Delivery Program, provided that:

- They prepare more rigorous Delivery Programs (see Box 9) and Revenue Policies, certified by the Mayor and General Manager as meeting all applicable requirements
- The community has been made aware of proposed rate increases and associated expenditures contained in the Delivery Program
- The case for a Special Rate Variation has been endorsed by the council's auditor as being soundly based and warranted to ensure long term sustainability
- Council has lodged its documentation with IPART.

In addition, the Local Government Act and/or Regulation would be amended:

- to require IPART to publish and justify an annual Local Government Cost Index
- to provide that increased revenues flowing from all legitimate SRVs are embedded permanently in a council's rating base
- to exempt from rate-pegging Special Rates levied on a defined group of ratepayers in order to undertake specific projects that are of particular benefit to those ratepayers, and have been shown to enjoy majority support amongst those affected
- to give councils the right to collect revenue in excess of the rate-pegging limit that results from new 'greenfields' development, converted Crown Land, additional multi-unit residential development, and any increased residential values flowing from the introduction of QIV for multi-unit dwellings
- to remove the need to seek approval for small amounts of revenue above the rate-pegging limit collected as a result of inaccurate estimates or calculation errors (amounts less than, say, the equivalent of 0.1% of total rate revenues)
- to ensure that domestic waste management charges are set on a proper cost-recovery basis
- to empower the Minister – through IPART – to conduct random audits to ensure that councils' documentation and implementation of these arrangements meets all relevant requirements.

Where an audit shows that a council has failed to meet the new criteria for Delivery Programs and/or Special Variations, the current rate-pegging arrangements would be re-applied.

6. Strengthening the Revenue Base

6.6 Distribution of grants

Additional grant support is often advocated as a solution to the financial difficulties faced by councils. However, the Panel's view is that the need for expenditure restraint at State and federal levels will preclude any significant increase in total grants to NSW councils for the foreseeable future. At the same time, the geography of NSW means that there will continue to be a substantial number of smaller (in population) councils and rural or remote communities that are heavily dependent on grant support. If the system of local government is to be sustainable, every effort must be made to ensure that the available pool of grant funds is used in the most effective and equitable way possible.

Currently, the principal source of funds is the federal government through both Financial Assistance Grants (FAGs) and the Roads to Recovery program. FAGs are split into 'general-purpose' and 'roads' components, although both are untied and can be used as councils see fit. All councils receive a minimum grant: under the current law 30% of the total general-purpose component must be set aside for that purpose and distributed on a per capita basis.

The effect of the current arrangements is that large amounts of assistance are paid to some councils that could make do with less. This has been highlighted in several reviews, notably the 2007 study by the Productivity Commission. The Panel believes that in a climate of fiscal restraint, consideration needs to be given to the option of redistributing more funds to the most needy councils and communities. It notes that at present around \$40 million of general purpose grants are allocated each year to 23 minimum grant councils, all of which are located in relatively affluent areas of the Sydney region north and east of Parramatta. Those councils also receive a share of the roads component of FAGs and Roads to Recovery grants.

There is little justification for this approach on equity grounds. As noted earlier, ratepayers in the areas concerned often pay substantially less in rates as a proportion of the value of their properties than their less affluent counterparts in western and south-western Sydney, or in rural and regional NSW. Moreover, many of the councils involved would be prime beneficiaries of a change to CIV for multi-unit dwellings.

Earned Exemption. The Panel's third option is for individual councils to be able to earn complete exemption from rate-pegging by demonstrating consistent high performance in asset and financial management. This would be an adjunct to Streamlined Rate Pegging. As the practice of IPR progressively improves, the Panel expects that a large proportion of councils would become exempt from rate-pegging in this way. Details are in Box 13.

Box 13: Earned Exemption from Rate Pegging

- Amend the Local Government Act to enable the Minister to exempt from rate-pegging individual councils that have demonstrated a consistently high level of fiscal responsibility and sound financial management in accordance with IPR Guidelines.
- Councils apply to IPART for the exemption and IPART advises the Minister on whether or not it should be granted.
- Where a random audit by IPART shows that a council has failed to meet the new criteria for Delivery Programs and/or Special Variations, or concerns about a council's financial management are raised in an annual financial audit completed under the aegis of the Auditor General, the Minister may re-apply the current rate-pegging arrangements.

To bring about substantial changes in grant distribution, there is a need for adjustments to both the current formula used by the NSW Local Government Grants Commission and to the federal legislation that stipulates the amount of money to be set aside for minimum per capita grants. The Commonwealth Grants Commission (CGC) is currently undertaking a wide-ranging review of FAGs. Its terms of reference mention in particular the impact of the minimum grant requirement, and the needs of local governments serving regional and remote communities. This suggests that significant changes could be considered. Options are set out in Box 14: the Panel believes that the NSW Government should seek discussions on these options with the federal government following release of the CGC report (expected in December 2013).

Box 14: Options for Future Distribution of Financial Assistance Grants

- Eligibility for grants to be contingent upon councils making adequate efforts to maximise their efficiency and own-source revenue
- Abolition of the minimum per capita grant
- Change the distribution formula for general purpose grants to reduce or eliminate grants to councils that have considerable unused revenue capacity
- Provision for up to 15% of the roads component to be set aside for strategic regional projects and special assistance to councils facing severe infrastructure backlogs (see section 7)
- Declare new Joint Organisations and the proposed Far West Regional Authority to be 'local governing bodies' for the purpose of FAGs (see sections 11 and 16)

In the meantime, the Panel considers that the NSW Grants Commission could do more to redistribute funds within current legislation, building on modest changes already made. The Panel notes that the quantum of FAGs grows by 3-4% per annum (an increase of \$25 million in 2013/14), so there is scope to effect redistribution progressively without severe disruption to council budgets (assuming rates can be increased to fill the gap).

The Panel also sees specific opportunities to change the way the FAGs roads component and Roads to Recovery grants are allocated. These are discussed in section 7.

Some State grant funding could also be redistributed. For example, more than half of the limited pool of funding support for public libraries is allocated on a per capita basis to every council. Given the relatively small sums involved and the known capacity of many larger urban councils to increase own-source revenues, those funds could be used to greater effect in supporting outer-metropolitan and rural and regional communities. These

communities are facing challenges of population growth and change that have a significant impact on library services.

If there is to be any significant redistribution of grant funding to less populated rural and remote councils, then it is only proper that those councils be required to take steps to maximise their efficiency and help themselves. On no account should other ratepayers and taxpayers be expected to 'prop up' councils that are simply unsustainable without ever increasing support, or that fail to maximise their own-source revenues.

6.7 Use of debt

Research commissioned by the Panel has found that NSW councils have comparatively very low levels of debt. On average, gross debt represents only 2.4% of net assets and 32% of annual income. Collectively, councils have over twice as many financial assets as they do outstanding borrowings.

A significant number of councils see being debt-free as a 'badge of honour'. Yet sound financial management and inter-generational equity both point to debt as an appropriate way to fund long-lived infrastructure and 'lumpy' expenditures, whilst continuing to maintain adequate service levels. Indeed, it can be argued that aversion to debt has been a significant contributing factor in the growth of infrastructure backlogs. TCorp pointed to the scope for increased use of debt, and the State government has flagged its stance by introducing the Local Infrastructure Renewal Scheme (LIRS), which subsidises borrowings.

6. Strengthening the Revenue Base

There is, however, an evident problem in NSW with excessive rates of interest being paid by many councils. Local government is generally a low-risk borrower and should be paying commensurate interest rates. A related problem is that councils' 'treasury management' practices are often less than optimal. They tend to under-utilise financial assets (in part due to legislative restrictions) and to structure their borrowings poorly, often paying for very long-lived assets with unnecessarily short-term loans. In so doing they place themselves and their ratepayers under excessive financial pressure.

In Queensland, South Australia and New Zealand local government borrowings (and some investments) are handled collectively by a state-wide agency. The models differ, but in each case the effect is to reduce borrowing costs considerably. The Panel understands that investigations are under way to establish a similar arrangement in NSW. It strongly endorses that move, and sees particular merit in the Queensland approach of extending the remit of the Treasury Corporation to cover local government. This has the advantage of simplicity and low administrative

costs, and means that councils can borrow at the same rate as the State government. On average, the interest rate saving to councils would be about 2%. Moreover, a very small surcharge on the interest rate payable (say 0.1%) would be sufficient to fund a free or low-cost advisory service to help improve councils' treasury management practices and financial governance generally.

Potential savings could be up to \$600 million over 10 years if all council borrowings are progressively transitioned to a revised funding model. This estimate is based on a 2% saving on a \$3 billion loan balance. Actual savings would be dependent on trends in councils' use of debt and how many councils participate in a state-wide facility.

6.8 Fees and charges

The 'Henry' tax review made the point that a number of services provided by councils are in the nature of 'private' rather than 'public' goods: that is, their use is typically discretionary and the benefits accrue primarily to individuals. Swimming pools and leisure centres are often quoted examples. Such services should be viewed as business enterprises and are appropriately funded in whole or large part by fees and charges, rather than taxes (rates). Councils can offer concessions for users with special needs or limited capacity to pay.

A second type of service that should be funded by fees and charges are regulatory approvals and inspections. As noted in section 5.5, the annual LGNSW cost-shifting survey reports that restrictions on various statutory fees – particularly those for development applications – prevent councils from recovering the full cost of those services and require very considerable subsidies from ratepayers. The Panel believes that these restrictions should be removed. Instead, IPART should monitor and benchmark council fees and charges, and seek explanations from the councils concerned where they appear to be unduly high.

6.9 Other revenue options

Over the years numerous inquiries have explored the potential for local government to make greater use of additional revenue sources. Options such as tourism or local sales taxes have been raised on several occasions, but have always proved problematic. Other possibilities include:

- Sale of surplus assets (eg buildings, road reserves) to fund new or replacement infrastructure
- Commercial ventures in new fields such as stormwater harvesting and carbon trading – several councils have already achieved successful outcomes (eg City of Salisbury in South Australia)
- Road user charging (eg increasing revenues from on-street car parking, gaining a larger share of heavy vehicle charges)
- Tax increment financing – using special rates to tax the increased value of land where development takes place on the back of public infrastructure provision (eg high density residential development around railway stations).

A recent report for the Local Government Association of South Australia suggested a joint State-local government effort to investigate supplementary revenue options in detail. Given the scope to improve the rating system, the Panel does not see the search for major new revenue sources as a top priority – and certainly not the key to solving councils' financial problems – but it is important that NSW local government does not get left behind in exploring new forms of revenue.

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: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> • 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)

7. Meeting the Infrastructure Needs

7. Meeting Infrastructure Needs

The issues of infrastructure funding and the current backlog of maintenance and renewal have already been touched on in sections 4 and 5. This section explores those issues in more detail and presents some further options for addressing them.

7.1 Measuring the infrastructure backlog

Recent reviews by TCorp and DLG estimate an accumulated maintenance and renewal backlog in local government-owned infrastructure of around \$7.2-7.4bn. This figure amounts to around \$1,000 per head of the NSW population. It has increased in dollar terms over recent years, but as a proportion of the written down value of councils' total assets it has declined significantly. That reduction is due mainly to revaluation of assets, better infrastructure management and more accurate measurement of the need for improvements (see below).

The *Local Government Infrastructure Audit* published by DLG in May 2013 indicates that the backlog comprises:

- \$4.6bn for roads
- \$1.0bn for buildings
- \$0.7bn for stormwater drainage
- \$1.1bn for water supply and sewerage networks.

Current estimates of the backlog rely on unaudited data from 'Special Schedule 7' in councils' annual accounts. This data is widely considered to be unreliable and is likely to over-state the real cost of bringing assets to a satisfactory standard. Where councils rigorously review cost estimates and consult their communities to determine realistic, affordable levels of service, the consequence is often very considerable reductions in the estimated backlog. However, this will not lessen the need for additional annual expenditure on maintenance and renewal to ensure that the current condition of assets does not deteriorate and is improved where necessary. Both TCorp and DLG found that existing levels of expenditure on maintenance and renewal are inadequate in most cases.

The measured level of backlogs varies significantly from one part of NSW to another, reflecting differences in environmental conditions, demand pressures and the capacity of councils to undertake necessary works. DLG reports that problems are most acute in the Far West, Mid North Coast, South East, Central West, Murray and Northern Rivers regions. Its audit also found that as a general rule those councils facing the highest per capita cost of bringing assets back to a satisfactory standard (BTS) are amongst those with the weakest TCorp ratings of financial sustainability.

7.2 Funding and financing strategies

Tackling the infrastructure backlog requires first and foremost implementation of the revenue and financial management measures put forward in sections 5 and 6. This means in particular:

- Rigorous ongoing implementation of Integrated Planning and Reporting requirements for long term financial and asset management plans, and upgraded 4-year Delivery Programs
- Revised rate-pegging arrangements linked to IPR requirements so as to ensure 'automatic' approval of rate increases necessary to meet demonstrated infrastructure needs
- Considerably increased use of borrowings wherever appropriate and affordable, coupled with greatly improved treasury management practices
- Redistribution of grant allocations to the maximum possible extent to those councils facing the most severe asset and financial management problems (provided the councils concerned are making every effort to help themselves).

Provision of special assistance

Irrespective of measures such as those outlined above, the analysis provided by TCorp and DLG strongly suggests that some councils will not be able to overcome their infrastructure backlogs without special financial assistance. The Panel commissioned case studies of two councils with severe infrastructure funding problems to inform this assessment. In both cases FAGs would need to increase by 15% or more as part of a package to eliminate operating deficits and adequately fund asset maintenance and renewal. Rates increases of 10-20% would also be required, plus efficiency gains and adjustments to service levels.

Clearly, councils such as those face daunting challenges. Two options for special assistance appear worthy of further consideration:

- Refocus an extended LIRS program on the most needy councils to provide interest-free loans
- Set aside a proportion of the roads component of FAGs for 'strategic projects', aimed in the first instance at addressing the most severe backlogs in roads and bridges.

The recent introduction of LIRS to cut the cost of borrowings is an important step in the right direction. On the evidence now becoming available, it will be required for several more years at least, and should be targeted at councils with the most severe infrastructure backlogs and with demonstrated limited capacity to meet needs from their own

resources. The Panel was concerned that in early rounds of LIRS subsidies were provided for a number of councils that should not need support given their strong rating base.

The second option is based on an existing South Australian model, whereby 15% of the roads component of FAGs is allocated to 'strategic projects' rather than in grants to every council. In NSW, 15% would amount to around \$30 million per annum, which (by way of illustration) could be used to borrow around \$300m over 20 years and thus create a special assistance fund. This might be augmented by a State contribution, and (if possible) a similar percentage of federal 'Roads to Recovery' funds, thus creating a substantial program to assist councils with needs that cannot reasonably be met from their own resources. In the longer term, the fund could begin to support strategic developmental projects across all councils.

Councils receiving special assistance should be subject to mandatory financial reviews and external guidance in the preparation of new financial and asset management plans. As noted previously, ratepayers elsewhere in the State cannot be expected to underwrite redistribution of grant funding without assurances that the beneficiaries are doing everything reasonably possible to improve their situation. TCorp could work with managers and councillors to devise appropriate medium-long term strategies. These would necessarily encompass reviews of infrastructure service levels, possible cuts to other

services to channel additional funds into asset management, plus rates increases and borrowings.

7.3 Infrastructure contributions

Another important funding issue is the payment of developer contributions towards the cost of new or upgraded local infrastructure required to service 'greenfields' development or urban renewal. Over recent years the NSW Government has substantially reduced the scope for councils to levy infrastructure contributions in order to encourage development and help contain the cost of housing.

Current proposals to reform the land use planning system include further significant changes to the framework for levying infrastructure contributions. At this stage it is difficult to predict precisely how the proposed changes will work in practice, and what impact they might have on local government finances. The Panel appreciates the Government's objectives of promoting economic development and facilitating housing supply and affordability. It is concerned, however, that the ability of councils to address their wider infrastructure and asset maintenance needs (including backlogs identified by TCorp and DLG) may be compromised if infrastructure contributions fall short of what is required to service development, and that an undue burden could be placed on ratepayers.

7. Meeting the Infrastructure Needs

Consideration also needs to be given to the interplay between proposed changes to the framework for infrastructure contributions and the current rate-pegging arrangements. It appears that councils could find themselves having to prepare plans and lodge applications twice – first to collect whatever contributions are permitted and then to increase rates to fund any shortfall in required revenue. On the information available to the Panel, these issues require more detailed investigation before any changes are introduced, and the impact of new arrangements will need to be kept under review on a whole-of-government basis.

7.4 Regional collaboration and capacity building

In Queensland, local governments collaborate with each other and with the Department of Transport and Main Roads through Regional Roads and Transport Groups. These groups operate under a Memorandum of Understanding between the responsible Minister and the Local Government Association that establishes a state-wide Roads and Transport Alliance. Objectives and principles of the Alliance include:

- Joint decision-making, planning and investment which reflects regional priorities across the road and transport network
 - Optimisation of State funding support
 - Improved performance of road and transport infrastructure through better asset lifecycle management
 - Efficiency gains in program delivery through less duplication of resources and effort, and creating a competitive environment in infrastructure provision
 - Flexible, outcomes-oriented approaches that allow for innovation
 - Promotion of resource sharing (including joint purchasing) and technical knowledge transfer
 - Upgrading workforce capability.
- Regional Roads and Transport Groups (RRTGs) have primary responsibility for implementing these principles. Each is supported by a Technical Committee of senior local and State government officers. RRTGs meet as required individually and hold a state-wide gathering at least once every year to exchange views and experiences.

The Panel believes that a similar model should be adopted in NSW, linked to the new regional 'Joint Organisations' proposed in section 1.1. As in Queensland, there needs to be a blend of technical and financial cooperation. For example, in the field of timber bridge replacement (one of the biggest backlog problems) there appears to be scope both to disseminate innovative techniques to prolong their life and cut replacement costs, as well joint strategic procurement of multiple bridge upgrade and/or replacement projects. Experience elsewhere suggests cost savings of 10-20% should be achievable.

Discussions with NSW Roads and Maritime Services indicate that a pilot Regional Roads Group could be established almost immediately in order to test the concept in the NSW context. Box 15 sets out the basis on which this could be done.

Box 15: Using Joint Organisations to Boost Road Maintenance

Local councils currently work with Roads and Maritime Services (RMS) in two key areas:

1. Maintenance contracts on State Roads
2. Grant funding programs for Regional Roads

RMS is looking to improve the efficiency and effectiveness of maintenance delivery on state roads in regional NSW. Currently 78 councils are involved in contract arrangements to undertake maintenance for RMS. Key areas for improvement include reduced RMS and council administration, improved systems and RMS capability from councils, increased procurement efficiency and improved utilisation of council resources.

Under current arrangements, councils are encouraged to form Peer Exchange Groups (PEGs) aimed at developing innovation, resource sharing and process improvement. The current PEG regional boundaries differ from those proposed in section 11, but could be progressively re-aligned.

RMS will consider a 'pilot' scheme (or schemes) that would align one of the existing PEG groups into a proposed Joint Organisation, and also explore the potential to trial aggregated arrangements for maintenance contracts.

RMS currently supports the maintenance of Regional Roads through formula-based block grants to councils and through targeted funding under the REPAIR program.

The proposed Joint Organisation model provides an opportunity for:

- improved consistency in council supplied data that feeds the funding distribution formula
- a broader strategic approach to effective use of available funds to Regional Roads through improved business planning at the JO level
- streamlining of administration of grant programs for RMS and councils
- a more strategic engagement on a broader network basis to prioritise freight productivity needs and initiatives
- improving the model for the strategic distribution of REPAIR funds.

Collaborative approaches are also needed to ensure that all councils have access to high quality technical assistance in fields such as setting realistic condition standards for infrastructure, including undertaking community engagement to determine what levels of service are acceptable. It needs to be more widely understood that at any given time a significant percentage of a council's infrastructure assets will be at a less than desirable standard: it is simply financially impossible (and irresponsible) to aim for every road, bridge, drain, building etc to be 'satisfactory' or better.

Some councils have already done excellent work in this regard. Also, the Institute of Public Works Engineering and the Australian Centre of Excellence for Local Government are preparing a 'practice note' on levels of service which should provide a sound basis for training programs.

7.5 Water utilities

The Panel has some reservations about including water supply and sewerage networks as part of the total infrastructure backlog. Council-owned water utilities are intended to be business enterprises and ought to recover their costs from water rates and user charges in the same way as electricity distributors. The Panel appreciates, however, that considerable increases in rates and charges would be required to satisfy community expectations for extension of water supply and sewerage schemes, and to meet desirable standards for water quality and environmental protection. Also, there is a substantial list of previously identified backlog projects that may be eligible for some State government assistance. In those circumstances councils are naturally reluctant to undertake works on a fully commercial basis.

The Panel has been advised that just under \$1 billion is needed to bring all water supply and sewerage systems to acceptable minimum standards. This could involve \$300 million of new State government funding. A priority works program is to be formulated, based on cost-benefit analysis of required upgrades. Again, regional collaboration has an important role to play in enabling council-owned water utilities to meet the challenges they face. The Panel has been tasked

7. Meeting the Infrastructure Needs

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)
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: <ul style="list-style-type: none"> • 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 1.1 (7.5)

specifically with reviewing the 2009 Armstrong-Gellatly recommendations to consolidate the existing 105 utilities into around 30 regional groupings – either merged businesses or alliances. More recently, a similar recommendation was made in *First Things First: The State Infrastructure Strategy 2012-2032*, and was adopted in principle by the State government. As in the case of Regional Roads and Transport Groups the Panel proposes that regional alliances of water utilities become subsidiaries of new multi-purpose 'Joint Organisations' of councils (see section 1.1). This would consolidate local government expertise and provide a basis for closer State-local government cooperation in improving water supply and sewerage systems.

In Queensland, a Water Regional Alliance Program (Q-WRAP) has been launched through a partnership between the Department of Energy and Water Supply, the Local Government Association, Queensland Water and participating councils. Q-WRAP seeks to:

- Position Queensland as a lead agent in responding to the significant social, environmental and economic policy drivers impacting urban water provision (both drinking water and sewerage services) in remote and regional communities
- Identify what institutional arrangements, taking into account the diversity of Queensland communities, will best secure urban water services to ensure among other things political accountability, safety and reliability and sustainability of services; management and technical capacity to appropriately respond to changing economic and technical regulatory frameworks (including reporting obligations); and capacity to provide for ongoing training, skills enhancement and development needs of staff.

The program has commenced in three pilot regions, and may well offer valuable lessons for NSW, or at least a useful opportunity for exchanges of views and experiences.

8. Improvement, Productivity and Accountability

The Panel believes that there is still considerable room to improve local government's efficiency and effectiveness, and to ensure that councils are properly accountable to their local community for their performance. Several useful steps have been taken in recent years, including the incorporation of performance indicators and an 'end-of-term' report in the IPR framework, the DLG's Promoting Better Practice program, and implementation of continuous improvement systems by a substantial number of individual councils. However, a continued lack of consistent data collection and benchmarking across local government makes it very difficult for councillors, managers, communities and other stakeholders to gain a clear understanding of how a council is performing relative to its peers.

This section focuses on some key opportunities for further improvements.

8.1 Data and benchmarking

In 2012 the NSW Auditor General reported on some major deficiencies in the availability and use of data in respect of local government. He observed among other things that:

- The Local Government Act requires councils to provide information but does not require DLG to review or act on most of the information it collects

- The Act does not require councils to provide adequate information on their performance, including whether services are delivered efficiently and effectively
- DLG does not provide the public with analysis about the performance of individual councils or the sector as a whole, and in this respect, NSW councils are subject to less public scrutiny than those in some other jurisdictions.
- Current arrangements may not provide timely warning of performance issues.

Similar findings by the Victorian Auditor General have led to a major initiative to develop consistent state-wide data collection and performance indicators. This program includes:

- A focus on accountability to residents and ratepayers
- Use of the data and indicators to prepare an annual sector report
- Streamlining other forms of reporting by councils across all government agencies in order to offset the workload involved in the new system
- Best practice guidance on linking strategic planning and performance reporting.

The Panel considers the Victorian approach well worth following. In NSW terms, it would represent a logical further development of the IPR framework.

The Panel notes that the *Destination 2036* Action Plan includes an initiative for DLG to: *Develop a consistent performance measurement approach for councils and a comprehensive program to support improvement.* Further, action has already been taken to replace the previous annual publication of 'comparative information', which had significant limitations as regards the value and quality of the data provided.

The Panel understands that DLG is moving ahead with the work on performance measurement and is exchanging information with its Victorian counterpart. This project needs to be given a high priority and additional resources should be allocated if necessary as part of the implementation program proposed in section 18. A worthwhile objective might be to establish a 'My Council' website giving the public easy access to a range of comparative data.

8.2 Reducing 'Red Tape'

IPART is in the process of completing a major 'red tape' review to examine local government compliance and enforcement activity (including regulatory powers conferred or delegated under NSW legislation), and to recommend changes in law and practice that will reduce regulatory burdens for business and the community. Research commissioned by IPART indicates that NSW councils have around 120 regulatory functions involving over 300 separate regulatory roles. Those roles emanate from 67 State

8. Improvement, Productivity and Accountability

8.4 High quality and efficient service delivery

The lack of systematic data collection and performance monitoring across the sector makes it very difficult to determine whether councils generally are delivering services to a satisfactory standard and in a cost-effective way. Some councils regularly survey their communities and local businesses to establish the level of satisfaction with services, but many do not. Systematic service reviews are implicit in the IPR framework, but there is no specific requirement.

Assessing service quality and efficiency needs to be given more prominence in the IPR framework, and the expectation that councils will strive for continuous improvement should be made clear. The IPR guidelines should be amended accordingly, and Delivery Programs should contain proposals to undertake reviews of a substantial number of services over each term of a council. A useful starting point is the 'Best Value' methodology previously applied in Victoria under the 1999 *Local Government (Best Value Principles) Act*. Based on the Victorian experience, the Panel has formulated a set of principles to be applied in new requirements for service reviews in NSW (see Box 16).

8.3 Innovation and best practice

One of the advantages of the decentralised nature of local government is the large number of different organisations and places at which innovation can occur. Many councils have a good record in this regard. Efforts have been made to capture and disseminate innovation and best practice through various awards programs, the activities of some professional institutes, and more recently the ACELG Innovation and Knowledge Exchange Network (IKEN).

The *Destination 2036* Action Plan includes a section on the need to encourage and facilitate innovation, but does not make clear how that will be carried forward in an integrated way. Whilst DLG now has a group of staff focused on sector development, there needs to be a more concerted approach driven jointly by the Division, Local Government NSW, professional bodies and unions. The Panel therefore sees a need for a new sector-wide program to promote, capture and disseminate innovation and best practice. This would need to comprise both information exchange and associated professional development activities. It should also form part of the broader implementation program proposed in section 18.

Acts administered by 31 State agencies. These figures suggest a heavy burden on business and the community, and on local government itself. Substantial savings can be expected if this burden is reduced.

In addition, councils are themselves subject to numerous regulatory requirements to account for their own actions to a wide range of State agencies. Looking at this volume of 'red tape' and the costs imposed, the Panel sees great merit in a current Victorian government project to reduce the overall compliance and reporting burden on councils. This is being undertaken on a whole-of-government basis and aims to offset new requirements to measure performance and sustainability. The principle of avoiding any net increase in 'red tape' is a sound one. The Panel also notes recent steps taken by the Queensland government to cut back the regulatory burden on councils.

The Panel therefore proposes that IPART be tasked with a second stage of its current review to examine how State agencies regulate local government, and to identify opportunities to streamline processes and dispense with unnecessary or excessive compliance and reporting. This would build on research already completed.

Box 16: Proposed Principles for Service Reviews

- A council must achieve continuous improvement in the provision of services and seek to ensure that its services are equivalent to 'best in offer' in its region
- All services provided by a council must meet defined performance outcomes and quality and cost standards developed by the council in consultation with local communities and key stakeholders
- As part of service reviews, a council must explore the potential for partnerships with adjoining or nearby councils, as well as other public or private service providers
- Service reviews must take into account the importance of maintaining and where possible increasing local employment opportunities
- Each service provided by a council must be accessible to those members of the community for whom the service is intended
- A council must report regularly to its community on its achievements to these principles.

The Panel further proposes that the future role of the Auditor General in relation to local government should include issue-based performance audits, which would inform and support councils' internal audit processes. Such audits have been conducted by the Victorian Auditor General for many years.

Topics are selected in consultation with the sector, and recent audits have covered important issues such as rating practices, sustainability of small councils, business planning, fees and charges, and use of development contributions. They usually involve a small sample of representative councils. The audits do not question the merits of councils' policy objectives. Rather, their role is to assess whether councils are achieving their objectives and operating economically, efficiently and effectively.

8.5 Internal and performance auditing

At present there is no mandatory requirement for councils to put in place effective internal audit processes, although the DLG has strongly encouraged such action. There is evident reluctance to do this in some parts of the sector, especially smaller councils, given the costs and time involved. However, without rigorous internal and performance auditing – linked to the improved arrangements for financial audit proposed in section 5.4 – a new agenda of improvement and accountability would be compromised.

At present, only about half of NSW councils have an audit committee and/or some form of internal audit process, and the latter tend to focus primarily on compliance, risk and fraud control. Some audit committees include external, independent members and have an independent chair, but many are strongly embedded within the council and answerable primarily to the General Manager. This can generate conflicts of interest.

The Panel believes various steps need to be taken, focused on re-orienting the concept of internal audit towards adding value and continuous improvement, and requiring all councils to have effective internal audit processes, including an audit committee with a majority of independent members. Councils with limited budgets and resources should be able to share arrangements under the auspice of the Joint Organisations proposed in section 11.

Having the Auditor General conduct such audits offers an independent perspective on the sector's performance, as well as an opportunity to compare the performance of councils with that of State agencies engaged in similar area of activity.

The Panel's proposals are summarised in Box 17.

8. Improvement, Productivity and Accountability

lost opportunity to enhance community awareness of what councils do and the value they add to the system of government.

The Tasmanian Local Government Act contains a provision under which councils, like corporations, must hold an Annual General Meeting. The requirement is not spelled out in detail, but the concept is an interesting one. A council AGM held in October-November each year could include:

- Tabling of the audited accounts and questioning of the auditor by councillors, and perhaps the public (the former is already a requirement)
- A public presentation by the chair of the audit committee
- A 'state of the area' address by the mayor, outlining the council's achievements relative to the Community Strategic Plan and Delivery Program, and key issues that need to be addressed.

Such an annual event would hopefully focus public and media attention on the council's overall performance, as well as providing an opportunity for the council to report its achievements.

8.7 Workforce and leadership skills

An important and innovative element of IPR is the requirement for councils to prepare 4-year workforce strategies. Skills shortages are of growing concern and in a highly competitive labour market local government needs to give a high priority to developing the talents of its workforce and finding new ways to attract and retain skilled personnel. This issue is addressed in the *National Local Government Workforce Strategy* recently released by ACELG and LGMA. A number of relevant actions are also being explored through the *Destination 2036* process.

A critical factor in this regard is the quality of management: do managers have not only the technical and professional skills they require, but also the ability to be effective leaders of the workforce? Inspirational leadership can make a major contribution to attracting and retaining other staff, but current initiatives in leadership development in NSW are limited and patchy. The Panel sees a need for an increased take-up of leadership training amongst senior managers, including General Managers.

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Box 17: Strengthening Internal and Performance Auditing

- Revise the current guidelines under the Act and make them mandatory
- Extend the concept of internal audit towards adding value and continuous improvement
- Require all councils with expenditures of more than a set amount (perhaps \$20m per annum) to have an 'audit, risk and improvement' committee and assigned internal audit function with broad terms of reference covering financial management, good governance, performance in implementing the Community Strategic Plan and Delivery Program, service reviews, collection of required indicator data, continuous improvement and long term sustainability
- Enable councils with smaller budgets to have joint arrangements for internal audit and to share audit committees, under the aegis of regional joint Organisations (see section 11)
- Require audit committees to have a majority of independent members and an independent chair, and exclude General Managers (from membership of audit committees (but not attendance at meetings))
- Ensure that the chair of the audit committee reports at least biannually to a council meeting on the organisation's performance in financial management, good governance and continuous improvement
- Empower the Auditor General to conduct issue-based performance audits in key areas of local government activity.

Improving auditing along the lines proposed offers an alternative to prescription and compliance as a means of demonstrating that councils are 'doing the right thing'. As such, it should be seen as an opportunity to enhance local government's reputation and strengthen its position as a respected partner of the State.

8.6 An Annual General Meeting

Whilst the Local Government Act contains requirements for audits and annual reports, there is no single occasion during the year on which councils have to present their activities and account publicly for their performance to their local communities. This can be seen both as a gap in the accountability framework and a

A useful next step would be for the parties concerned to jointly prepare a specific NSW Local Government Workforce Strategy to apply the principles and ideas set out in the national strategy, together with those that emerge from the *Destination 2036* actions.

8.8 Industrial relations

A number of submissions to the Panel have suggested that the current Local Government Award lacks flexibility, focuses on skills at the expense of other attributes of staff, and builds in excessive labour costs for some activities, especially where 'out-of-hours' work is involved. Unions contest these views.

The Panel can understand why in a very tight fiscal environment some local government leaders – senior managers and elected members – are looking for every available option to cut costs. In that context, changing some features of the award, terminating existing over-award conditions and outsourcing or creating new entities outside the award's coverage may seem to be attractive courses of action. However, the Panel is not convinced that the award is as costly and inflexible as some believe, and believes that further efficiency and productivity gains can and should be made through negotiation. There ought to be scope, for example, to balance a commitment to retain jobs in award-based entities (such as the new regional Joint Organisations proposed in section 11) with some relaxation of specific award provisions, such as spread of hours, that increase the cost of operating 'out-of-hours' services. There should also be opportunities for some increased flexibility to address specific skills shortages.

Thus the award should continue to evolve through negotiation to address the changing circumstances of councils and their employees, and the needs of communities. Local government needs a system of industrial relations that will support an efficient and productive sector that can adapt to meet future challenges. In turn, this requires a climate of trust and cooperation amongst employer and employee organisations.

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.

9. Political Leadership and Good Governance

9. Political Leadership and Good Governance

Precisely because local government is *local*, the quality of its political leadership and governance practices comes under close scrutiny from its constituents. At the same time, the primary role of local government in caring for communities and places, coupled with the way decisions have to be taken in open meetings, makes it particularly unsuited to a 'winner takes all' approach to politics. Consultation and consensus-building are essential if people are to have confidence in the way their councils are operating. All this can create a very complex and demanding environment in which councillors who are often newcomers to political life have to discharge their responsibilities.

The role and quality of political leadership is receiving increased attention worldwide, linked to a perception that governments at all levels are performing poorly and failing to address people's needs. In NSW, local government is frequently the subject of adverse publicity – justified or not – about poor conduct in meetings, questionable decision-making processes, lack of community consultation and so on.

This section looks at how some critical aspects of governance frameworks and practices could be improved. It is based on the deliberations of the Governance Working Party established to consider the options raised in the Panel's *Future Directions* report. The Panel canvassed a wide range of governance concerns in that report: only some are followed up here, and in several instances the improvements sought cannot be pursued through legislative or regulatory intervention. They require better practice achieved through ongoing exchanges of experience and support for personal and institutional learning. This need is highlighted in section 9.7.

Box 18: Councillors and Mayors in NSW

- There are 1,475 councillors across NSW (including 152 Mayors)
- The number of residents per councillor ranges from less than 150 to more than 20,000
- Currently 34 mayors are popularly elected; the great majority are chosen by the councillors
- 27% of councillors are female, compared to 51% of the NSW population
- 1.9% of councillors identify as Aboriginal or Torres Strait Islander, compared to 2.5% of the population
- 9% of councillors speak a language other than English at home, compared to 26% of the population
- Councillors are paid an annual allowance which varies according to the characteristics of the council and is set by an independent tribunal
- Councillor allowances range between \$7,930 and \$34,950; mayors receive an additional allowance of between \$8,430 and \$76,390 (with the exception of the City of Sydney whose Lord Mayor is paid up to \$191,860).

9.1 Electing Councillors

A number of concerns have been raised with the Panel regarding the adequacy of local government as representative democracy. These include:

- Increasingly high ratios of population to councillors in some very large and rapidly growing councils eg over 20,000:1 in Blacktown
- Similarly, lack of a ward system in some large and/or diverse council areas
- The low numbers of women and younger people elected as councillors
- The limited cultural diversity of many councils, notably in representation of Aboriginal peoples
- Election of councillors who are fundamentally unsuited to the role and/or ill-prepared to undertake the responsibilities involved.

Over recent years the 'board of directors' concept has led to reduced numbers of councillors in many local government areas. Amalgamations have also tended to reduce local representation. At the same time, there has been a tendency to switch from wards to 'at large' elections. The Panel has been unable to identify any definitive evidence regarding the pros and cons of these trends: they require ongoing investigation.

Another key area of concern is the widely perceived need to attract a wider range of suitable candidates for election as councillors. There are two aspects to this. Firstly, attracting more nominations from women, young people and people from diverse

cultural backgrounds has been an elusive goal. Factors involved include the sheer amount of time involved, costs of child care or home help, the number and timing of meetings, and the culture of councils (are they welcoming to new and 'different' councillors?). There are also broader issues around levels of civic awareness. Again, ongoing investigation is required.

Secondly, concerns have been expressed that a significant number of candidates are unaware of, and ill-prepared to take on, what are nowadays onerous responsibilities of being a councillor. Some candidates lack a real understanding of what councils do and how they work. Some are focused on just a small number of issues and express little interest in the broader roles of a councillor. Others put their names forward to make up a 'ticket' and are elected unexpectedly through the above-the-line voting system.

Options to address these issues include:

- Civic awareness programs to publicise the role of local government, its importance and value to the community, and how it works
- Compulsory awareness sessions for intending candidates at which the full range of responsibilities and level of commitment expected of councillors can be explained in some detail before they nominate
- Providing more financial support to councillors to offset specific expenses such as child care

- Cutting back on the number of meetings and/or using new technologies to reduce the need for face-to-face meetings.

Representation reviews

In South Australia, each council is required to undertake a 'representation review' at least every eight years. Matters to be considered include the number of councillors and whether they are elected by wards or at large, ward boundaries, and whether or not the mayor is popularly elected. However, any aspect of representation can be explored. Reviews must include community consultation, and councils have to report on the outcomes of consultation, which proposals they intend to implement, and their reasons for not proceeding with other proposals. Reports have to be referred to the electoral commissioner.

The Panel sees considerable merit in the South Australian approach and proposes that a similar model be adopted in NSW. This could have a somewhat wider brief including, for example, whether or not the council is attracting and retaining a suitably diverse range of talented and committed councillors, and what steps it is taking to do so. It could also include considering the desirability of establishing Community Boards (see section 12.2).

9. Political Leadership and Good Governance

Box 19: Proposed Roles and Responsibilities of Councillors

- The councillors and mayor collectively constitute the governing body of the council.
- The roles and responsibilities of the governing body are to:
 - to provide effective civic leadership and guidance to the community
 - to consult regularly with community organisations and other key stakeholders and keep them informed of council's activities and decisions
 - to direct and control the affairs of the council in consultation with the general manager and in accordance with this Act
 - to ensure as far as possible the financial sustainability of the council
 - to determine and adopt the Community Strategic Plan, Delivery Program and other strategic plans and policies
 - to determine and adopt a rating and revenue policy and operational plans that ensure the optimum allocation of the council's resources to implement the community strategic plan and for the benefit of the area
 - to make decisions in accordance with those plans and policies
 - to make decisions necessary for the proper exercise of the council's regulatory functions
 - to keep under review the performance of the council and its delivery of services
 - to determine the process for appointment of the General Manager and monitor his/her performance
 - to ensure that the council acts honestly, efficiently and appropriately in carrying out its statutory responsibilities
- The role and responsibilities of an individual councillor, including the mayor, are:
 - to be an active and contributing member of the governing body
 - to make considered and well informed decisions
 - to represent the collective interests of residents, ratepayers and the wider community of the local government area
 - to facilitate communication between the community and the governing body
 - to be accountable to the community for the local government's performance
 - to uphold and represent accurately the policies and decisions of the governing body.

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9.2 Councillor roles and skills

Under section 232 of the Local Government Act the role of a councillor is divided into two parts: as a 'member of the governing body' and as an 'elected person'. The former is seen as deliberative – planning, resource allocation, policy development and performance monitoring. These functions give rise to the concept of councillors forming and behaving as a 'board of directors'. The role of the councillor as an elected person is described in terms of community representation, leadership and communication. This is more clearly 'political' and includes those functions that most councillors would regard as fundamental to being re-elected.

The wording of the Act reveals evident tensions in the councillor's role. These are exacerbated by the fact that councils must meet and make decisions in public, and do not have a select group of councillors who act as a 'cabinet'. In Australia, only Brisbane City Council uses that model (the 'civic cabinet' comprises the Lord Mayor and chairs of major committees).

The Panel's investigations and discussions with the Governance Working Party suggest that amendment of the Local Government Act is necessary to explain more fully the role of councillors; make it clear that the role is a demanding one that requires high level skills and in many cases warrants increased remuneration (see section 9.4); and sharpen the distinction between the functions of the governing body – in which councillors must act collectively – and the role and responsibilities of an individual councillor. Box 19 sets out the Panel's thinking on possible new wording for the Act.

Developing skills

It will be clear from the description of roles and responsibilities proposed in Box 19 that today's councillors require enhanced skills to deal with the complex challenges they face. The Panel has concluded that both an initial induction program and ongoing professional development should become mandatory. Many people in local government support this view. Those who argue against this change claim that councillors learn best 'on the job' and that there are no such demands on state and federal politicians. Counter arguments are that knowledge and skills can be acquired with greater certainty if 'work experience' is complemented by formal training; and that unlike nearly all MPs, councillors become frontline decision-makers as soon as they are elected. The Panel notes that Local Government NSW is currently introducing accredited programs, so that councillors have the option of counting professional development towards higher qualifications.

The Panel's preferred approach is set out in Box 20. It again draws on South Australian practice, where councils have had to prepare development programs for councillors for several years, and where the Local Government Association is preparing self-assessment tools for councillors and the governing body. NSW could draw on that experience and material.

Box 20: Councillor Development

- Require the governing body of a council to undertake a periodic audit and self-assessment of its skills base against its role and strategic objectives
- Require individual councillors to undertake similar self-assessments (this could be a simple on-line process)
- Require all councils to prepare, resource and implement a Councillor Development Plan linked to each 4-year Delivery Program and in accordance with a set of principles and professional development targets established jointly by LGNSW and DLG
- Introduce a mandatory component including an extended induction program for new councillors and 'update' modules for re-elected councillors, in both cases to be completed within 3 months after each election
- Also require councillors to complete a prescribed number of optional professional development activities during each term – such activities to be selected from a list of approved courses and other options.

Councillors who satisfactorily complete professional development programs should receive additional remuneration (see section 9.4). The names of councillors who fail to undertake adequate professional development should be published in the council's annual report and forwarded to DLG. If there are cases of repeated failure to complete even the basic induction and/or update programs, it may be necessary to consider a provision in the Act preventing a councillor from contesting the next election.

A related issue is the provision of administrative and technical support to councillors. In most councils this is minimal. Councillors cannot be expected to play a strong role in policy development and to effectively monitor the organisation's performance unless they are given adequate support. It should be a responsibility of the General Manager to ensure such assistance is provided as a matter of course.

9. Political Leadership and Good Governance

Box 21: Proposed Roles and Responsibilities of Mayors

The Mayor has the responsibilities of a councillor plus the following additional responsibilities:

- to be the leader of the council and the community of the local government area, and advance community cohesion
- to promote civic awareness and, in conjunction with the General Manager, ensure adequate opportunities and mechanisms for engagement between the council and the local community
- to be the principal member and spokesperson of the governing body and to preside at its meetings
- to nominate a deputy mayor, subject to ratification by the governing body
- to ensure that the business of meetings of the governing body is conducted efficiently, effectively and properly in accordance with provisions of this Act
- to propose a committee structure and to nominate chairs of committees, subject to ratification by the governing body
- to lead the councillors in the exercise of their responsibilities and in ensuring good governance
- to ensure the timely development of the governing body's strategic plans and policies, and to promote their effective and consistent implementation, including by promoting partnerships between the council and key stakeholders
- to present and propose adoption of the annual operational plan and budget
- to deliver an annual public statement outlining progress made during the previous twelve months in implementing the Community Strategic Plan and Delivery Program, and identifying key issues for the future
- to exercise, in cases of necessity, the policy-making functions of the governing body between meetings of the council
- to represent the governing body on regional organisations and in inter-government forums at regional, State and Federal levels
- to advise, manage and provide strategic direction to the general manager in accordance with the council's strategic plans and policies
- to lead performance appraisals of the General Manager
- to carry out the civic and ceremonial functions of the mayoral office
- to exercise such other functions as the governing body determines

9.3 Role and election of Mayors

Both internationally and in some other states increasing emphasis is being placed on the mayor as a means of strengthening civic leadership including representing the local community in regional, state and national forums. The trend has been highlighted by recent changes to local government Acts in Queensland and New Zealand. Emerging features of the role of mayors include:

- Formulating a vision for the area, and playing a leading role in community engagement, strategic planning and policy development
- Close involvement in preparation of the budget, so that the mayor can become a champion for its adoption and consistent implementation
- Leading the councillors to ensure good governance
- Forging partnerships with government agencies, other service providers, business and community groups
- Providing advice and strategic direction to the CEO (General Manager).

Concern has been expressed that this is a trend towards 'executive' mayors and that the current 'separation of powers' between the body politic and management will be compromised. However, there is a very significant difference between giving a mayor increased authority with well-defined responsibilities, and making the mayor the chief executive. This can be made clear in the Act, which at present offers very little guidance on the role mayors should play. Also, it is generally agreed that good governance depends heavily on a close and effective Mayor-General Manager relationship.

The Panel has concluded that enhancing the role of mayors could make a major contribution to focusing councils on strategic issues, improving governance and strengthening inter-government relations and partnerships with key stakeholders. The Panel's focus is on better defined *responsibilities* which will add *stature and authority* to the role of mayors, but not increased *powers*. The responsibilities suggested in Box 21 are all based on established practice elsewhere and should be detailed in the Act.

With additional authority must go improved skills and greater accountability. The mayor should be expected to have a thorough grasp of strategic and financial issues, and to take responsibility along with the General Manager for certifying that key documents such as the Community Strategic Plan, Delivery Program and annual statements of accounts have been properly prepared. S/he should be able to present the budget to the council and community and defend the assumptions on which it is based.

To fulfil these responsibilities mayors will need additional knowledge and professional development. A specialised professional development program over and above that required for councillors should be mandatory, and should be undertaken within 3 months of election as mayor. Aspiring mayors may wish to undertake the program before standing for office.

In larger councils and in major regional centres as defined in section 11.7, the expanded mayoral role will in most cases amount to a full-time, senior position. The mayors of those councils should be remunerated accordingly (see below) and have dedicated administrative and policy support staff.

Expanding the role and responsibilities of mayors will also impact on deputy mayors. In some cases (eg in larger councils, or where the mayor assumes a major regional role, or where the mayor is unable to be full-time), mayors may need to delegate a considerable

number of functions to their deputies. This raises two questions: should a mayor be able to select his/her deputy, so as to be confident of their support; and should some deputies also be full-time? The Panel proposes that the mayor should *nominate* his or her deputy, with the governing body's role limited to either ratifying or rejecting that nomination. This would help to avoid situations where a governing body deliberately installs a deputy who is hostile to the mayor. The Panel also proposes that councils be able to make a case to the Remuneration Tribunal for the deputy mayor to be full-time.

Election of mayors

The Panel considers that as in Queensland, Tasmania and New Zealand mayors should generally be popularly elected. Under the current optional arrangements, less than a quarter of NSW mayors are directly elected, compared to about 70% in South Australia. Elsewhere the mayor has to face re-election by the councillors every year – even in many large urban councils facing complex and demanding strategic issues. Annual elections create unnecessary instability and the risk that councillors will simply 'take turns' rather than taking the role seriously.

There have been cases of popularly elected mayors at loggerheads with a council of a different political persuasion. This is a risk and popular election needs to be matched by the clearer statement of the mayoral role, as proposed above. Also, popularly elected

mayors should enjoy a mandate to discharge their responsibilities without unwarranted interference. The governing body should not be able to transfer mayoral responsibilities to his/her deputy or anyone else without the mayor's consent.

However, poor relations between mayors and other councillors are not confined to popularly elected mayors. Election of the mayor by the councillors can also lead to stalemate or ongoing instability when the mayor has a very narrow majority. Even worse is the situation where the position of mayor has to be filled by a 'draw from the hat'. Steps need to be taken to prevent such occurrences.

Also, changes are needed to give the community more opportunities to have a say in whether the mayor is popularly elected or elected by the councillors – the latter being the current default arrangement. The Panel is strongly of the view that councillors should not have a power of veto over a change to popular election. It therefore proposes that consultation about the way the mayor is elected should be undertaken as part of each representation review (as suggested in section 9.1), and that a petition signed by a set minimum number of voters (say, 250 or 10% of the total, whichever is the lesser) should require a council to hold a referendum on changing the method of election.

After extensive consultations on these issues, the Panel's preferred approach is set out in Box 22.

9. Political Leadership and Good Governance

9.4 Remuneration of Councillors and Mayors

The need for improved councillor remuneration is raised regularly by local government representatives. The Panel's view is that decisions of the Remuneration Tribunal do appear to under-value the decision-making responsibilities of councillors. This may reflect an inadequate description of that role in the Act, and a tendency in some sections of local government to promote an image of 'volunteer' councillors rather than professionalism. The proposals already put forward in this section should address those issues.

In the case of mayors and deputy mayors, the Panel understands that it would be desirable to create a new category of council in which a full-time mayor would be the norm, and his or her deputy could also be expected to carry a heavy workload – perhaps to the extent of becoming full-time as well.

9.5 Role and appointment of General Managers

The nature of local government requires councillors and senior staff to work closely as a team. The close relationship with the community and the way the decision-making process works means that the line between 'policy' and 'management' is often blurred, and unlike State and federal governments there are no executive ministers to provide a link between the body politic and the administration. That function rests largely on the relationship between the mayor and the General Manager.

The 1993 Local Government Act made General Managers responsible for 'day-to-day' management, and gives them authority to appoint, control and dismiss staff. The Act also makes them 'generally responsible' for the efficient and effective operation of the council's organisation. Under the IPR arrangements, the Act requires General Managers to assist (emphasis added) the council in connection with the development and implementation of the community strategic plan and the council's resourcing strategy, delivery program and operational plan.

Thus the Act is unclear about just how much authority and autonomy General Managers should exercise. Tensions with the mayor or councillors can arise, sometimes leading to the General Manager resigning or being dismissed. Regrettably, there has been a trend towards councillors or mayors being elected on platforms of dismissing the current General Manager. Conversely, there have been cases of General Managers' contracts being renewed without advertising shortly before elections.

Box 22: Election of Mayors

- Mandatory direct election of mayors in all metropolitan councils, in other councils with populations of 40,000 or more, and in designated regional centres
- Elsewhere, election of the mayor to be either directly by the voters or by the councillors, with the default position remaining election by the councillors
- Minimum two-year terms for mayors elected by the councillors
- Ensure that all councils have an odd number of councillors (including the mayor), and require all councillors to vote in a mayoral election (thus avoiding 'draws from the hat')
- Councils to hold community consultations on whether to change the way the mayor is elected as part of each representation review
- Councils to hold a referendum if the representation review finds substantial community support for a change, or a set number of eligible voters petition the council
- Referenda to be conducted by postal voting to minimise cost
- Mayors to undertake mandatory ongoing professional development in accordance with the council's adopted Councillor Development Plan, including an initial specialised course to be successfully completed within three months of election as mayor

These are very complex issues and there are no simple solutions. In line with the Panel's consultations, Box 23 sets out proposals for a revised statement of the role of General Managers that could be included in the Act, while Box 24 suggests an amended framework for their appointment and tenure. Two key elements are firstly, to promote well-managed performance reviews under the leadership of the mayor; and secondly, as far as possible to distance decisions about the tenure of General Managers from the electoral process.

The Panel also believes it will be helpful if the Act makes it clearer that the core role of the General Manager is the day-to-day management of the council's administration in accordance with the strategic policies and lawful decisions of the governing body; to advise and assist the governing body in its deliberations; and to work closely with and support the mayor.

The performance of a council depends to a large extent on the ability and performance of its General Manager. The Panel has doubts as to whether all General Managers across NSW have the necessary training and skills to make a success of this complex and demanding role. For example, some appear uncomfortable with the new demands of Integrated Planning and Reporting in terms of strategic planning and high-level asset and financial management. Box 24 therefore includes proposals for new professional development requirements. However, the Panel does not wish to return to the days of a specialist and restrictive qualification for General Managers.

Box 23: Role and Responsibilities of General Managers

- To conduct the day-to-day management of the council in accordance with the governing body's strategic plans and policies
- To advise the mayor and the governing body on the development and implementation of policies and programs, including the appropriate form and scope of community consultation
- To prepare, in consultation with the mayor and governing body, the Community Strategic Plan and the council's financing Strategy, Delivery Program and Operational Plan, Annual Report and State of the Environment Report
- To certify, together with the Mayor, that IPR requirements have been met in full, and that council's annual financial statements have been prepared correctly
- To ensure that the mayor and councillors receive timely information, advice and administrative and professional support necessary for the effective discharge of their responsibilities
- To implement lawful decisions of the governing body in a timely manner
- To exercise such of the functions of the governing body as are delegated by the governing body to the General Manager
- To appoint staff in accordance with an organisation structure and resources approved by the governing body
- To direct and dismiss staff
- To implement the council's equal employment opportunity management plan
- To undertake such other functions as may be conferred or imposed on the General Manager by or under this or any other Act.

9. Political Leadership and Good Governance

9.6 Organisation structure

Well-designed organisation structures can facilitate but not guarantee good governance and productive relations between management and elected members; on the other hand, inappropriate structures can certainly impede success. In this regard, there have been tensions around the current provisions of the Local Government Act concerning the regular review and adoption by the governing body of an organisation structure. In some instances councillors have over-ruled the advice of the General Manager on what constitutes an appropriate structure, and have sought to determine staffing arrangements at an operational level.

In the Panel's view, the governing body should be able to determine, on the advice of the General Manager, the upper levels of the organisation structure, and to ensure that staffing resources are being allocated in such a way that the council's priorities can be pursued. These decisions also need to be linked to those about the committee arrangements which, as indicated earlier, should be a matter in which the Mayor plays a leadership role.

The Panel therefore proposes that the Act be amended to provide, as at present, that a council must review the organisation structure after each election, and may do so at other times, but also that:

- the governing body must act on the advice of the Mayor and General Manager
- the adopted structure must accord with the priorities set out in the council's Community Strategic Plan and Delivery Program
- the adopted structure may only specify the roles and relationships of the General Manager, designated Senior Staff and other staff reporting directly to the General Manager.

Box 24: Appointment and Tenure of General Managers

- The mayor should lead the appointment and performance reviews of the General Manager, and take responsibility for ensuring due process.
- There should be a 'cooling off' period of 6 months after the election of a new council or mayor during which the summary dismissal provisions of the standard General Manager contract should not apply (this would provide an opportunity to build a positive working relationship whilst not preventing dismissals based on documented poor performance).
- Use of the summary dismissal provisions at any time should require a two-thirds majority of councillors.
- Contracts of General Managers should not be renewed within 6 months prior to an election (except by means of a full merit selection process; otherwise they should not be extended for more than 12 months and only on existing terms and conditions).
- As a condition of appointment, General Managers should be required to complete a tailored induction program before or within 3 months of their first appointment to such a position, and approved professional development programs thereafter.

9.7 A Good Governance Guide

It is very difficult, if not impossible, to legislate for sound working relationships and transparent, well-informed decision-making. For example, submissions to the Panel have argued that the Code of Conduct has already become too convoluted.

Recent amendments to the Local Government Act have introduced a power for the Minister to issue 'performance improvement orders' in accordance with pre-determined performance improvement criteria; to appoint temporary advisers to help councils make the required changes; and, if necessary, to suspend an elected council for up to 6 months rather than use the current dismissal power. The Panel supports these changes provided that they are genuinely focused on clearly defined needs for improvement, and that adequate support is provided to facilitate change. 'Good governance orders' might be a more appropriate title.

DLG, LGNSW and others have already developed considerable amounts of advisory and educational material that could be assembled into a 'Good Governance Guide'. This could underpin the proposed performance improvement criteria and the work of temporary advisers, as well as consolidating advice on good governance practices generally.

A key objective of such a Guide should be to help build effective working relationships around the respective roles and responsibilities of the governing body, mayors, councillors and General Manager. Deficiencies in those relationships, and in the checks and balances necessary to foster mutual respect and collaboration, are usually at the heart of dysfunctional councils. Detailed guidance and mentoring or peer support is needed to raise the general standard across NSW local government.

The proposed Guide should also include advice on how to undertake the self-assessment processes proposed in Box 20. Such processes are commonplace in private sector boards and various assessment models could be adapted to local government. The South Australian local government association is currently developing similar materials for its member councils. Good governance is an area in which LGNSW should be playing a strong role, building on its programs for councillor development and mentoring of mayors.

Recommendations for Political Leadership and Good Governance

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)

26

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

27

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

28

Amend the provisions for organisation reviews as proposed in section 9.6

29

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)

30



Part C
Structures and
Boundaries

ORD09

Attachment 1

10. Advancing Structural Reform

Discussion of structural reform in local government is invariably dominated by strongly opposing views about the merits of amalgamations. Most councils are strongly – often vehemently – opposed and campaigns are launched to stave off any perceived threat. More regional cooperation and shared services are usually advanced as the alternative. The result tends to be a stand-off without any in-depth consideration of all the issues and options involved. This would be a fair description of the current ‘state-of-play’ in NSW.

Thus the history of council amalgamations has generally been one of long periods of resistance and inactivity, interspersed by episodic State interventions to enforce changes. In NSW those interventions have typically focused on a relatively small number of councils at any one time, but their cumulative impact has been dramatic: the number of councils in NSW has more than halved over the past century (see Box 25). It follows that many councils which now assert the importance of their identity are in fact the result of past amalgamations. Equally, it is impossible to believe that today’s map of local government will remain unchanged for much longer.

The most recent burst of activity was in 2003-4, when 40 non-metropolitan councils were amalgamated into 21 new areas. To date, there

have been no interventions in the Sydney metropolitan region, except for repeated changes to the boundaries of the City of Sydney and, oddly, a decision in 1991 to allow the Pittwater area to separate from Warringah Shire.

In 1997 the then NSW Local Government and Shires Associations issued a discussion paper on voluntary structural reform (including mergers, boundary changes and shared services). It suggested that ongoing change was inevitable and councils needed to be proactive in implementing the right sort of changes for their areas. It also pointed to research showing that previous rounds of amalgamations had generally produced good results. However, very few voluntary mergers of councils have occurred over the years, and the Panel sees little prospect of many more.

Box 25: Council Amalgamations in NSW

- Since 1906 the number of councils in NSW has fallen progressively from 327 to 152 as a result of mergers.
- This reduction is similar to Australia as a whole which has seen the total fall from 1,067 in 1910 to 565 councils.
- The last group of mergers in NSW occurred in 2003-04, cutting the number of councils from 172 to 152.
- Nearly all mergers and boundary changes in NSW have been outside the Sydney metropolitan area. The only changes to local government in Sydney have been the voluntary merger of Drummoyne and Concord to form Canada Bay; the separation of Pittwater from Warringah; and various adjustments to the City of Sydney (most recently its amalgamation with South Sydney in 2004).

The Panel is required by its terms of reference to consider options for structures and boundaries, taking into account the Government’s current policy of ‘no forced amalgamations’. It believes that the time has come for a fresh approach to break the current deadlock and enable proper consideration of necessary structural reform. This would involve:

- Focusing on the need for increased ‘strategic capacity’ as discussed in section 4.2
- Firmly rejecting ‘one-size-fits-all’ policies
- Introducing new types of local government bodies to facilitate a ‘mix-and-match’ approach to the particular needs and circumstances of different parts of NSW
- Changing the process for initiating and considering amalgamations and boundary changes.

10. Advancing Structural Reform

10.1 A flexible set of structures

The central challenge in structural reform is to balance two seemingly opposed agendas:

- The need for increased scale and capacity that will enable councils to remain sustainable, provide adequate services, and be valued partners in the system of government
- 'Keeping the local' in local government so that community identity and local democracy are maintained.

At present, there are only two statutory types of local government in NSW: local councils and county councils. Moreover, all local councils – large or small, urban or rural or remote – are subject to a single set of provisions and requirements under the Local Government Act. And county councils are seen as special-purpose entities rather than a basis for wide-ranging collaboration amongst their constituent councils. Hence voluntary Regional Organisations of Councils have become the principal vehicle for sharing resources and delivering shared services – but their lack of a statutory basis and the voluntary nature of their activities tend to limit the role they can play within government (see section 11.1).

In other jurisdictions a wider range of statutory options is used. In England, for example, some regions have a mix of (multi-purpose) county and district councils with split functions, while others have unitary councils covering the full scope of local government activities in the one organisation.

Greater London has its own regional authority. And in many places parish or town councils have been established to undertake planning and some aspects of service delivery at a community or neighbourhood level.

In New Zealand, the work of local ('territorial') councils is complemented by directly-elected regional councils responsible for regional planning, environmental management, transport and other 'higher order' functions. As well, councils may establish community boards to play both an advisory role and to oversee or carry out local service delivery and projects. In Auckland, an amalgamated 'super city' has been created to manage the entire metropolitan area of 1.5 million people, whilst 21 local boards provide for community-level governance.

The Panel therefore sees a need in NSW to create an expanded set of local government structures that can be used in different ways in response to the varying needs of communities and regions. Proposed structures comprise:

- Regional 'Joint Organisations' – statutory groupings of local councils established under the Local Government Act that undertake a range of 'high-level' functions on behalf of their members (the precise mix of functions can vary from region to region)
- Local councils operating along very similar lines to the current provisions of the Act, except for

the referral of some regional functions to the new Joint Organisations

- 'Rural Councils' – a somewhat different type of local council, working as part of a Joint Organisation, and with reduced legislative and compliance responsibilities and a lower cost base more appropriate to rural-remote areas with small populations
- 'Community Boards' – elected or appointed sub-council organisations that can carry out a range of representational, planning and service delivery functions delegated by the council.

Further details of the Panel's thinking about Joint Organisations, Rural Councils and Community Boards are presented in sections 11 and 12. The key points to be made here are that:

- The option of 'Rural Councils' working within regional Joint Organisations could offer an alternative to amalgamations as a way of addressing the needs of rural-remote communities
- The option of establishing Community Boards would provide a means of maintaining community democracy and identity in areas where amalgamations are considered necessary.

10.2 The case for amalgamations

Amalgamations and boundary changes are not the panacea for local government's problems, nor are they the only type of structural reform that should be pursued. However, the Panel believes that they are an essential element of a wider package of reforms. Creating a sustainable system that can cope with the challenges of a changing world must involve some reduction in the number of local government areas. NSW simply cannot sustain 152 councils: many are highly dependent on grant support; fiscal imperatives demand efficiencies in government across the board; and there are shortages of highly-skilled personnel. The shortage of engineers, for example, is a significant factor limiting the capacity of councils to deal with infrastructure backlogs.

Taxpayers should not be expected to increase grant funding indefinitely to support councils that are unnecessarily small, lack capacity and build excessive costs into the system. Mergers should be pursued where they can make a substantial contribution to addressing financial problems, reducing fragmentation of resources and duplication of effort, and building strategic capacity for the long term. Capacity should be further enhanced through regional collaboration via the new Joint Organisations.

In metropolitan areas, amalgamations and more effective sub-regional arrangements will be needed to establish a system of local government that has

the capacity to be a real partner of State and federal governments in addressing the challenges of growth and change well into the mid-21st Century, when Sydney's population will be around 7 million.

The ACELG report *Consolidation in Local Government: A Fresh Look* examined the extent to which different forms of consolidation can achieve the benefits sought. Table 4 is drawn from that report. It suggests that amalgamations offer the surest way to achieve efficiency and economies of scale, service improvements and strategic capacity. Stronger regional collaboration and shared services organisations may do so, but the outcomes across the board are less certain.

Table 4: Summary Attributes of Different Forms of Consolidation

	Amalgamation	Boundary Change ^Δ	Shared Services [#]	Regional Collaboration [*]
Efficiency and Economies of Scale	Strong link	Potentially strong link subject to size/disposition of re-shaped councils	Strong link	Weak link
Strategic Capacity	Strong link	As above – benefits will flow to larger 'new' councils/s	Potential medium-strong link subject to organisation structure and governance	Weak link
Service Improvement and Innovation	Strong link	As above	Strong link (but limited to services that are effectively shared)	Potential link subject to nature and scope of collaboration
Potential Diminution of Local Democracy	Distinct risk, but can be managed	Some risk depending on nature of 'new' councils – can be managed	Risk where extensive decision-making is ceded to joint authority – may be difficult to manage	Little or no risk

^ΔTo create a larger, higher capacity council

[#] Assumes more robust, statutory regional organisations

^{*} Along the lines of a regional organisation of councils

10. Advancing Structural Reform

The principal arguments used against amalgamations are that there is no direct, general relationship between council size and the efficiency of service delivery; that mergers will fail to produce worthwhile cost savings; that local identity and representation will suffer; and that regional cooperation and shared services can deliver the desired outcome. However, those arguments miss several crucial points:

- The evidence shows that for some local government functions, notably infrastructure and 'back-office' services, increased scale can and does bring efficiencies and cost savings
- A number of 'before and after' case studies of individual amalgamations have shown significant efficiency gains (but not necessarily cuts in rates, because savings have been ploughed back into other service and infrastructure improvements)
- Local government does much more than just deliver services and needs greater 'strategic capacity' (as outlined previously in section 4.2) to plan effectively for the future of localities, to advocate and negotiate on behalf of communities, and to play a stronger role in the wider system of government
- Mechanisms such as Community Boards and new approaches to place management, community engagement and customer service make it possible to maintain local representation and identity within larger council areas (see section 10.5)

- To date, regional cooperation has been mostly voluntary, and its performance in delivering shared services has been patchy and variable over time (see section 11.1 for a fuller discussion of this point).

Having said that, the Panel acknowledges that:

- Boundary changes can be disruptive, and transition costs may place a heavy strain on new organisations in their early years of operation
- Merging two or three weak or unsustainable councils may simply produce a larger weak or unsustainable council – complementary action will be required to address underlying issues
- Amalgamations are not possible where physical distances between communities and service centres are simply too great.

The Panel accepts that there is no simple relationship between council size and efficiency, and hence no guarantee amalgamations will produce the benefits sought, especially cost savings. The ACELG report made that clear. However, the Panel has noted a number of recent studies in NSW and elsewhere clearly demonstrate the potential for amalgamations – properly managed – to generate both efficiencies and increased strategic capacity (economies of scale and scope). What NSW needs is a new process to enable the option of amalgamations to be carefully assessed on a case-by-case basis within the context of the broader range of structural options presented above.

Community attitudes

The Panel undertook its own polling to assess, among other things, community attitudes to amalgamations. It also considered the findings of polling

commissioned by Hornsby Shire Council that explored community responses to options for mergers and boundary changes advanced in the Panel's *Future Directions* report of April 2013. Several broad findings can be identified.

- For the overwhelming majority of people, issues of local government operations and reform are not 'top of mind'
- When amalgamation proposals are first raised they lack majority community support and attract strong opposition from a substantial minority – around 25-30%.
- However, when people are prompted to give a more considered view, there is a much more even split between those in favour and those opposed
- Supporters of amalgamation point to potential efficiencies, savings, and improvements to services
- Opponents are chiefly concerned about loss of local identity and representation, as well as the risk of a large, inefficient bureaucracy.

The Panel's conclusion is that achieving majority community support for amalgamations is by no means an impossible task, provided the public is given

timely and accurate information about what is involved, what the benefits could be, and how possible adverse impacts will be handled. Experience in other states confirms the finding that for most people local government reform is not a 'make or break' issue, and that after a relatively brief settling-in period new arrangements are widely accepted.

10.3 Towards a better process

In the end, arguments about 'forced' versus 'voluntary' amalgamations are essentially a distraction from the core issue, which is how the role and capacity of NSW local government can best be strengthened in the interests of the communities it is expected to represent. That objective will not be achieved by self-interest or special pleading. It requires a willingness to take a fresh look at the system of local government and its relationship with the State, and to explore new options with an open mind. At the very least, merger proposals and boundary changes that appear to have merit ought to be properly considered, even if they are ultimately rejected.

The Panel has little doubt that the majority of those in local government who argue so strongly for 'no forced amalgamations' are in fact rejecting amalgamations under almost any circumstances. For reasons given earlier, the Panel cannot see this as a reasonable or realistic attitude. It therefore suggests that 'no forced amalgamations' be replaced with a new policy based on the following principles:

- That the State government's currently unfettered right to impose amalgamations and major boundary changes more or less at will should be limited
- That any amalgamation or major boundary change should be preceded by careful analysis of the issues to be addressed and all the options available
- That there should be full community consultation
- That the process should be handled by an expert, independent body
- That the Government should not be able to overrule the findings and recommendation of that body without good cause.

As far as its own task is concerned, the Panel wishes to emphasise that setting out desirable options for boundary changes is NOT the same as recommending forced amalgamations. Moreover, under the current provisions of the Local Government Act, amalgamations and boundary changes cannot occur without a *further process* after the Panel completes its work, and would involve the Boundaries Commission (see below). Thus whether and when the Panel's options are pursued is entirely a matter for the State government and the councils and communities involved.

Learning from experience

To inform its analysis of these issues, the Panel commissioned a study of a sample of the 2004 amalgamations in NSW (the 'Tate' report), and has

held numerous discussions with other councils created at that time. The overwhelming finding is that, properly planned, mergers can produce stronger, more effective councils, and that community identity *can* be maintained. However, the research also showed that the 2004 amalgamations were poorly planned and as a result gave rise to unnecessary concerns and disruption.

The research made it clear that better information and careful analysis of relevant issues can smooth the path. Moreover, increased benefits for residents and ratepayers can be realised more quickly and more certainly if changes are thoroughly planned and the necessary expertise in change management is available in the period immediately before and after the new organisation comes into being.

The process for any future mergers or major boundary changes should therefore be based on a well-managed, four-step process:

- Deciding about the need for change, assessing the business case and formulating a suitable proposal
- Detailed planning for the transition and ongoing implementation
- Effectively managing all aspects of implementation in accordance with an agreed plan
- Ongoing monitoring and evaluation.

10. Advancing Structural Reform

The Panel sees the same approach being applied to establishment of regional Joint Organisations or any other form of structural change. The State government should make available resources and expertise to enable and support this process (see section 18).

Reconstituting the Boundaries Commission

The NSW Local Government Act already contains provisions for an independent Boundaries Commission and for a review process that, in the case of amalgamations, involves consulting every elector in the affected areas through questionnaires or a formal poll. The Panel believes that these provisions offer a starting point for a much improved system. However,

they were compromised by amendments made to the Act in 1999 which gave the Director General a similar role to the Commission, such that the Commission's authority and independence were significantly weakened. Those amendments need to be repealed.

The other major stumbling block with the current provisions is that unqualified decision-making power is vested in the Minister. S/he decides whether or not a proposal should even be considered by the Commission in the first place, and can then substantially amend the Commission's ultimate recommendations – without any scrutiny or need for explanation. Again, this needs to change to increase public confidence in the decision-making process.

Box 26 outlines the Panel's proposals for a better approach, so that in future councils and communities can be assured that proposals for amalgamations and boundary changes will be examined independently, impartially and on the merits of the case. This will hopefully overcome the current impasse.

As part of these changes, the Panel believes that the Boundaries Commission should have an ongoing research and monitoring role. It should periodically review boundaries across the State, and also monitor practices in other jurisdictions. Again, this should help build trust in its independence and capacity.

Box 26: A Revised Process for Boundary Changes

- Reconstitute the Boundaries Commission to comprise three members, none of whom may be a serving public official, not a current or former councillor or State politician; an independent chair nominated by the Minister and two other members nominated jointly by the Minister and President of LGNSW
- Appoint Commission members for a minimum 3 years
- Give the Commission a small dedicated secretariat, plus funding for research
- Require the Commission to undertake regular reviews of local government boundaries across NSW, in accordance with a schedule to be determined by the Minister, and to initiate proposals for changes when there is evidence they are warranted
- Allow the Minister, any council or public authority, or a group of electors (250 or 10%, whichever is the lesser, across the affected area/s) to submit a specific proposal to the Commission
- Require the Commission to determine whether or not the proposal has sufficient merit to proceed, and to publish the reasons for its decision
- If the proposal proceeds, require the Commission to prepare a public information report setting out arguments for and against
 - Retain the current provisions for inquiries, surveys and polls, but remove the Minister's power to decide whether an inquiry is warranted
 - In every case of an amalgamation, require the Commission to conduct a survey or poll of all residents and ratepayers in the area/s affected, unless two or more councils have proposed a voluntary merger and the Commission is satisfied that those councils have already undertaken adequate community consultation
 - Require the Commission at the end of its investigations to report to the Minister on whether or not the proposal should proceed and, if so, precisely what form it should take and what steps and resources are required for its effective implementation
 - Enable the Minister to request the Commission to reconsider its recommendations, but require any proposed amendments and the reasons for them to be published
 - Require the Minister to implement the Commission's final recommendations in full unless s/he reasonably forms the opinion that the process has been flawed and/or that to proceed would be contrary to the wider public interest.

Factors in defining boundaries

Section 263 of the Local Government Act already lists a range of factors to be taken into account by the Boundaries Commission in considering council boundaries. This offers a useful starting point but the Panel believes some additional points need to be included and that consideration of boundary changes should be more clearly outcomes-focused. Box 27 suggests criteria on which to base a revised list.

10.4 Promoting voluntary mergers

Having regard to the Government's current policy of 'no forced amalgamations', the Panel was particularly asked to consider barriers and incentives for voluntary mergers. The barriers are evident from many of the submissions received. They include:

- A belief that there will be no change to the 'no forced amalgamations' policy, and hence that the status quo can be maintained indefinitely
- In the case of rural-remote councils, a failure in many cases to come to terms with the issue of long-term sustainability, and a faith that 'something will turn up' to reverse population decline
- Concerns about loss of local identity, employment and democratic representation
- Institutional inertia and the (understandable) self-interest of current councillors and some staff who may lose their positions

Box 27: Criteria for Determining Future Local Government Boundaries

- **Sustainability and Strategic Capacity**
Councils need a strong base to ensure their long-term sustainability; to achieve economies of scale and scope; to deliver quality services; to provide a pool of talented councillor candidates; to attract skilled staff; and to develop strategic capacity in governance, advocacy, planning, and management.
- **Efficiency and Effectiveness**
Councils should be able to operate efficiently and effectively within the limits imposed by their location, geography and the characteristics of the communities they serve. They should be able to provide 'value for money' to their ratepayers and external funding agencies.
- **Integrated Planning**
LGA boundaries should not unnecessarily divide areas with strong economic and social inter-relationships; they should facilitate integrated planning, coordinated service delivery, and regional development.
- **Local Identity and Sense of Place**
Consistent with the need for integrated planning, boundaries should reflect a sense of identity and place, including important historical and traditional values. (However, other mechanisms available to maintain local identity should be taken into account.)
- **Population Growth**
The boundaries of a local government area (LGA) should be able to accommodate projected population growth generated by the LGA over at least the next 25 years.
- **Accessibility**
As a general rule, it should be possible to drive to the boundaries of a LGA from a main administration centre within 60-90 minutes in country areas, and within 30 to 45 minutes in metropolitan areas.
- **Strong Centre**
Each LGA should have a substantial population centre that can provide higher order commercial, administrative, education, health and other services.
- **Key Infrastructure**
As far as possible, key transport infrastructure such as air ports and ports, and those nearby urban and regional centres that are principal destination points, should be within the same LGA.
- **Combining Existing Municipalities**
Wherever practicable, amalgamations should combine the whole of two or more existing LGAs without the additional cost and disruption of associated boundary adjustments.

10. Advancing Structural Reform

a merger, and evidence from recent studies commissioned by some Sydney councils indicates that well-planned mergers can generate savings far in excess of costs.

Box 28 presents measures that warrant further consideration.

Box 28: Incentives for Council Mergers

- Make it clear that 'no change' is not an option, and that Government is committed to the early establishment of statutory Joint Organisations
- Introduce the new process for considering boundary changes set out in section 10.3
- Task the Boundaries Commission with providing unbiased information for local communities about the pros and cons of mergers
- Provide professional change management support for assessing business cases and then negotiating, planning and implementing mergers
- Provide expert consultants to assist councils with the integration of rating and IT systems
- Allow up to two terms of merged councils for complete implementation of all the changes involved, especially rationalising rating systems
- Similarly, allow an increased number of councillors in the first two terms to ensure adequate local representation during the transition phase
- Introduce provisions for Community Boards as a new option to ensure democratic, community-level governance in large council areas (see section 12.2)
- Ensure that the accumulated reserves of a former council are retained or expended primarily for the benefit of its area
- Provide transitional funding through a mix of grants and low- or no-interest loans (eg for IT systems, office improvements, signage etc), consistent with an agreed implementation plan
- Focus financial support on councils with limited revenue potential and/or those merging with adjoining areas that have serious infrastructure backlog or other liabilities

- Lack of understanding of the potential long term consequences of resisting change, and of potential benefits
- Limited knowledge of what has actually occurred in other jurisdictions, and how structural reform is linked to wider changes in the role and status of local government
- Anticipated disruption and transition costs, and fears that financial assets will be 'stolen' or that some communities will incur increased costs and liabilities as part of an amalgamated area
- A perception in the eyes of many (but not all) senior managers and councillors that the current employment protection provisions in the Act make it too difficult to complete necessary organisation change after an amalgamation
- Lack of factual public information on the pros and cons of change, and hence the ease of generating 'scare campaigns' against amalgamation
- The difficulty of the process for launching community-initiated amalgamation proposals.

The Panel's view is that under current policy and legislative settings these barriers are likely to prove insurmountable in all but a very few cases. NSW has witnessed only a handful of voluntary mergers over the past 20 years. For voluntary amalgamations to gain ground, the barriers need to be lowered and some significant incentives introduced. However, the Panel cautions strongly against attempting to 'buy' amalgamations: the potential cost would be very considerable (potentially several million dollars per merger), and great care needs to be taken not to set any undesirable precedent. Many larger urban councils in NSW could afford to carry the costs of

10.5 Maintaining local identity and representation

Opponents of amalgamation rely heavily on the argument that local identity will be lost in bigger local government units; that larger councils will pay less attention to specific needs of different suburbs or neighbourhoods and will fail to take steps to maintain their character. However, the Panel can find no evidence that loss of local identity is an *inevitable* consequence of creating larger local government areas. What does seem clear is that very rarely communities are so different, or so fiercely independent, that forcing them to share a local council is probably unwise.

Experience also suggests that special efforts need to be made after an amalgamation, or in a large, growing local government area, to maintain a sense of local identity and place. Many councils have done this successfully and the concept of 'place management' is well understood. Good examples in NSW include Lake Macquarie and the City of Sydney.

Clearly, it is simply not possible to have a separate council for every identifiable place or community. That would mean, for instance, dividing Sydney into hundreds of suburban council areas. The Panel therefore believes that as part of a wider package of structural reform, a range of methods have to be used where necessary to keep the 'local' in larger local government areas. These can include:

- Establishing elected Community Boards, as in New Zealand (see section 12.2)
- 'Place management' approaches as mentioned above, with community committees, preparation and implementation with communities of suburb or townships plans and development projects, and local service centres
- Dividing local government areas into wards, with ward councillors convening local committees or forums
- Using new communications technologies and social media to establish closer contact between councils and their communities, to inform and engage local people, and to conduct 'citizens panels' or online forums to explore community views and ideas
- Modern customer service systems that ensure swift replies to requests for information and rapid responses to problems or concerns.

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)

11. Regional Joint Organisations

The Panel sees stronger regional cooperation as a central plank of local government reform. This will enhance the role of councils and facilitate more productive State-local relations, especially in strategic planning, economic development, infrastructure provision and service delivery. Thus the Panel's objective is to create a robust but flexible framework within which councils can negotiate the establishment of statutory regional organisations that will undertake strategic planning and other joint activities, and provide a platform for much more extensive and effective State-local dialogue and cooperation.

In *Future Directions* the Panel proposed that the existing County Council provisions of the Local Government Act, suitably amended, could be used to establish the stronger regional entities it had in mind. Those proposals were not well received by local government, due largely to perceived problems with the current legal framework for County Councils. The Panel has therefore developed a substantially modified set of proposals for what it now terms 'Joint Organisations'.

11.1 Future of Regional Organisations of Councils

The great majority of NSW councils in both metropolitan and rural and regional areas are already members of a Regional Organisation of Councils

(ROCs). These are voluntary groupings, typically established under s355 of the Local Government Act, or as an incorporated association or company limited by guarantee. Most have existed in one form or another for 20-30 years or more. They carry out a diverse range of functions with and for their member councils, including regional advocacy, strategic planning, joint procurement and shared service provision. Some ROCs have established jointly-owned commercial enterprises.

The Panel commissioned an independent review of the prospects for ROCs by Gooding Davies Consultancy Pty Ltd. The report highlights the valuable role played by a number of ROCs over many years, but notes also that their performance has been patchy and uneven, especially in the delivery of shared services. It suggests that this reflects the disparate size, number and wealth of participating councils, as well as variations in the level of commitment and institutional leadership. There are also legislative impediments to effective shared services arrangements, including the need for each participating council to separately approve tenders for regional provision of goods and services, and limits on councils' ability to form companies.

Many submissions to the Panel have argued that ROCs, more or less in their current form, should continue to be the primary form of regional

collaboration in local government, although some have proposed that membership should become mandatory. The Panel's concern, however, is that the embedded culture of ROCs is one of voluntarism, either in membership or participation in joint activities or both. Their scope of operations and effectiveness varies too much from time to time and region to region. Without stronger, statutory regional bodies whose role and functions are fixed over the medium-long term, it is difficult to see local government as a whole being able to present itself as a reliable and capable partner of State agencies.

11.2 Existing County Councils

There are 14 existing County Councils in NSW, established under sections 383-400 of the Local Government Act. They are regional bodies undertaking specific functions on behalf of their constituent councils, which elect the members of the governing body. Currently the only functions assigned to a County Council are water supply (in 5 cases, one of which also has responsibility for sewerage), noxious weeds eradication (8), and floodplain management (1).

Table 5 indicates how existing County Councils could be incorporated into the new Joint Organisations. This will require transitional provisions as part of the amendments to the Local Government Act proposed in section 11.5. The Panel sees this as an opportunity to address the concern expressed by a number of councils that the County Council which they are supposed to 'own' is now effectively beyond their control. Provisions could be included in the Act along the lines of those used in New Zealand for 'Council Controlled Organisations', which are required to enter into an annual agreement ('Statement of Intent') with their shareholder councils on strategies and priorities.

11.3 Water utilities

The Panel was tasked in particular with reviewing proposals to consolidate the existing 105 local government-owned water utilities into around 30 regional bodies or alliances, as proposed by the 2009 Armstrong-Gellatly report and more recently by Infrastructure NSW. The State government has adopted those recommendations in principle.

The latest assessment by the NSW Office of Water shows that overwhelmingly local government water utilities are performing very well. Accordingly, the Panel believes that local government should retain its current responsibilities for water supply and sewerage, not only because it is delivering those services efficiently and effectively, but also because

they give rural local government critical financial mass and the capacity to recruit and retain professional staff. Similarly, the Panel sees no case at present to require councils to transfer water and sewerage assets to new regional entities.

In addition to the five existing County Councils that operate water utilities, there are several emerging regional alliances promoting closer cooperation between member councils. The Panel sees an opportunity for new Joint Organisations to build on these foundations by incorporating functions such as strategic business and network planning, regional water cycle management, high-level technical support to smaller councils, and – where agreed – joint infrastructure development and service delivery. Making existing County Councils and regional water alliances subsidiaries of the new JOs would help achieve those objectives. It would also ensure that rural water supply and sewerage assets and operations remain firmly in local government hands.

11.4 Defining regions

As noted above, most NSW councils are already members of ROCs, which cover nearly all the State and have generally well-defined boundaries. However, in a number of places ROC boundaries differ from those of existing County Councils, and also from regional boundaries used or proposed by State agencies. The Panel has therefore had wide-

ranging discussions to determine whether consistent regional boundaries can be established as the basis for both the proposed Joint Organisations, and to facilitate stronger partnerships between councils and key State agencies, especially in strategic planning.

Maps 2 and 3 show proposed regional boundaries across the State and in metropolitan Sydney. The various factors taken into account are summarised in Box 29.

Proposed boundaries are aligned with, or nested within, those to be used for delivery of the State Plan, for regional coordination amongst State agencies, and for preparation of Regional Growth Plans by the Department of Planning and Infrastructure. Not every council will be happy with the proposed regions, but the Panel believes they represent a reasonable compromise that should satisfy the great majority. In the metropolitan region the boundaries shown are considered suitable for strategic planning purposes, but if Joint Organisations are to be established with a wider range of functions, then some sub-regions would need to be divided as they include a large number of councils.

11. Regional Joint Organisations

Box 29: Factors in Defining Regions

- Manageable geographic area and suitable scale for strategic planning
- Regional or sub-regional communities of interest reflected in current arrangements, including existing ROCs and County Councils
- Alignment as far as possible with key State and federal agencies for strategic planning purposes
- In the Sydney region, alignment with sub-regional boundaries proposed for the metropolitan strategy
- Strong socio-economic links identified through the Panel's 'cluster-factor' analysis
- Viability of a regional alliance of water utilities (at least 30,000 connections)*
- A regional centre with existing or potential strategic capacity to anchor the Joint Organisation and to assist smaller member councils where required.**

**The Panel has some doubts about the capacity of the proposed Mid-Murray Region in these areas, which will require further investigation

The name 'Joint Organisations' (JOs) has been adopted as a generic descriptor of the new regional entities. This term is deliberately neutral: groups of councils would be free to use whatever name they agree for their particular organisation (eg 'Council of Mayors', 'XYZ Councils'). A new JO would be established for each region by negotiation amongst member councils and with the Minister. Planning and facilitation support would be provided through expert consultants (see section 18.2).

The Panel sees no need for uniform structures and processes across all regions provided there is a consistent framework. This can be achieved by combining the concept of individual proclamations with Ministerial Guidelines to require some basic elements and offer guidance on others. Key features of the proposed approach are set out in Box 30. It offers a very high degree of flexibility for councils to structure their Joint Organisations as they see fit.

Whilst the role of JOs would essentially replace that of existing ROCs, the Panel's proposals would not prevent councils maintaining ROCs or other cooperative arrangements for activities that are not within the remit of their JO, or as a means of collaboration with adjoining (sub)regions, if they so choose.

11.5 Establishment of new Joint Organisations

The Panel understands the concerns raised in relation to the model of 'new look' County Councils proposed in *Future Directions*. However, it remains supportive of the underlying concept of statutory regional entities established by individual proclamations that specify their area and functions, as well as various aspects of governance and operations. The Panel believes that a flexible and enabling framework along those lines has great merit: it can facilitate a negotiated approach to the establishment of robust organisations tailored to the particular circumstances and needs of different groups of councils.

The Panel has therefore developed a revised proposal under which the existing County Council provisions (Part 5 of Chapter 12 of the Act) would be replaced by new provisions enabling the establishment and operation of Joint Organisations, with transitional provisions for existing County Councils.

Box 30: Framework for Establishing New Joint Organisations

- JOs would be regional bodies established under new provisions of the Local Government Act replacing those for County Councils
- Membership and ongoing active participation by councils would be mandatory
- Each JO would be established by a separate proclamation which would be negotiated amongst the member councils and with the Minister, with the assistance of expert facilitators provided by the State government
- The proclamation would set out the name, area, membership, functions, staffing and governance and financial arrangements (including payment of any 'dividends' to member councils)
- In finalising a proclamation the Minister would act on the advice of a Ministerial Advisory Group (see section 18.1)
- The governing body would comprise the mayor of each member council, but the proclamation could provide for additional council representatives and for 'participating observers' or advisers from outside local government
- Each JO would prepare a 10 year Strategic Business Plan and 4-year Delivery Program to guide (but not restrict) operations, both to be endorsed by member councils and updated as required
- JOs would be able to establish subsidiaries to undertake specific functions, and would incorporate existing County Councils for which transitional provisions would apply
- Subsidiaries would have their own boards, which would be skills-based, and could include senior council staff and people with relevant expertise drawn from outside local government
- Subsidiaries would be required to agree an annual Statement of Intent with the governing body to ensure that their activities and priorities align with those of the JO and its member councils
- JOs would hold annual general meetings open to all councillors of member councils and to the public, at which they would report on and account for their activities, and at which priorities and strategies for the coming year could be discussed
- Other provisions of the Act would apply to JOs as they do to councils, but variations could be made by Regulations or the terms of proclamations (eg to eliminate unwarranted compliance processes)

The Panel's view is that, to facilitate the development of strong, effective organisations, all activities of a JO should be conducted within a single set of regional boundaries (except in those few cases where an existing County Council already operates in more than one region – see Table 5). Also, as a general rule each council should only be a full member of one JO. However, the legislation can be written in such a way as to enable departures from this approach if suitable alternative provisions are agreed and included in the proclamation.

Metropolitan Sydney and Central Coast

In the case of the Sydney metropolitan and Central Coast regions the Panel considers that establishment of 'fully-fledged' Joint Organisations should be deferred pending further consideration of options for council mergers. This is discussed further in sections 13.5 and 14.2. In the meantime, the boundaries shown on Map 3 should be used for groupings of councils to undertake joint sub-regional strategic planning.

Pilot regions

The Panel is aware of at least 2-3 regional groups of councils that appear interested in becoming 'pilot' regions for the establishment of JOs, including Regional Water Alliances and Regional Roads Groups. If agreed, an early start could be made in those regions based on the proposed new legislative provisions.

11.6 Functions and structure of Joint Organisations

The Panel has no desire to create a 'fourth tier of government', nor an additional layer of bureaucracy. Rather, JOs would be embedded within the system of local government. Local councils would remain the core of the system: they would 'own' and resource the JOs in a similar way to ROCs. Selected regional functions would be referred to the JOs which would then work alongside their member councils in performing those tasks.

11. Regional Joint Organisations

Proposed core functions of JOs are listed in Box 31. These should be set by Ministerial Guidelines. Water supply, sewerage, roads and other infrastructure assets would remain in the ownership of individual councils, unless already owned by a County Council or transferred voluntarily.

Box 31: Proposed Core Functions of Joint Organisations

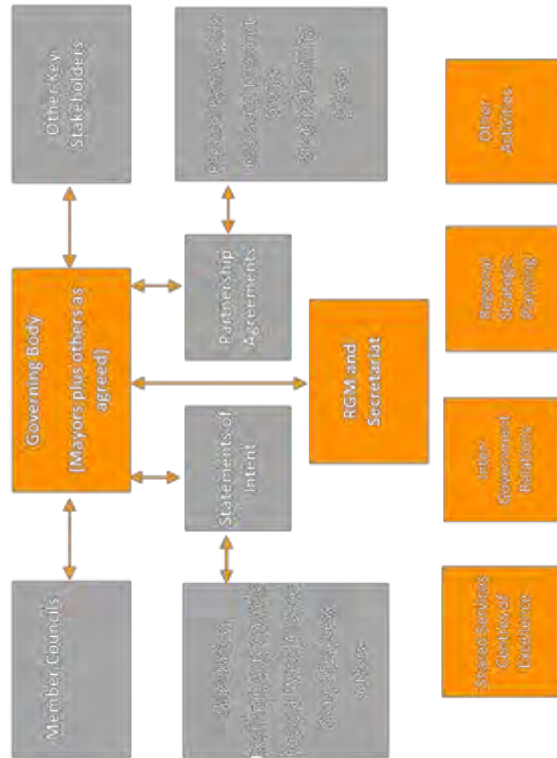
- Strategic regional and sub-regional planning
- Inter-government relations and regional advocacy
- Information and technical exchanges between member councils
- Activities of existing County Councils
- Regional alliances of local government/water utilities
- Road network planning and major projects (through Regional Roads Group, as discussed in section 7.4)
- Collaboration with State and federal agencies in infrastructure and service provision
- Strategic procurement (which could also include assessing state-wide contracts and arrangements)
- Other joint activities specified in the proclamation, such as major infrastructure projects, regional waste and environmental management (including weeds and floodplain management), regional economic development, regional library services and 'high level' corporate services or 'back office' functions
- Administrative and technical support for any 'Twin Councils' established within the JO's area (see section 12.3)

Staffing of JOs would normally be limited to a Regional General Manager and administrative team. There would also be a small group of professional staff engaged in regional strategic planning, inter-government relations, technical support to member councils and management of regional projects. This may involve seconding a few senior management and technical staff from member councils to the JO, although in many cases they could remain based in their current workplace. The Panel does not see any need for transfer or relocation of operational staff. However, where an existing County Council has administrative and operational staff and becomes a subsidiary of a JO, they would become employees of the JO under the Local Government Award.

The scope of shared services would be detailed in the proclamation. Some activities might involve all councils in the region, others just some. However, once the proclamation has been finalised, there would be no opting out for at least the life of the Strategic Business Plan. This is essential to ensure that planned efficiencies can be realised. It is envisaged that a number of shared services activities could be handled by one or more member councils becoming a 'centre of excellence' for the region in specific areas of operation eg human resources, IT, waste management, economic development etc.

Figure 7 depicts a model structure for a JO, but this could vary from region to region depending on the agreed terms of the proclamation.

Figure 7: Model Structure for Joint Organisation



Funding arrangements

As indicated above, the Panel does not see JOs as large and costly bureaucracies. Moreover, the bulk of their activities will replace those already being undertaken by existing ROCs, County Councils and member councils.

Funding arrangements should be resolved amongst member councils as part of the negotiations to agree the terms of the proclamation. They may well vary considerably from region to region. In general terms, however, the Panel sees five main sources of funding for JOs:

- Current operating budgets of ROCs and County Councils
- General-purpose financial contributions by member councils
- Special-purpose contributions by member councils towards the cost of Regional Water Alliances and Regional Roads Groups (either cash or in-kind eg secondment of expert professional staff)
- Support through LIRS, the proposed Strategic Projects Fund, and various State grants
- General-purpose Federal Financial Assistance Grants.

The last point may be controversial, in that it could entail some redistribution of existing grant funding away from individual councils. However, the Panel notes that such funding could often be used more efficiently and to greater effect at a regional level, and that any adjustment could be made over several years, taking advantage of the annual growth in FAGs.

11.7 Regional centres

In some non-metropolitan regions there is a well-established major regional centre that could play a leadership role and offer technical support where required to other member councils (see Box 32). Dubbo City Council provides a good example of how this can work through its leadership of the Lower Macquarie Water Alliance. The extent of the technical support role will vary within and between regions depending on the capacity of member councils: in some regions all the members of the proposed JO are substantial organisations in their own right. Financial arrangements for provision of technical support would be negotiated and set out in the JO proclamation.

The Panel has also identified a number of cases where it believes there could be merit in an amalgamation of councils around a regional centre (see Table 6). These options warrant further investigation for one or more of three reasons:

11. Regional Joint Organisations

Box 32: Key Attributes of a Regional Centre

- **Population and economy** – a large (normally >20,000), stable or growing population, with a robust economy and projected ongoing growth.
- **Hierarchy** – hosts regionally significant public and private services, infrastructure and facilities that support residents and businesses in nearby local government areas.
- **Accessibility** – located on major transport routes facilitating easy road access from surrounding areas.
- **Scale and stature** – ‘first among equals’ in its region, a credible partner of State and Federal agencies; potential to attract national and international interest and investment.
- **Technical capacity** – a strong revenue base; staff with high level strategic, professional and technical skills; the ability to lead regional strategic planning; and capacity to undertake high level economic and infrastructure projects.
- **Leadership and facilitation** – willing and able to see its role as a leader of its region; to commit resources to regional projects on the basis that a strong region is in its long-term interest; to promote the region and its opportunities for growth, including regional advocacy and negotiation with other governments; to negotiate partnerships with neighbouring regions and councils; and to gain acceptance as a regional leader that can be trusted.
- **Good governance** – councillors who understand their regional role and can make decisions in the regional interest; structures and models that support regional decision-making; regional service delivery and the sharing of resources; building social capital in the region through an engaged community.

- to create a regional centre with the necessary scale and capacity to anchor a JO (eg Deniliquin-Murray-Conargo)
- to reflect close functional inter-relationships (eg ‘overspill’ development, commuter catchments, service provision) between a regional centre and adjoining council areas (eg Orange-Cabonne, Queanbeyan-Palerang, Albury-Greater Hume, Dubbo-Narramine-Wellington)
- as an option for adjoining ‘councils at risk’ (eg Wagga-Lockhart, Griffith-Murrumbidgee, Bathurst-Oberon, Armidale-Guyra).

There would be value in formalising a State-wide network of regional centres to drive growth in regional NSW; to facilitate exchange of information and expertise; and to strengthen liaison with key State and federal agencies. This could usefully build on the existing EvoCities group. An important function would be exchange of information and experience to build the leadership capacity of regional centres: the Panel is concerned that in some cases relations between major urban centres and surrounding rural councils are not as collaborative and productive as they should be, and that regional development efforts can suffer as a result. Key attributes of a regional centre are set out in Box 32.

11.8 Inter-government relations and strategic planning

One of the most important functions of JOs will be to provide a new platform for State-local cooperation. The NSW government is moving to establish much more effective arrangements for strategic planning and regional coordination across its agencies, notably through the Regional Action Plans prepared by the Department of State Planning, the new Regional Growth Plans to be prepared by the Department of Planning and Infrastructure (DP&I), and perhaps most importantly, the regional coordination system managed by the Department of Premier and Cabinet (DPC).

These moves present a rare opportunity for local government to become a real partner in regional planning and development, provided it is organised appropriately, adopts a professional approach to inter-government relations, and is willing and able to commit significant resources to joint activities. By the same token, the State government needs to embrace a partnership approach in its dealings with local government (see section 17).

The Panel believes that a fresh approach to State-local cooperation at the regional level should be pursued on the following basis:

- State government recognition of JOs as partner organisations for the purposes of joint strategic planning and project coordination, including in particular updating and implementation of the NSW 2021 State Plan and Regional Action Plans, as well as preparation and implementation of DP&I's Regional Growth Plans
- Appointment of at least one representative of each JO to the relevant Regional Leadership Group of State agencies
- Appointment of local government representatives on (Sub) Regional Planning Boards through JOs rather than individual councils.

To facilitate local government input to regional plans and strategies, the Panel proposes an amendment to the Integrated Planning and Reporting guidelines to require councils to include a section on key regional strategies and proposed joint projects with other regional councils in both their Community Strategic Plans and 4-year Delivery Programs, and to prepare that content in consultation with other regional councils and State agencies through the JO. The JO would then consolidate relevant material for discussion with State agencies through the DPC Regional Leadership Group, with a view to its inclusion in State plans and strategies, and to identify joint State-local projects.

Figure 8: State-Local Collaboration at the Regional Level



11. Regional Joint Organisations

11.9 Cross-border issues

Development in the border regions of NSW and around the ACT is driven to a very significant extent by cross-border economic and social links and provision of essential services. As a consequence, several councils along the Queensland and Victorian borders have questioned the relevance to their circumstances of participating in a NSW regional organisation.

Such views are understandable, but ultimately all councils have to play their part within the NSW system of local government. Nevertheless, more needs to be done to recognise and respond to the particular circumstances of border councils, and increasingly arrangements for local and regional governance will need to facilitate cross-border collaboration.

The Panel has discussed these matters with the State's Cross-Border Commissioner, who is formulating policy proposals and working with councils to address specific concerns. Clearly, future regional strategies (especially Regional Action Plans under the State Plan) will need to give greater attention to cross-border issues, and it will be important to ensure that local government is recognised as a key player in relevant inter-government forums and agreements. This is already a well-established principle in respect of the ACT, but seemingly less so along the Queensland and Victorian borders.

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)

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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)

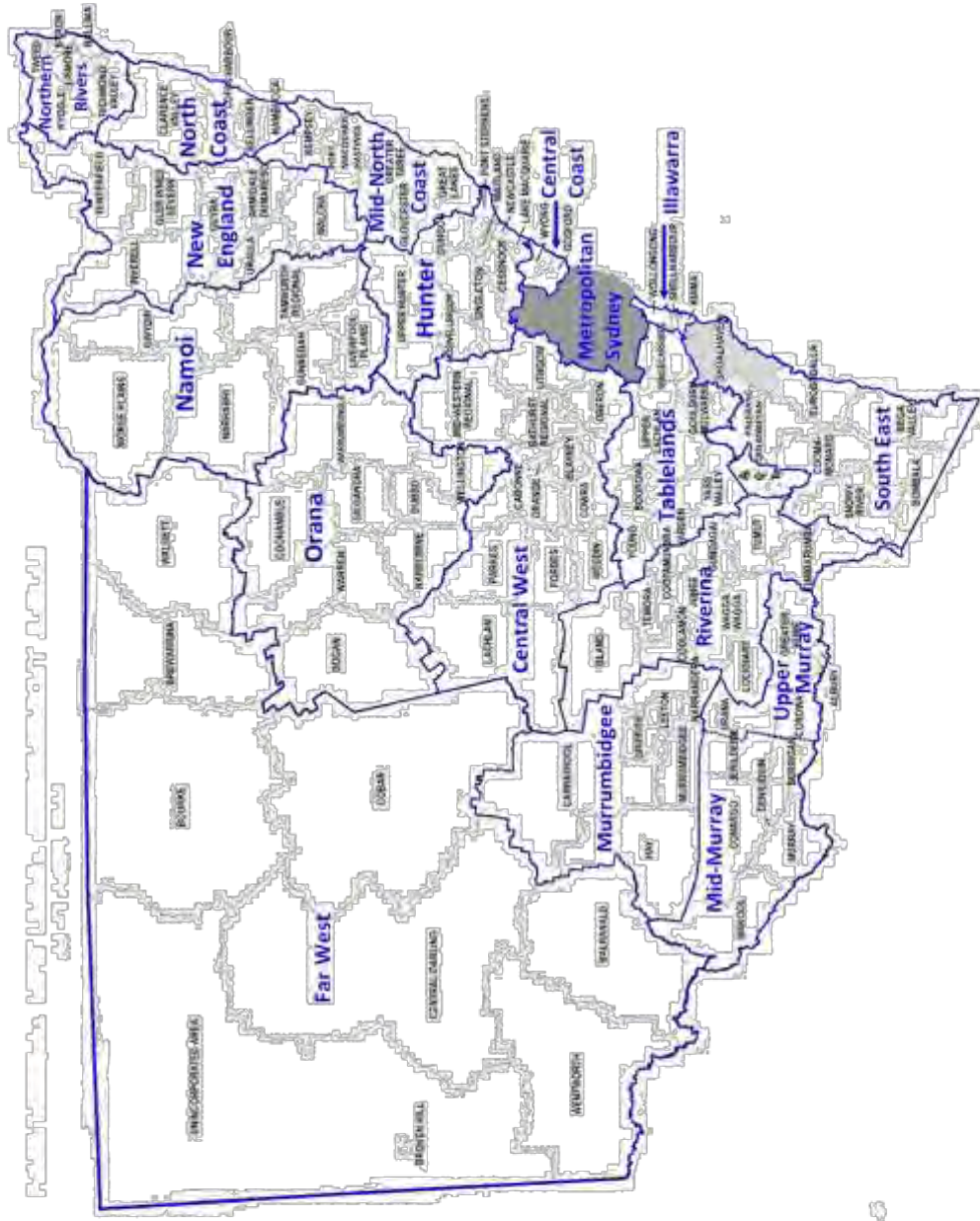
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Develop close working partnerships between Joint Organisations and State agencies for strategic planning, infrastructure development and regional service delivery (11.8), and

- 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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Map 2: Proposed Non-Metropolitan Regions



11. Regional Joint Organisations

Map 3: Proposed Metropolitan Sub-Regions

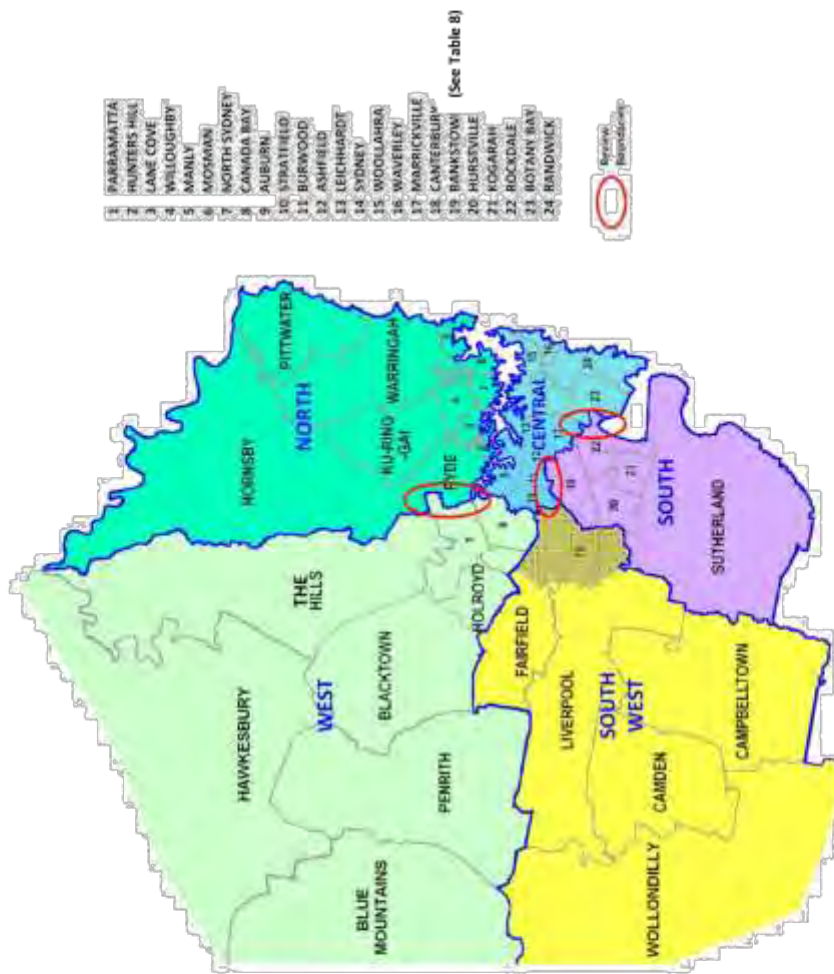


Table 5: Future of Existing County Councils

County Council	Member Councils	Functions	Future Options
Castlereagh-Macquarie	Walgett, Coonamble, Wirriem, Gilgandra, Warrumbungle	Eradication of Noxious Weeds	Subsidiary of Grains JD; service agreement with Walgett (if required)
Central Murray	Berrigan, Conargo, Murray, Deniliquin	Eradication of Noxious Weeds	Subsidiary of Mid-Murray JD
Central Tablelands ^a	Blayney, Cabonne, Waddell	Water supply to 5,500 connections	Subsidiary of Central West JD
Far North Coast	Tweed, Byron, Ballina, Lismore, Richmond Valley, and Kyogle	Eradication of Noxious Weeds	Subsidiary of Northern Rivers JD
Goldenfields Water ^a	Bland, Coolamon, Coonamundra, Harden, Junee, Temora, Young, part Narrandera	Bulk water supply to Coonamundra town plus Harden and Young (lakes; reticulation to remainder (10,600 connections))	Amalgamate with Riverina Water as subsidiary of Riverina JD and establish service agreements with adjoining JD ^a as follows: <ul style="list-style-type: none"> • With Tablelands JD for bulk supply to Harden and Young • With Murrumbidgee JD for Narrandera • With Upper Murray JD for Urana and Greater Hume
Hawkesbury River	Hawkesbury, Penrith, Blacktown, The Hills	Eradication of Noxious Weeds	Retain or incorporate as subsidiary of Western Sydney JD
MidCoast Water ^a	Greater Taree, Great Lakes, Gloucester	Water and sewerage services (supply and reticulation) to 40,000 households	Subsidiary of Mid-North Coast JD
New England Tablelands	Armidale, Guyra, Walcha, Uralla	Eradication of Noxious Weeds	Subsidiary of New England JD
Richmond River	Lismore, Ballina, Richmond Valley	Floodplain Management	Subsidiary of Northern Rivers JD
Riverina Water ^a	Wagga Wagga, Lockhart, Urana, Greater Hume	Water supply to 25,700 connections, mostly in Wagga Wagga	Amalgamate with Goldenfields Water with service agreements as above
Rous Water ^a	Lismore (excluding Nimbri), Ballina (excluding Wardell), Byron (excluding Mullumbimby), Richmond Valley	Bulk potable water supply	Subsidiary of Northern Rivers JD
Southern Slopes	Boorowa, Harden, Young, Yass Valley	Eradication of Noxious Weeds	Subsidiary of Tablelands JD
Upper Hunter	Muswellbrook, Upper Hunter, Singleton	Eradication of Noxious Weeds	Subsidiary of Hunter JD
Upper Macquarie	Bathurst Regional, Lithgow, Oberon, Blayney	Eradication of Noxious Weeds	Subsidiary of Mid-West JD; service agreement with Blayney (if required)

^aThese former County councils should both maintain their current functions and provide a platform for regional water alliances across the whole JO area

*Service agreements should be with JDs rather than individual councils to facilitate integrated network planning and water cycle management

12. Rural Councils and Community Boards

Table 6: Options for Amalgamations around Regional Centres

Centre	Potential Amalgamation	Comments
Albury	→ Greater Hume (part or whole) Combined 2031 population 68,500	<ul style="list-style-type: none"> Greater Hume's long term sustainability is questionable, but it could continue as a council for some time Boundary changes to merge the southernmost parts of Greater Hume with Albury and/or Corowa appear warranted
Armidale-Dumaresq	→ Guyra + Uralla/Walcha Combined 2031 population 46,700	<ul style="list-style-type: none"> Amalgamation has been proposed on several previous occasions and strongly resisted – but the evidence from neighbouring Temworth is that it would bring considerable benefits Community Boards should be established in the former shires An alternative is to merge Guyra (5,300) with Armidale (32,100), and Uralla (7,600) with Walcha (2,600)
Bathurst	→ Oberon Combined 2031 population 57,900	<ul style="list-style-type: none"> Oberon's long term sustainability is questionable: it could continue as a council for some years but amalgamation would provide a higher capacity base A Community Board should be established in the former Shire
Deniliquin	→ Conargo + Murray Combined 2031 population 18,400	<ul style="list-style-type: none"> Conargo and Murray create a 'doughnut' around Deniliquin Conargo Shire is based in Deniliquin and its projected population of just 2,000 is considered too small to warrant a separate entity Deniliquin is at present the largest urban centre but by 2036 Murray Shire will have a much larger population Wakool might also be included and would increase projected population to 21,200 Community Boards should be established in the former LGAs
Dubbo	→ Narrabri + Wellington Combined 2031 population 60,800	<ul style="list-style-type: none"> Narrabri and Wellington may be sustainable into the medium-long term, although Wellington has a Weak FSI Community Boards should be established for Narrabri and Wellington if amalgamation occurs
Griffith	→ Murrumbidgee Combined 2031 population 21,900	<ul style="list-style-type: none"> Murrumbidgee's projected population of 1,400 is considered too small to warrant a separate entity, especially given its proximity to Griffith: a Community Board would be appropriate Also adjust boundary with Carrathool to reduce 'doughnut' effect around Griffith
Orange	→ Cabonne Combined 2031 population 64,400	<ul style="list-style-type: none"> Cabonne may well be sustainable into the long term, but its recent and projected growth is overspill from Orange Some areas on the northern and western fringes of Cabonne are seeking to move to adjoining councils Blayney could also be added and would increase the projected population to 73,100: it could remain sustainable as a separate council for several decades but amalgamation would provide a much higher capacity base Community Boards should be established as required in the former LGAs
Queanbeyan	→ Palerang Combined 2031 population 77,100	<ul style="list-style-type: none"> Palerang was created in 2004 and has been through a difficult establishment period: its financial position remains questionable and projected substantial growth is essentially ACT and Queanbeyan overspill There may be a case to divide Palerang amongst all its adjoining councils, but this would be very disruptive
Wagga Wagga	→ Lockhart Combined 2031 population 75,900	<ul style="list-style-type: none"> A Community Board would need to be established for Lockhart if a merger proceeded

12. Rural Councils and Community Boards

As discussed in section 10.1, a future system of local government in NSW needs to balance two seemingly opposed agendas: the need for increased scale and capacity to meet a number of key challenges facing councils and communities, and the importance of 'keeping the local' in local government so that community identity and local democracy are protected and where possible enhanced.

The Panel believes that in order to find the right balance, two additional types of local government bodies should become part of the new system – to be available as options where appropriate. These are Rural Councils and Community Boards.

12.1 'Rural Councils'

Across NSW there are a number of predominantly rural local government areas that have small and declining populations (typically in the range 2-4,000) and appear unlikely to remain sustainable in their current form, but where neither amalgamation nor regional collaboration on their own seem to offer a the best way forward. Circumstances vary from case to case, but some combination of the following factors is involved:

- The local government area has a low rate base and is highly dependent on grant funding to maintain operations
- There are long distances between the administrative centres of adjoining councils, and to the nearest major regional centre
- Adjoining councils also have small populations and limited resources, so that an amalgamation is unlikely to offer a sustainable solution in the medium-long term
- The council concerned is presently sound and may be able to continue as a separate local government unit for some years, but it has and/or will have limited capacity to undertake the full range of local government functions.

In such circumstances, the Panel sees a need or opportunity to maintain a separate local government unit, but one with reduced responsibilities and a lower cost base more appropriate to rural-remote areas with small populations – a 'Rural Council'. The Panel's objective is to ensure that local government in these areas remains in place and is 'fit for purpose' and can maintain community life and identity to the maximum possible extent.

Proposed defining features of a Rural Council are set out in Box 33.

Box 33: Proposed Features of a 'Rural Council'

- A strong focus on maintaining local service delivery and quality of life, enabling and supporting community efforts
- A minimum of five councillors, including the mayor
- A reduced number of full council meetings – no more than six each year – and a very limited committee structure, if any
- Either a fully shared administration with an adjoining council, or extensive resource-sharing as part of a Joint Organisation in order to minimise requirements for senior staff and greatly reduce administrative overheads
- Simplified regulatory, compliance and reporting requirements under both the Local Government Act and other relevant legislation (eg the new Planning Act)
- Regulatory responsibilities handled largely by arrangement with a regional centre or other partner council having the necessary expertise
- Modified Integrated Planning and Reporting and internal audit requirements consistent with a small population and budget.

12. Rural Councils and Community Boards

Whilst 'Rural Councils' would have a somewhat reduced role compared to existing councils, the Panel believes they should retain the right to set rates and manage their own finances, consistent with maximizing efficiencies through resource sharing as part of a Joint Organisation. They would be full members of Joint Organisations. Also, 'Rural Councils' would maintain their local operational workforce, service centres and offices, and current employment guarantees under the Local Government Act should apply.

The Panel acknowledges that further work needs to be done to determine precisely what amendments to the Local Government Act and other legislation would be necessary to give effect to this model. Opportunities to simplify processes and maximise resource sharing should be investigated further as part of the proposed IPART review of the regulatory, reporting and compliance burden on local government proposed in section 8.2; and the development of business cases and operating plans for the new regional Joint Organisations (section 11). A working party should be established to explore all the issues involved. This could be convened by the Ministerial Advisory Group proposed in section 18.1, and should include representatives of DLG, LGNSW, LGMA and unions.

It is envisaged that provisions for 'Rural Councils' would be finalised and introduced into the revised Local Government Act sometime in 2015.

12.2 Community Boards

The second new form of local government body would be 'Community Boards' – elected or appointed sub-council organisations that can carry out a range of representational, planning and service delivery functions delegated by the 'parent' council. Community Boards could be established in two situations:

- To replace small or very small (in population) rural-remote councils that could appropriately amalgamate with a larger neighbour, but where it is important to maintain community identity and there is a case for an ongoing form of local self-government
- To provide representation and some service delivery at suburb or district level within very large metropolitan councils, including following amalgamation – perhaps as a transitional measure in the latter case.

It follows that the Panel sees the establishment of Community Boards as entirely optional and that decisions about whether or not to do so should be left to the communities and councils concerned. However, in the case of amalgamations the possibility of establishing Community Boards should be considered in the formulation of the business case and implementation plan, and this issue should also be canvassed with local communities as part of the regular representation reviews proposed in section 9.1.

To inform its thinking on Community Boards the Panel commissioned a review by McKinlay Douglas Limited of recent experience with Community-Level Governance in New Zealand, England and elsewhere in Australia. The Panel has also taken into account relevant experience in NSW, for example Lake Macquarie City Council's Sustainable Neighbourhoods Program and extensive delegation of responsibilities to council/community committees under s355 of the Local Government Act. Many councils use s355 in a similar way, and establish ward or neighbourhood forums. Thus to some extent it already provides a legislative basis for community governance initiatives. In the Panel's view, however, an additional mechanism is required so that where appropriate, community-level organisations can play a stronger and somewhat more independent role. McKinlay Douglas found a need for:

...not just good engagement mechanisms operated by a council, but some form of infrastructure at the community level capable of delivering an on-going involvement and involving individual communities in decisions about their preferred futures, including local place shaping. (p.41)

Current legislation in New Zealand and England enables a broad spectrum of different arrangements, ranging from formalised neighbourhood planning processes undertaken by self-selected forums (England); through locally elected but still largely

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advisory community or local boards (New Zealand); to elected Parish or Town Councils that undertake neighbourhood planning and can also levy a rates surcharge to fund local services and projects (England).

Community Boards have operated in New Zealand for over 30 years. Under the NZ Local Government Act Community Boards are established by the 'parent' council in the course of regular representation reviews or following an application from a 'community'. They may also be established by order of the independent Local Government Commission. Every Community Board must consist of between 4 and 12 members. At least 4 must be directly elected from the local community, but other members may be appointed, provided the number of appointed members is less than half the total.

The *minimum* role of a Community Board is to:

- represent, and act as an advocate for, the interests of the community
- consider and report on all matters referred to it by the territorial authority (council), or any

- matter of interest or concern to the community board
- maintain an overview of services provided by the territorial authority within the community
- prepare an annual submission to the territorial authority for expenditure within the community
- communicate with community organisations and special interest groups within the community.

A wide range of additional responsibilities may be delegated by the council, but in general terms these exclude making a rate, borrowing money, purchasing or disposing of assets, and or determining council policy.

In recent years the number of Community Boards has been in decline, but there are still 108 in operation across about two-thirds of New Zealand councils. In some cases they have been strengthened to form a key element of councils' governance models. A good example is the Thames-Coromandel District (see Box 34)

Box 34: Community Boards in the Thames-Coromandel District

- A new community governance model was adopted in 2012 as part of moves to allow more local self-determination.
- Of particular note are provisions covering the transfer of decision-making functions, developing various local plans, and proposing budgets that would generally be approved by the District Council subject to affordability and the council being satisfied it is meeting its overall accountability requirements.
- Community Boards make formal recommendations to the District Council and may be represented at every council meeting.
- Critical to implementation of the governance model is a new 'place-management' structure of area offices and staff teams working with the Boards. Area managers have been appointed at second tier management level. Changes have also been made to the reporting lines for other staff positions. The effect is to bring together the relevant skills and responsibilities around the local area.
- A significant outcome has been more cost-effective service provision based on bringing more local knowledge and resources into decision-making.

12. Rural Councils and Community Boards

In the case of the newly amalgamated Auckland Council, which covers a metropolitan area of approaching 1.5m people, 21 'Local Boards' have been established by law to provide community-level governance. Like Community Boards they are directly elected and their core role is essentially advisory, although the legislation indicates that a more substantial set of functions is envisaged, including community planning and guiding the provision of services and facilities. There have been a number of well-reported 'teething problems' in defining and developing their activities, as well as their relations with the governing body of the council and the various arms of its operations. However, the Panel's investigations suggest that these difficulties are being steadily addressed.

In England, there are some 9,000 elected 'local councils' (Parish, Town or Neighbourhood Councils) serving more than a third of the total population. They employ about 25,000 staff and have a combined expenditure of around \$800m per annum. Their functions include representing the local community to the 'principal authority' (district or borough council); delivering some local services; and improving the local quality of life and environment. Community-led planning has been a strong theme in their activities, and this role has been strengthened under the new Localism Act. The number of 'local councils' continues to grow, albeit slowly.

English 'local councils' have the power to raise their own revenue through a precept on council tax (rates). Currently, this averages around \$80pa for residential properties in the median valuation band.

Having regard to New Zealand and England experience, the Panel's preferred approach is to add a flexible set of provisions to the Local Government Act that would enable councils to establish Community Boards that could:

- Be elected and/or appointed for a fixed term (but would always include at least one appointed councillor)
- Advise the council on local priorities and acceptable levels of service
- Play a significant role in IPR and budget processes
- Undertake only delegated functions or also be mandated to raise a 'community rate' in their area and to fund local projects and services at their discretion – like other Special Rates such rates should be exempt from rate-pegging limits.

The Panel envisages that the 'higher functioning' form of Community Board would be particularly relevant in instances where a rural-remote council that represents a community with a long-established local identity is amalgamated with a larger neighbour, leading to concerns that the community's interests will not receive the attention they deserve.

As in the case of Rural Councils, the Panel accepts that considerably more work needs to be done to flesh out this concept, but is confident that the models and experience documented in the McKinlay Douglas report provide an adequate basis for that task. Again, a working party should be established in order to formulate specific proposals for inclusion in the revised Local Government Act.

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) |

13. Metropolitan Sydney

13.1 Reshaping metropolitan governance

The Panel is convinced that for Sydney to remain Australasia's pre-eminent global city, very substantial changes are needed to the way the region is governed at both local and State levels. This is hardly a novel finding: the need to improve Sydney's governance was emphasised by the Barnett Committee in 1973. It has been highlighted in various official reports since then, notably the recent COAG Reform Council review of 'Capital City' strategic planning, and in a number of submissions to the Panel. As well, the Panel has considered the findings of the recent Independent review of local government in the Perth region: they could all be applied equally to Sydney (see Box 35).

Box 35: Key Findings of Perth Metropolitan Review

- Enhanced leadership across the State and local government sector and the wider community will be required to manage the extraordinarily growth of metropolitan Perth over the next 50 years.
- The current local government arrangements will not provide the best outcomes for the community into the future. The status quo cannot and should not remain.
- The outcome of the Review should be a stronger, more effective, more capable local government sector, with an enhanced role and greater authority.
- The creation of larger local governments alone will not address all the shortcomings of the present system.
- The structure and governance arrangements for local government in Perth cannot be considered in isolation from the role and function of local government, and from the relationship between State government and local governments.
- A sense of place and local identity can be maintained through appropriate governance regardless of the size of a local government.

Achieving more effective metropolitan governance requires a partnership approach involving State, local and, if possible, federal governments. Again, this has been spelled out in numerous reports over the years. At a minimum there needs to be much stronger coordination focused on metropolitan planning and major projects, with a clear locus of responsibility (perhaps through the Premier's department's regional coordination processes); full alignment of the State Plan and Metropolitan Strategy (including through sub-regional plans); and robust arrangements for a much closer working relationship with councils. The State government needs to do more to discharge its own responsibilities in these areas.

13. Metropolitan Sydney

Table 7: Characteristics of Sydney Metropolitan Councils

Council	TCorp ESR and Outlook	Population 2011	Projected 2031 Population
Asfield	Sound-Neutral	43,683	53,900
Auburn	Sound-Negative	78,286	121,700
Bankstown	Moderate-Negative	190,637	222,100
Blacktown	Moderate-Neutral	312,479	459,800
Blue Mountains	Weak-Neutral	78,391	93,300
Bolton Bay	Weak-Neutral	41,674	59,700
Burwood	Weak-Positive	34,305	50,800
Camden	Moderate-Neutral	58,376	149,300
Campbelltown	Moderate-Negative	15,221	233,800
Canada Bay	Moderate-Neutral	79,905	108,100
Canterbury	Moderate-Negative	144,751	178,500
Fairfield	Sound-Neutral	196,622	238,900
Hawkesbury	Moderate-Negative	64,234	81,500
Hillroyd	Weak-Neutral	103,869	131,400
Hornsby	Moderate-Neutral	163,865	201,100
Hunters Hill	Moderate-Neutral	13,880	17,400
Hurstville	Moderate-Neutral	82,569	105,700
Kogarah	Moderate-Neutral	58,938	73,000
Kuring-gai	Sound-Neutral	114,704	147,700
Lane Cove	Sound-Negative	33,197	42,700
Leichhardt	Sound-Neutral	55,651	65,500

Council	TCorp ESR and Outlook	Population 2011	Projected 2031 Population
Liverpool	Sound-Negative	188,083	294,000
Marilyn	Sound-Neutral	42,531	51,900
Marrickville	Moderate-Neutral	81,489	97,600
Mosman	Weak-Positive	29,475	33,800
North Sydney	Moderate-Neutral	67,033	83,800
Parramatta	Moderate-Neutral	174,554	257,400
Penrith	Weak-Neutral	184,681	271,300
Pittwater	Sound-Neutral	60,260	82,000
Randwick	Sound-Neutral	117,757	171,300
Rockdale	Moderate-Neutral	102,843	134,400
Ryde	Sound-Negative	108,371	143,900
Strathfield	Moderate-Negative	37,141	56,500
Sutherland	Moderate-Neutral	219,751	267,900
Sydney	Strong-Positive	183,494	290,500
The Hills	Sound-Positive	176,986	275,300
Warringah	Sound-Positive	147,611	173,500
Waverley	Moderate-Neutral	68,967	80,100
Willoughby	Moderate-Neutral	71,637	91,700
Wollondilly	Weak-Neutral	44,403	59,600
Woolahra	Moderate-Neutral	56,324	67,800

13.2 Alternative futures for local government

The Panel has given careful consideration to the range of views and evidence put forward in responses to *Future Directions*. In summary, it sees two distinct alternatives for the future structure of metropolitan local government:

- Retain more or less the current number and distribution of councils, and rely heavily on sub-regional Joint Organisations to contribute to metropolitan issues, engage with State agencies at a sub-regional level, undertake joint planning and projects, and promote increased delivery of shared services.
- Substantially reduce the number of councils so that each has the resources and credibility to be a player in metropolitan affairs in its own right, and so that they can all come together in a strong metropolitan-wide organisation such as a 'Council of Mayors'.

In considering these options the Panel has taken the following factors into account.

- With 41 councils in metropolitan Sydney (excluding the Central Coast) local government is fragmented (especially in the eastern half of the region) and lacks credibility as a significant player and partner in metropolitan planning and management. There are simply too many voices striving to be heard, and there also tends to be a 'lowest common denominator' effect that undermines the efforts and standing of those councils that do have the resources and initiative to play a strategic role.
- There is continuing unnecessary duplication between councils in planning and service delivery, and scarce expertise and resources are not being used to their full potential.
- Without changes to council boundaries there will be an increasingly severe imbalance in the structures of local government between eastern and western Sydney: by 2031 the 28 councils east of Parramatta will have average populations of 108,800, whilst the 13 to the west will average 212,900.

- Coordination and cooperation between councils would undoubtedly be improved by the establishment of robust sub-regional organisations, but in some parts of Sydney there are so many small local government areas, often with a long history of focussing on strictly local matters, that building a durable consensus and consistent approach to complex metropolitan issues is likely to prove extremely difficult.
- Moreover, achievements to date in sub-regional cooperation and shared services can at best be described as patchy. Enhanced capacity for local government to play a major role in strategic planning, delivery of major infrastructure and improvement projects, and partnering effectively with State and federal agencies is more likely to be achieved if the basic building blocks – individual councils – are larger and more capable.
- There is an often expressed community concern that creating substantially larger local government areas will reduce local representation and destroy local identity. However, as discussed in section 10.5, there are a number of ways in which local identity and representation can be maintained, even in very large council areas: the City of Sydney's 'City of Villages' strategy offers a good example in a local government area of approaching 200,000 people.

13.3 Options for mergers

Taking all these factors into account, as well as the generally successful outcomes of amalgamations in metropolitan Melbourne and South East Queensland, the Panel has concluded that the number of local councils in the Sydney basin should be significantly reduced. This applies mainly to the inner and eastern suburbs, the lower North Shore and around Parramatta and Liverpool. The Panel's objectives are to:

- Create high capacity councils that can better represent and serve their local communities on metropolitan issues, and be true partners of State and federal agencies
- Establish a more equitable pattern of local government across the metropolitan area, taking into account planned development
- Underpin Sydney's status as a global city

13. Metropolitan Sydney

Next steps

- o Support implementation of the Metropolitan Strategy, especially the planning and development of major centres and the preparation and implementation of sub-regional Delivery Plans.

Options and reasons for boundary changes are set out in Map 4 and Table 8. The Panel's proposals have been amended in several key respects from those put forward in *Future Directions* to take into account issues raised in submissions, as well as the opportunity to align sub-regional boundaries with those to be used for the State Plan and Metropolitan Strategy.

In particular, the Metropolitan Strategy places particular emphasis on the planning and development of a series of regional centres. The history of efforts over the past 40 years to establish Parramatta as Sydney's 'second CBD' suggests that this goal requires those centres to be under the management of a strong, well-resourced local council: there is little doubt that Parramatta's development has been hindered by the limited scale and narrow boundaries of the current local government area. Looking ahead, it will be important to ensure that the centres of both Parramatta and Liverpool are governed by councils with considerably greater capacity and strength in sub-regional leadership than has been the case.

The options put forward are far-reaching but not as radical as some might prefer. The Panel's view is that on balance, looking ahead to the mid-21st Century when Sydney's population will reach about 7 million, having about 15-18 councils is appropriate. A smaller number could tend to create several 'mini-states', which would not be helpful at this stage. The Panel's proposals leave scope to make further structural changes in the future if required.

Amalgamated councils should have the option of establishing Community Boards, as described in section 12.2. This would help smooth the transition to much larger local government areas and enable ongoing representation of local communities of interest. The Panel emphasises, however, that none of the amalgamation options would produce a council with a population larger than Gold Coast City in Queensland, and only three would exceed 500,000 by 2031.

Submissions to the Panel indicate intense opposition to mergers amongst some metropolitan councils, but also a significant degree of support for change. The same applies in the community, and analysis of polling suggests that initial 'reflex' opposition to amalgamations is not as firm as it might appear. At least three councils have commissioned studies to explore the potential benefits of mergers, and others have suggested substantial boundary changes.

It is essential that any changes to boundaries in metropolitan Sydney occur within a consistent strategic framework designed to support strategic planning and infrastructure provision, and to complement State government efforts to improve metropolitan governance. The Panel therefore believes that the best way forward would be first, to seek *evidence-based* responses from councils to its proposals; then to refer both the proposals and responses to the proposed Ministerial Advisory Group (section 18.1); and then, if warranted, to the Boundaries Commission for further consideration. The Panel would caution against supporting any isolated voluntary amalgamations until there is a clear long-term strategy. Experience with the 'semi-voluntary' mergers that occurred in Adelaide in the mid-1990s indicates that, whilst some benefits are achieved, the overall outcome can be a very unsatisfactory 'patchwork quilt'.

13.4 The Cities of Sydney and Parramatta

As a centrepiece of governance reform the Panel sees a need for expanded cities of Sydney and Parramatta that will anchor metropolitan local government.

In the case of the City of Sydney, the Panel would argue strongly against any attempt to revert to a small 'CBD council'. This is seen in some quarters as attractive to business interests, but drawing a tight boundary around the CBD has been made much more difficult by the spread of commercial development into adjoining suburbs, and by extensive residential development in the CBD itself.

Again, two options can be considered:

- Relatively minor adjustments to the city's current boundaries to enhance the potential for improved urban management (eg at Newtown, Paddington and south into Botany) and to include regional facilities such as Centennial Park.
- A greatly enlarged city that takes in the whole of the Eastern Suburbs and stretches south to the airport and Port Botany, thus incorporating nearly all the iconic locations and features that contribute to Sydney's global identity, as well as much of the supporting infrastructure.

The first option would produce a somewhat strengthened city with a population of around 300,000 in 2031. The second would create a local government of considerably greater stature and capacity. Its population would reach about 670,000 by 2031. This is large by NSW standards, but much smaller than Brisbane and Auckland, and by no means 'mega' in international terms. It would, however, have the scale and capacity appropriate to Sydney's global aspirations. Like Brisbane, it could become a highly capable and well-resourced partner of the State government in projecting Sydney's image, fostering economic development and providing essential infrastructure. The Panel's reasoning is summarised in Box 36.

The Panel supports a separate City of Sydney Act that can highlight and make provision for special 'capital city' features and functions. An updated Act could build on the success of the Central Sydney Planning Committee to incorporate further measures for closer State-City cooperation. The Act could also provide for areas such as Barangaroo to be progressively returned to the normal system of local government management (whilst remaining State-owned), as has occurred with Green Square and Melbourne's Docklands. This would have the major advantage of making better use of the City's revenue potential (see below).

Box 36: Key Attributes of a Global Capital City

- **Physical size** – its area should encompass a broad area and cross-section of inner metropolitan suburbs, including iconic locations of global significance
- **Hierarchy** – its area should include major infrastructure and facilities that are at the peak of the hierarchy for that function (government, transport, health, education, business, recreation, culture etc)
- **Leadership** – it should be the 'first amongst equals' of metropolitan councils due to the importance of its decisions, geographic scale, budget and responsibilities, reputation and profile, and relationship to political, business and civic leaders.
- **Strategic capacity** – it should have the ability to manage major regional facilities and to undertake or facilitate major economic and infrastructure development to address the changing needs of the inner metropolitan region.
- **Global visibility** – it needs to be able to be a leader in the Asia Pacific and to maximize opportunities to partner or compete as required with other global capital cities in the race for capital investment and international reputation
- **Governability** – it should attract the best of candidates for political leadership, with a broad, diverse and balanced constituency that will facilitate good governance.
- **Partnership with the State** – it should not be so large as to challenge the primacy of the State, but have the stature, maturity and skills to be a respected partner and to develop productive working relationship with State and federal agencies.

13. Metropolitan Sydney

13.5 Sub-regional arrangements

If the number of councils in the Sydney region is substantially reduced, then sub-regional arrangements would be focused primarily on working with DP&I and DPC to prepare and implement sub-regional Delivery Plans and Regional Action Plans. There would probably be no need for 'fully-fledged' Joint Organisations as proposed for the rest of the State in section 11, and boundaries of local government groupings should be as shown previously on Map 3.

The Panel does have significant reservations, however, about inclusion of Bankstown in the new South-West sub-region proposed by DP&I. Bankstown has previously been part of the Southern Sydney ROC and has links with Canterbury to the east. A merger of Bankstown and Canterbury could offer considerable benefits, and this option needs to be kept open (see Table 8).

If, on the other hand, there is little or no restructuring of existing council boundaries, then multi-purpose JOs should be established to undertake a wide range of functions on behalf of their members, as in the rest of NSW. Close collaboration in strategic planning, infrastructure provision and shared services would be especially important. The JOs would also be critical for strengthening partnerships with State and federal agencies to bring about more effective metropolitan governance and growth management. Given the large number of councils in the inner and middle rings of Sydney, there may be a need to split some of the sub-regions shown on Map 3.

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Several of the global city attributes set out in Box 36 also apply to Parramatta. As noted earlier, the Panel takes the view that Parramatta's development as the 'second CBD' and commercial focus of the western suburbs has been hampered by the constrained boundaries, relatively limited resources and low profile of the City Council. The option favoured by the Panel is a new local government area that includes the whole of Parramatta, Auburn and Holroyd plus parts of The Hills and Hornsby south of the M2, and roughly the western third of Ryde (including the whole of Epping). Such an area would control very considerable resources and could undertake integrated planning for both the Parramatta CBD and complementary development in adjoining areas. It would have a population approaching 600,000 in 2031.

An important step for both Sydney and Parramatta would be the establishment of 'City Partnership Committees' that bring together local, State and perhaps also federal governments to undertake integrated planning and promote economic development. The Adelaide Capital City Committee provides a model (see Box 37).

Box 37: Adelaide's Capital City Committee

The Capital City Committee is established under the City of Adelaide Act 1998. Its focus is the strategic development of Adelaide as the State's capital city and heart of South Australia. Current membership includes the Premier (chair), Minister for Planning, Minister for Transport and Infrastructure, Lord Mayor, Deputy Lord Mayor and one other councillor.

The Committee plays a facilitation, initiation and coordination role, and formal decisions are referred to either State Cabinet or the Adelaide City Council. Its functions are to:

- identify and promote key strategic requirements for the economic, social, physical and environmental development and growth of the city
- promote and assist in maximising opportunities for the effective coordination of public and private resources
- monitor the implementation of programs to promote the development of the city
- make provision for the publication of key strategies, goals and commitments relevant to the development and growth of the city
- collect, analyse and distribute information about the economic, social, physical and environmental development of the city.

13.6 Maximising available resources

Restructuring local government in the eastern half of metropolitan Sydney would maximise opportunities to make more use of the revenue potential from high land values and, in particular, the surge in medium- and high-density residential development. The Panel's investigations indicate that most councils east of Parramatta are under-utilising their rating base, largely because with their current limited responsibilities they simply do not need the untapped revenue. The City of Sydney offers the clearest example: it is able to fund a \$1.9bn capital works program over the next decade with no borrowings; with many owners of luxury apartments paying only the minimum rate; and with pensioners paying no rates at all. A considerable number of other councils across northern and eastern Sydney are in similarly strong positions.

As discussed in section 6, 23 Sydney councils receive only the minimum general-purpose FAGs grant, suggesting little or no need for external support. Property owners in most of those areas pay relatively low rates as a proportion of land values. Preliminary calculations show that if they paid a similar percentage of land value as the metropolitan average, the councils concerned could collectively raise more than \$150m extra each year.

The Panel is not suggesting that must happen. However, it does believe that local councils in relatively affluent areas and with significant under-utilised revenue potential can and should contribute more to the task of managing metropolitan growth and change. This would free-up State resources to provide greater assistance to councils in western Sydney and elsewhere in NSW that are struggling to fund essential infrastructure and services. This expanded role for well-resourced councils might include, for example:

- Becoming full equity partners in sub-regional transport undertakings, such as the proposed light rail system in eastern Sydney and, as in the case of Brisbane, bus services
- Taking full responsibility for sub-regional cycleway networks

- Contributing more to other major sub-regional infrastructure projects, such as major road improvements and drainage systems
- Assuming responsibility for some State-managed facilities, such as the Sydney Harbour National Park, Centennial Park and the Botanic Gardens.

This approach would work best with the merger options suggested in Table 8, which would create just seven councils east of Parramatta. However, it could also be facilitated through Joint Organisations if mergers do not proceed.

13.7 The metropolitan fringe

Three local government areas – Hawkesbury, Blue Mountains and Wollondilly – make up the western fringe of Sydney. Each is responsible for a mix of growing urban centres and rural or natural areas (including water catchments) that provide important 'green spaces' around the metropolitan complex.

At this stage there appears to be merit in retaining these councils in more or less their current form to play specialist roles in managing the important areas under their control. However, a number of significant issues need to be addressed:

- The TCorp sustainability assessments gave Blue Mountains and Wollondilly a Weak-Neutral rating, indicating a need for prompt action to address financial concerns and infrastructure funding.
- Hawkesbury and Wollondilly could be subject to boundary adjustments to facilitate sound planning of metropolitan growth.
- Substantial boundary adjustments could result in those two LGAs having quite small populations by metropolitan standards, and there may be a case to consider amalgamations with neighbouring councils in the medium term (options are set out in Table 8).

13. Metropolitan Sydney

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	<p>Prioritise assessments of potential changes to the boundaries of the Cities of Sydney and Parramatta, and</p> <ul style="list-style-type: none"> 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)

13.8 A metropolitan Council of Mayors

Sydney needs a metropolitan councils organisation that can provide a 'voice' for the region, and that can represent local government and local communities in high-level consultations with State and federal governments, as well as internationally. With many fewer councils, there would be an opportunity – as well as a strong case – to establish a body similar to the South East Queensland Council of Mayors. If restructuring takes place along the lines suggested by the Panel, such a Council of Mayors would logically be chaired by the Lord Mayor of either Sydney or Parramatta.

If the number of councils remains more or less as at present, then an alternative model would be several sub-regional Councils of Mayors that come together periodically as a metropolitan local government assembly.

Table 8: Merger and Boundary Change Options for Sydney Metropolitan Councils

Council/s	Options (preferred option in bold)	Rationale
Ashfield, Burwood, Canada Bay, Leichhardt, Marrickville, Stratfield	<ul style="list-style-type: none"> Amalgamate or Combine as strong Joint Organisation 	<ul style="list-style-type: none"> Projected 2031 population 432,400 Close functional interaction and economic/social links between these councils Need for unified local government to plan and manage Parramatta Road, the impact and integration of WestConnex, inner west redevelopment and proposed major centre at Burwood 3 of these councils will have fewer than 50,000 people in 2031
Auburn, Holroyd, Parramatta, Ryde (part), The Hills (part)	<ul style="list-style-type: none"> Amalgamate (eastern two-thirds of Ryde to be included with North Shore group) and Move northern boundary of Parramatta to M2 (balance of The Hills to remain an individual council) or Adjust Parramatta's boundaries to include parts of Ryde and The Hills and combine Auburn, Holroyd and Parramatta as a strong Joint Organisation 	<ul style="list-style-type: none"> Projected 2031 population approx. 558,500, including about one-third population of Ryde and without other boundary adjustments Close functional interaction and economic/social links between these councils Need for stronger unified local government to develop Parramatta as second CBD. Parramatta's northern boundary is very close to its CBD; relocation to M2 would facilitate planning and improve socio-economic mix and community linkages Incorporation of part of Ryde would strengthen link between Parramatta and Global Sydney Corridor' and improve scope for integrated planning around Epping station
Botany Bay, Randwick, Sydney, Waverley, Woollahra	<ul style="list-style-type: none"> Amalgamate or Combine as strong Joint Organisation 	<ul style="list-style-type: none"> Projected 2031 population 669,400 Close functional interaction and economic/social links between these councils Need for high-level strategic capacity to promote and support Sydney's ongoing development in Australia's premier global city Scope to bring together Sydney's international icons and key infrastructure under a single council, and to make better use of the strong rating base of these councils
Fairfield, Liverpool	<ul style="list-style-type: none"> Amalgamate or Combine as strong Joint Organisation with Bankstown, Camden, Campbelltown and Wollondilly 	<ul style="list-style-type: none"> Projected 2031 population 532,900 Close functional interaction and economic/social links Need for a higher-capacity council to manage proposed Liverpool regional centre, which is close to Fairfield boundary
Hornsby, Kuring Gai	<ul style="list-style-type: none"> Amalgamate or Combine as strong Joint Organisation and Boundary with Parramatta shifted to M2 	<ul style="list-style-type: none"> Projected 2031 population 348,800 (would be reduced somewhat by boundary change) See comments above re Parramatta boundary change Strong socio-economic and urban links
Hunters Hill, Lane Cove, Mosman, North Sydney, Ryde (part), Willoughby	<ul style="list-style-type: none"> Amalgamate or Combine as strong Joint Organisation 	<ul style="list-style-type: none"> Projected 2031 population 365,400, including about two-thirds population of Ryde Close functional interaction and economic/social links between these councils Need for integrated planning for major centres, Sydney Harbour foreshores etc 3 of these councils projected to have fewer than 50,000 people in 2031

13. Metropolitan Sydney

Council/s	Options (preferred option in bold)	Rationale
Canterbury, Hoxstville, Kogarah, Rockdale	<ul style="list-style-type: none"> Amalgamate or Combine as strong joint Organisation, also including Sutherland and Adjust Rockdale boundary at airport. 	<ul style="list-style-type: none"> Projected 2031 population 491,500 Close functional interaction and economic/social links between these councils Need for unified local government to support community development, and plan and manage major centres, redevelopment, foreshores etc An alternative for Canterbury could be to amalgamate with Bankstown
Manly, Pittwater, Warringah	<ul style="list-style-type: none"> Amalgamate or Combine as strong joint Organisation 	<ul style="list-style-type: none"> Projected 2031 population 307,400 Close functional interaction and economic/social links between these councils which constitute an 'island' in the metro region Need for integrated planning of centres, coast, transport etc
Bankstown	<ul style="list-style-type: none"> No change or Combine as strong joint Organisation with Liverpool, Fairfield, Camden, Campbelltown, Wollondilly 	<ul style="list-style-type: none"> Projected 2031 population of 222,000 on its own The expected pattern of sub-regional boundaries effectively rules out an amalgamation of Bankstown except with Liverpool - this is considered problematic given the scale and complexity of challenges that would face the resulting entity An alternative could be to amalgamate with Canterbury as part of the South sub-region
Blacktown	<ul style="list-style-type: none"> No change or Combine as strong joint Organisation with Auburn, Holroyd, Parramatta, part Ryde, The Hills, Hawkesbury, Penrith, Blue Mountains and Possible boundary adjustments with The Hills and Hawkesbury to facilitate NW Growth Centre 	<ul style="list-style-type: none"> Projected 2031 population 459,800 on its own, with further substantial growth planned
Blue Mountains	<ul style="list-style-type: none"> No change or Combine as strong joint Organisation with Auburn, Holroyd, Parramatta, part Ryde, The Hills, Hawkesbury, Penrith, Blacktown 	<ul style="list-style-type: none"> Projected 2031 population 93,300 Specialised role in managing urban areas within National Parks
Camden	<ul style="list-style-type: none"> No change or Combine as strong joint Organisation with Liverpool, Fairfield, Bankstown, Campbelltown, Wollondilly 	<ul style="list-style-type: none"> Projected 2031 population 149,300 on its own, with further substantial growth planned
Campbelltown	<ul style="list-style-type: none"> No change or Combine as strong joint Organisation with Liverpool, Fairfield, Bankstown, Camden, Wollondilly 	<ul style="list-style-type: none"> Projected 2031 population 233,800 on its own
Hawkesbury	<ul style="list-style-type: none"> No change or Combine as strong joint Organisation with Auburn, Holroyd, Parramatta, part Ryde, The Hills, Blacktown, Penrith, Blue Mountains and 	<ul style="list-style-type: none"> Projected 2031 population 81,500 (without boundary adjustments) Specialised role in managing peri-urban fringe May require further boundary adjustments depending on urban growth patterns

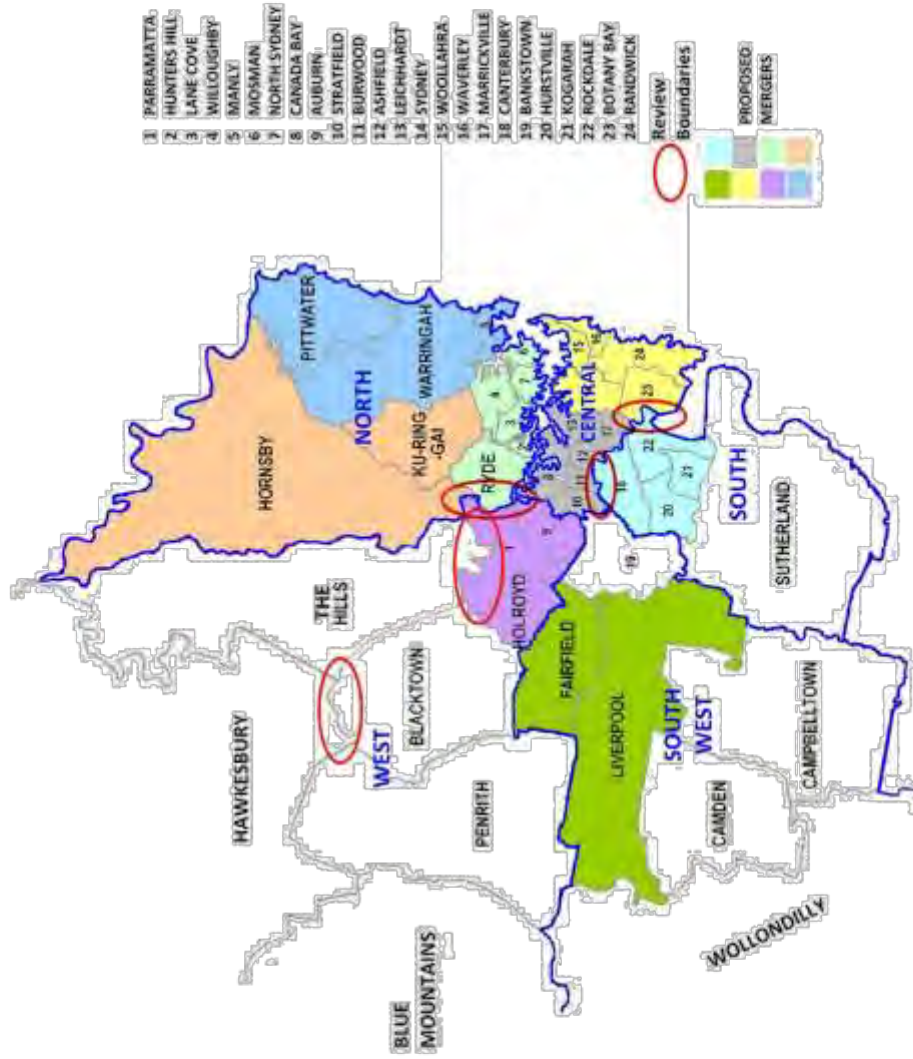
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Attachment 1

Council/s	Options (preferred option in bold)	Rationale
	<ul style="list-style-type: none"> Possible boundary adjustments with The Hills and Blacktown to facilitate NW Growth Centre and Possible longer term merger with The Hills 	<ul style="list-style-type: none"> Functional, socio-economic and environmental links may justify merger with The Hills
The Hills	<ul style="list-style-type: none"> No change or Combine as strong Joint Organisation with Auburn, Halroyd, Parramatta, part Hyde, Blacktown, Hawkesbury, Penrith, Blue Mountains and Boundary with Parramatta shifted to M1 and Possible boundary adjustments with Blacktown and Hawkesbury to facilitate NW Growth Centre and Possible longer term merger with Hawkesbury 	<ul style="list-style-type: none"> Projected 2031 population 275,300 (without boundary changes) See comments above re Parramatta boundary change and possible merger with Hawkesbury
Penrith	<ul style="list-style-type: none"> No change or Combine as strong Joint Organisation with Auburn, Halroyd, Parramatta, part Hyde, Blacktown, Hawkesbury, The Hills, Blue Mountains 	<ul style="list-style-type: none"> Projected 2031 population 271,300 on its own Focus on growth management and new regional centre
Sutherland	<ul style="list-style-type: none"> No change or Combine as strong Joint Organisation with Canterbury, Rockdale, Kogarah, Hurstville 	<ul style="list-style-type: none"> Projected 2031 population 262,900 on its own
Wollondilly	<ul style="list-style-type: none"> No change or Combine as strong Joint Organisation with Liverpool, Fairfield, Bankstown, Camden, Campbelltown and Possible longer term merger/s with Camden/Campbelltown/Wingecarribee 	<ul style="list-style-type: none"> Projected 2031 population 59,600 (less if boundary adjustments) Specialised role in managing peri-urban fringe May require substantial boundary adjustments with Camden, Campbelltown and Penrith depending on urban growth patterns Scope for closer linkages with Wingecarribee, perhaps eventual merger of 'non-metropolitan' areas

13. Metropolitan Sydney

Map 4: Preferred merger options for Sydney Metropolitan Councils



14. Hunter, Central Coast and Illawarra

The Hunter and Illawarra regions are vital 'engine rooms' of the NSW economy, and local government has an essential role to play in ensuring sound regional development. This requires improved frameworks for local and regional governance. The Central Coast has important links with both the Hunter and the Sydney metropolitan region, is experiencing significant growth pressures, and would also benefit from stronger governance.

14.1 Hunter

As proposed in section 11.4, the Hunter region consists of nine local government areas. Summary details are shown in Table 9.

Table 9: Characteristics of Hunter Region Councils

Council	T Corp FSR	Population 2011	Projected 2031 Population
Cessnock	Moderate-Negative	52,493	67,400
Dungog	Weak-Negative	8,547	9,800
Lake Macquarie	Moderate-Neutral	195,909	219,600
Maitland	Moderate-Neutral	69,646	98,900
Muswellbrook	Moderate-Neutral	16,322	19,300
Newcastle	Moderate-Negative	154,896	192,500
Port Stephens	Moderate-Neutral	67,058	91,200
Singleton	Moderate-Neutral	23,456	27,700
Upper Hunter	Sound-Negative	14,206	16,500

In *Future Directions* the Panel proposed that the three Upper Hunter councils establish a separate 'county council', given that they are all water utilities whilst the Lower Hunter is served by a State corporation ('Hunter Water'). However, all the Hunter councils have indicated that they would prefer a single regional organization to continue the current work of the Hunter Councils group, and the Panel accepts that view. This may require an agreement with Hunter Water for regional network planning and integrated water cycle management.

All Hunter councils appear financially sustainable, with the possible exception of Dungog, which has 'Weak-Negative' FSR and received a 'Distressed' rating in DLG's Infrastructure Audit. The Panel understands that Dungog council itself has reservations about its capacity to meet its infrastructure obligations in the medium term, and an updated sustainability assessment needs to be undertaken as soon as possible. That assessment should consider the option of merging Dungog with Maitland.

The Lower Hunter presents a range of issues needing attention. The financial positions of Newcastle and Cessnock give some grounds for concern, and there are complex patterns of socio-economic linkages, urban development and council boundaries. The quality and stability of governance has also been an issue in some councils.

The City of Newcastle faces significant challenges including forecast operating deficits, large capital works requirements and demanding issues associated with urban renewal. Its southern suburbs merge seamlessly into the Lake Macquarie area to form a single metropolis that needs to be planned and managed as an integrated whole. The Panel sees this as a fundamental factor in determining the future strength and capacity of local government in the region. It has therefore concluded that Newcastle and Lake Macquarie should be amalgamated to form a new council with a projected population of around 390,000 in 2031. At the same time, there may well be a case for the southern area of Lake Macquarie around

14. Hunter, Central Coast and Illawarra

14.2 Central Coast

Gosford and Wyong exhibit very strong socio-economic and functional linkages. The two councils already form a regional organisation and have been planning a joint water corporation for several years. Amalgamation has been discussed from time to time and recently came close to fruition, but the impetus appears once again to have been lost. The 2031 projected population for the two combined is about 390,000 – large but not exceptional.

Options for the Central Coast are a full amalgamation or a multi-purpose Joint Organisation. The Panel does not believe a separate water corporation should proceed before those options have been properly evaluated. The potential for an amalgamation warrants further investigation, but if that option is rejected or deferred indefinitely, then a Joint Organisation should be established and should assume responsibility for water along with other strategic functions.

14.3 Illawarra

For the purposes of this report, the Illawarra region is defined as the areas of Wollongong, Shellharbour and Kiama. This definition accords with the approach favoured by DP&I. The Panel has some concerns about the exclusion of Shoalhaven, which was previously included in the Illawarra for the purposes of the State Plan, and which has longstanding links to the north through the Southern Councils group and its predecessor regional organisations. However, it understands that inclusion of Shoalhaven in the South East-Tablelands region is the preferred option for the preparation of a new Regional Growth Plan, and specifically for integrated planning along the south coast.

Morriset to be added to Wyong or a new Central Coast council, reflecting expected patterns of urban growth and an orientation towards Sydney. Also, the Beresfield area of Newcastle, which is separated by a major wetland from the rest of the city, could be transferred to Maitland.

Port Stephens council appears likely to remain sustainable in its present form well into the future, and there are no pressing boundary issues. The only change that might be considered in the shorter term is the possible transfer of the area west of the Williams River to an amalgamated Dungog-Maitland. This needs to be investigated further.

Map 5: Options for Hunter Councils

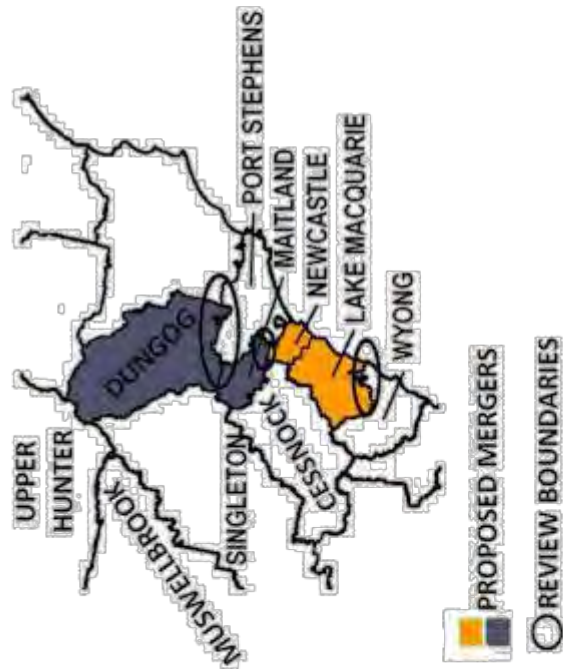


Table 10: Characteristics of Illawarra Region Councils

Council	TCorp FSR and Outlook	Population 2011	Projected 2031 Population
Kiama	Moderate-Neutral	20,832	29,300
Shellharbour	Moderate-Negative	66,054	89,300
Wollongong	Moderate-Neutral	201,215	234,000

All three councils are currently rated Moderate by TCorp. Shellharbour has a Negative Outlook, but has implemented a Special Rate Variation to address the issues involved. In terms of economic, social, environmental and transport linkages, and for strategic planning purposes, the councils form a well-established region and have cooperated for many years through regional organisations, although shared services activity is very limited.

Like the Hunter, the Illawarra faces major economic and social challenges, coupled with substantial urban growth in Wollongong and Shellharbour. The Panel has considered whether a merger or mergers are necessary at this stage. It has taken into account a combination of four key factors:

- Each council appears sustainable for at least the medium term
- Existing boundaries do not pose significant urban management problems
- Water supply and sewerage are handled separately by Sydney Water
- Kiama's distinctive rural and coastal setting and 'country town' character, compared to Wollongong and Shellharbour.

On that basis, the Panel considers that closer collaboration through a Joint Organisation should enable a sufficient response to regional challenges for some time to come. Emerging issues should be kept under review. If amalgamation options need to be revisited, the Panel suggests that Shoalhaven might be a more appropriate partner for Kiama than Wollongong-Shellharbour, although the new definition of the region could present an obstacle.

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)

15. Non-Metropolitan Regions

As explained in section 3.5, the Panel has identified 52 small (in population) rural-remote councils that may be considered 'at risk' based on the TCorp analysis and a range of other factors. Seven of these, plus Broken Hill, are the subject of section 16 on the Far West region. The future of Dungog has already been discussed in section 14.

An over-riding consideration for many of these councils is the weakness of their own-source revenue base relative to their service delivery and infrastructure responsibilities. Often those responsibilities have expanded to fill service gaps resulting from the withdrawal of State and federal agencies or a declining private sector. This trend is often linked to static or declining populations.

The Panel believes that more can and should be done to channel additional support to rural-remote councils. However, this cannot be in the form of 'blank cheques': rural-remote councils, like their urban counterparts, need to show that they are taking all possible steps to address whatever challenges and difficulties they face. A range of

options have to be considered, but given limited resources the Panel's conclusion is that the number of small (in population) councils will need to be significantly reduced. As a rule of thumb, by 2036 the great majority of councils should have populations close to or greater than 10,000. However, individual differences must be considered carefully.

15.1 Options for investigation

Table 11 sets out options for the future of every council outside the Sydney, Hunter, Central Coast and Illawarra regions. These options include:

- Working as part of a Joint Organisation (JO), as outlined in section 11, with significant levels of resource sharing
- Merging with one or more adjoining councils to create a more robust unit
- Transitioning to the status of a 'Rural Council' under the umbrella of a JO
- Forming part of the proposed new arrangements for the Far West region.

The concept of Rural Councils was explained in section 12. It is designed to cut the cost of governance – of simply maintaining a separate body politic and administration – and ensure that the maximum possible resources are available for delivering services. The Panel's view is that as a general rule a population of less than around 5,000 is unlikely to be sufficient to support a 'stand-alone' local government: governance costs will consume too great a proportion of total revenue. Either an amalgamation (where feasible) or conversion to 'Rural Council' status should therefore be considered as soon as possible, either during or immediately after establishment of the new regional JOs.

- Table 1.1 thus divides non-metropolitan councils into seven groups:
- Group A is the 8 Far West councils discussed in section 16.
 - Group B consists of 9 councils with current and/or projected populations below 4,000, all of which could readily be merged with a neighbour. All have a low rating base and/or are highly dependent on grant support to continue operating in their current form. Investigations into the future of these councils need to be taken as soon as possible.
 - Group C includes 11 councils with projected 2031 populations less than 5,000. Again, all have a low rating base and (with one exception) are highly dependent on grants. However, in each case it is debatable whether a merger is a realistic option. Thus all are considered suitable candidates for the new status of 'Rural Council' but in nearly every case the possibility of a merger should not be ruled out until it has been properly assessed. Investigation of the options available should be undertaken once regional JOs have been established and the scope for mutual support can be determined (see section 12.1).
 - Group D includes 14 councils which could be partners in a merger with one or more of the councils in Groups B and C.
- Group E comprises 13 councils that could be involved in mergers to consolidate major regional centres, as already discussed in section 11.7.
 - Group F includes 14 councils with projected 2031 populations between 5,000 and 10,000. In some cases (generally where projected populations exceed 8,000) these councils may well be able to continue as 'stand-alone' entities for several decades to come. However, most need to consider whether a merger could improve their sustainability and build strategic capacity. They should all be kept under review to ensure that they remain sustainable and are able both to provide an adequate range of local services, and to work effectively as a full member of a Joint Organisation (although all will benefit from resource sharing and exchange of technical expertise within the JO).
- A formal review of the progress made by each of these councils, including whether a desirable merger has been completed, should be scheduled for no later than 2021.
- Group G is the remaining 28 larger councils, all of which appear likely to be sustainable in their current form for several decades. In some cases, however, they could be considered as merger partners for councils in Group F, and may need to be reviewed in that context some years from now.
- Councils in Groups B-F would be progressively referred to the Boundaries Commission for review under the new process proposed in section 10.3. The suggested sequence and timeline for these referrals is as follows:
1. **Group B** during 2014 (these are all cases where mergers would be relatively straightforward and/or the Panel cannot see a realistic alternative)
 2. **Group C** from late 2015 (following establishment of the new regional Joint Organisations, as discussed in section 11)
 3. **Group D** during 2014-16, depending on their links to councils in Groups B and C
 4. **Group E** in 2017
 5. **Group F** from 2018 to 2020
- Councils in Group A could be reviewed separately as part of the establishment of the proposed Western Region Authority (see section 16). However, if that proposal does not proceed, then they should be referred to the Boundaries Commission together with Groups B and D (except for Cobarr and Walgett which could be added to Group F).

15. Non-Metropolitan Regions

Recommendations for Non-Metropolitan Regions	
5.0	Explore options for non-metropolitan councils in Group A as part of establishing the Western Region Authority proposed in section 16 (15.1)
5.1	Refer councils in Groups B-F to the Boundaries Commission in accordance with Table 11 and the proposed timeline (15.1)
5.2	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)

15.2 Sustainability reviews

Across all groups there are 38 councils that were allocated a Weak or Very Weak FSR by TCorp, and/or rated as Weak, Very Weak or Distressed in DLG's audit of asset management. These councils are shown in italics in Table 11.

The Panel commissioned case studies of two councils that appeared to be facing particularly serious challenges. In both cases it appeared that a combination of substantial rate increases, increased borrowings, significant additional grant support and some reductions in levels of service could progressively achieve long-term sustainability, but difficult decisions would be required.

Many of the 38 councils will face similar scenarios. Within the next 2 years they should all be the subject of updated sustainability assessments based on revised long term financial and asset management plans. Detailed responses will vary from council to council, but all require revised medium-long term financial strategies, rigorous fiscal discipline, and likely painful adjustments to revenue and expenditure. Some will also need considerable external support, at least in the short term whilst new strategies take effect. Action plans will have to be agreed with the State government, having regard to rate-pegging and other policy and legislative requirements.

In some cases amalgamations may form part of medium-longer term solutions. However, amalgamations alone will not solve the councils' financial problems, and those need to be addressed first. Establishment of the proposed Joint Organisations will help to achieve economies of scale and scope in planning, service delivery, major infrastructure projects and sharing of expertise.

In the case of the eight Far West councils updated sustainability assessments and necessary changes to plans and policies could be undertaken as part of establishing the new regional authority proposed in the next section.

Table 11: Options for Non-Metropolitan Councils

Note: †As projected by DP&I without boundary changes or mergers. ‡As defined in the NIEIR cluster-factor analysis (see references). *Grants as percentage of total revenue in 2011-12: High if >40%, Very High if >50%. †Based on availability and proximity of a suitable partner. Councils shown in *italics* urgently require a revised long-term asset and financial management plan plus an updated sustainability assessment (see section 15.2).

Council	Popn. 2011	Popn. 2031	†Corp FSR (Apr 13)	†Corp Outlook (Apr 13)	DLG Inf. Audit (May 13)	†Base Base	*Grant Depend-ency	†Merger Potential	Options (preferred options shown in bold where applicable)
Group A: Western Region Councils (see section 16)									
<i>Bilbieville</i>	2,301	3,700	Weak	Negative	Weak	Low	Very High	Low	Joint administration or merger with Weinstead
<i>Bourke</i>	3,095	2,300	Weak	Negative	Weak	Low	High	Medium	Rural Council; joint administration or merger with Brewarrina
<i>Brewarrina</i>	1,895	1,700	Weak	Negative	Weak	Low	Very High	Medium	Joint administration or merger with Bourke
<i>Broken Hill</i>	19,150	15,100	Very Weak	Neutral	Weak	Low	High	Low	Council in Far West region
<i>Central Darling</i>	3,108	3,800	Very Weak	Negative	Weak	Low	Very High	Low	Unincorporated with Community Boards
<i>Colour</i>	4,931	4,800	Weak	Negative	Very Weak	Low	High	Low	Council in Far West region (review by 2020)
<i>Wolfeff</i>	6,860	5,900	Moderate	Negative	Moderate	Low	Very High	Medium	Council in Far West region (review by 2025)
<i>Westonville</i>	6,787	7,000	Weak	Negative	Weak	Low	High	Low	Council; joint administration or merger with Belconnin
Group B: Projected 2031 population below 4,000; 'High' merger potential (2014 referrals to Boundaries Commission)									
<i>Bumbala</i>	2,458	3,000	Moderate	Neutral	Moderate	Low	High	High	Merge with Cool-M and Snowy R or Rural Council in South East ID
<i>Boortowa</i>	2,469	2,700	Moderate	Negative	Strong	Low	Very High	High	Merge with Harden and Young or Rural Council in Tablelands ID
<i>Conanga</i>	1,585	1,800	Sound	Neutral	Strong	Low	Very High	High	Merge with Deniliquin and Murray or Rural Council in Mid-Murray ID
<i>Goodoona</i>	3,753	3,400	Moderate	Negative	Distressed	Low	Very High	High	Merge with Tennant or Rural Council in Riverina CC
<i>Harden</i>	3,690	3,600	Moderate	Negative	Strong	Low	Very High	High	Merge with Boortowa and Young or Rural Council in Tablelands ID
<i>Jerridene</i>	1,534	3,200	Moderate	Negative	Weak	Low	Very High	High	Merge with Berrigan or Rural Council in Mid-Murray ID
<i>Murrumbidgee</i>	2,438	3,000	Moderate	Neutral	Not met	Low	High	High	Merge with Griffith or Rural Council in Murrumbidgee ID
<i>Uran</i>	1,180	900	Weak	Neutral	Very weak	Low	Very High	High	Merge with Cotswold or Rural Council in Upper Murray ID
<i>Walcha</i>	3,132	2,800	Weak	Negative	Distressed	Low	High	High	Merge with Uralla or Rural Council in New England ID
Group C: Projected 2031 population below 5,000; 'Low' or 'Medium' merger potential (2015-16 referrals to Boundaries Commission)									
<i>Bugal</i>	3,020	3,600	Moderate	Neutral	Moderate	Low	Very High	Medium	Rural Council in Orera ID or merge with Walcha
<i>Carrothers</i>	2,668	2,100	Weak	Neutral	Weak	Low	Very High	Medium	Rural Council in Murrumbidgee ID or merge with Griffith
<i>Coolumbi</i>	4,013	4,200	Sound	Negative	Very weak	Low	Very High	Medium	Rural Council in Riverina ID or merge with Band and/or Temora
<i>Coonambie</i>	4,274	3,100	Sound	Negative	Moderate	Low	High	Medium	Rural Council in Orera ID or merge with Gilgandra
<i>Gilgandra</i>	4,334	4,100	Weak	Neutral	Weak	Low	High	Medium	Rural Council in Orera ID or merge with Coonambie
<i>Hoy</i>	3,097	2,100	Moderate	Negative	Moderate	Low	Very High	Low	Rural Council in Murrumbidgee ID
<i>Leedhart</i>	3,082	2,500	Sound	Neutral	Moderate	Low	Very High	Medium	Rural Council in Riverina ID or merge with Wagga Wagga
<i>Tumbarumba</i>	3,440	3,200	Strong	Negative	Very Strong	Low	Very High	Medium	Rural Council in Riverina ID or merge with Tumbarumba

15. Non-Metropolitan Regions

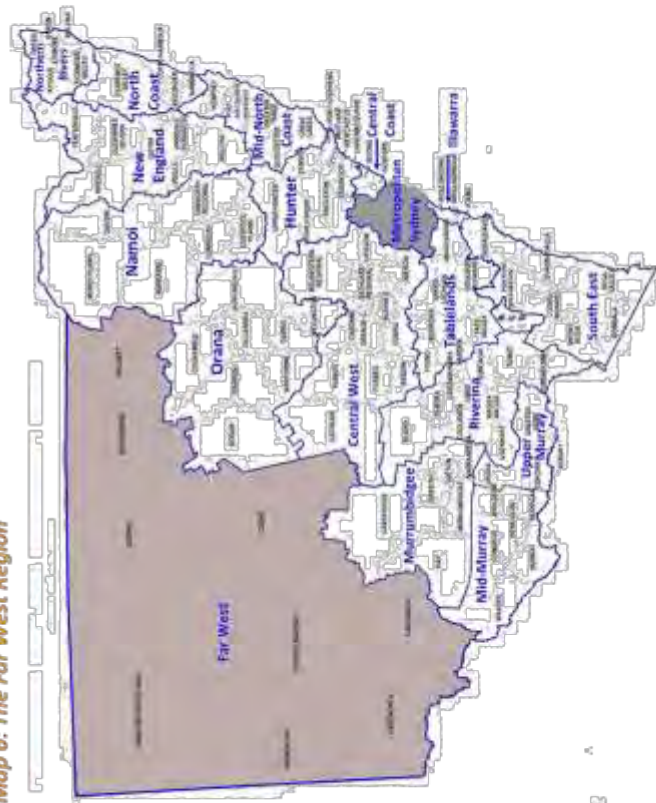
Woolool	4,080	3,400	Weak	Negative	Moderate	Low	Very High	Medium	Rural Council in Mid-Murray ID or merge with Murray/Conargo/Burquin
Warren	2,817	3,100	Moderate	Neutral	Distressed	Low	High	Medium	Rural Council in Orana ID or merge with Bogang
Wendee	3,754	3,500	Moderate	Negative	Weak	Low	Very High	Medium	Rural Council in Cobar West ID or merge with Forbes or Cindra
Group D: Potential merge partners for Groups B and C councils (2014-16 referrals to Boundaries Commission)									
Burrumbidgee	8,242	9,300	Moderate	Neutral	Strong	Low	High	High	Council in Mid-Murray ID or merge with Jerilderie
Bland	6,018	5,500	Weak	Neutral	Strong	Low	Very High	Medium	Council in Riverina ID or merge with Coolamon and/or Tarcutta
Coonambidgee	10,880	10,600	Weak	Neutral	Weak	Low	Very High	High	Council in South East ID or merge with Bumbidgee and Snowy River
Conswa	11,302	13,400	Moderate	Negative	Strong	Low	High	High	Council in Upper Murray ID or merge with Urana
Coota	12,526	11,700	Sound	Negative	Very Weak	Low	High	Medium	Council in Central West ID or merge with Weddin
Deniliquin	7,317	5,700	Moderate	Negative	Weak	Low	High	High	Council in Mid-Murray ID or merge with Conargo/Murray and Wakool
Griffith	26,292	20,200	Sound	Negative	Moderate	Low	High	High	Council in Murrumbidgee ID or merge with Murrumbidgee
Murray	7,159	10,500	Moderate	Neutral	Moderate	Low	High	High	Council in Mid-Murray ID or merge with Drayton/Conargo and Wakool
Snowy River	7,752	9,200	Moderate	Negative	Weak	Low	High	High	Council in South East ID or merge with Bombala/Cobargo-Albion
Temora	5,928	5,600	Sound	Neutral	Strong	Low	High	High	Council in Riverina ID or merge with Coolamon and/or Bland
Tullahoma	11,272	9,300	Moderate	Neutral	Weak	Low	Very High	High	Council in Riverina ID or merge with Gundagai and Tumbarumba
Urana	6,160	7,400	Weak	Neutral	Very Weak	Low	Very High	High	Council in New England ID or merge with Walcha
Wagga Wagga	61,509	73,000	Moderate	Negative	Moderate	Low	High	Medium	Council in Riverina ID or merge with Lockhart
Young	12,514	13,000	Sound	Negative	Weak	Low	High	High	Council in Tablelands ID or merge with Boonewy/Harden
Group E: Other potential mergers to consolidate major regional centres (2017 referrals to Boundaries Commission)									
Albury	49,467	57,300	Moderate	Neutral	Moderate	Low	High	High	Council in Upper Murray ID or merge with Greater Hume (part to all)
Armidale	75,770	31,500	Moderate	Neutral	Moderate	Low	High	High	Council in New England ID or merge with Guyra
Bathurst Regional	39,936	52,500	Moderate	Negative	Moderate	Low	High	Medium	Council in Central West ID or merge with Oberon
Bloynay	7,186	8,700	Moderate	Negative	Weak	Low	High	High	Council in Central West ID or merge with Orange
Cabarbie	13,188	10,600	Sound	Negative	Moderate	Low	High	High	Council in Central West ID or merge with Orange
Dubbo	40,491	45,400	Moderate	Neutral	Moderate	Low	Very High	Medium	Council in Orana ID or merge with Wallington and/or Murrumbidgee
Greater Hume	10,659	11,700	Moderate	Negative	Weak	Low	High	High (part)	Council in Upper Murray ID or merge part or all with Albury
Guyra	4,543	5,000	Moderate	Negative	Very Weak	Low	High	High	Council in New England ID or merge with Armidale
Murrumbidgee	6,929	6,800	Moderate	Neutral	Moderate	Low	Very High	Medium	Council in Orana ID or merge with Quebo
Orange	39,480	45,800	Sound	Negative	Moderate	Low	High	High	Council in Central West ID or merge with Cabonne and/or Blyney
Palerang	14,835	23,300	Moderate	Negative	Distressed	Low	High	High	Council in South East ID or merge with Queanbeyan
Queanbeyan	19,826	33,800	Weak	Neutral	Weak	Low	High	High	Council in South East ID or merge with Palerang
Wodonga	18,037	26,600	Weak	Neutral	Weak	Low	High	Medium	Council in Orana ID or merge with Dubbo
Group F: Current and/or projected 2031 population 5-10,000 (Review status by 2020)									
Coonambidgee	7,500	7,100	Moderate	Neutral	Moderate	Low	High	Medium	Council in Riverina ID or merge with Junee
Forbes	4,471	9,200	Moderate	Neutral	Moderate	Low	High	Medium	Council in Central West ID, merge with Weddin
Blair James-Stuart	8,865	8,900	Moderate	Neutral	Weak	Low	High	Medium	Council in New England ID
Obanastion	4,974	5,200	Very Weak	Neutral	Moderate	Low	Very High	Medium	Council in Mid-North Coast ID or merge with Great Lakes and/or Greater Taree
Gwydd	5,071	5,100	Very Weak	Neutral	Distressed	Low	High	Medium	Council in Namoi ID or merge with Moree Plains

Area	6,091	5,800	Moderate	Neutral	Weak	Low	High	Medium	Council in Riverina ID or merge with Copmansville
Mudgee	9,517	9,500	Weak	Negative	Moderate		High	Medium	Council in Northern Rivers ID or merge with Blainville or Richmond Valley
Lachlan	6,758	5,400	Moderate	Negative	Weak	Low	Very High	Medium	Council in Central West ID or merge with Parkes
Orange/Foxes	7,769	6,300	Weak	Negative	Moderate		High	Medium	Council in Namoi ID or merge with Gunnedah
Murrumbidgee	6,123	5,300	Sound	Negative	Strong	Low	Very High	Medium	Council in Murrumbidgee ID or merge with Leeton
Orange	5,207	5,400	Sound	Negative	Moderate		Very High	Medium	Council in Central West ID or merge with Renwick
Tenterfield	7,024	6,500	Weak	Negative	Weak	Low	Very High	Low	Council in New England ID
Upper Lachlan	7,378	7,900	Sound	Neutral	Strong		High	Medium	Council in Tablelands ID or merge with Gasberrin-Mulwarrig
Warrumbungle	9,927	9,500	Weak	Negative	Moderate		High	Low	Council in Drama ID
Group 6: larger rural and regional councils (excluding Hunter, Central coast and Illawarra)									
Balinga	40,154	45,400	Moderate	Neutral	Weak			Medium	Council in Northern Rivers ID
Bega Valley	31,999	37,100	Sound	Neutral	Strong			Low	Council in South East ID
Bellingen	12,886	11,500	Moderate	Negative	Weak		High	Medium	Council in North Coast ID
Bryon	30,825	34,900	Weak	Negative	Weak			Medium	Council in Northern Rivers ID
Clarence Valley	51,252	53,900	Weak	Negative	Weak			Low	Council in North Coast ID
Coffs Harbour	70,933	80,500	Weak	Negative	Weak			Medium	Council in North Coast ID
Eurobodalla	36,993	43,400	Moderate	Neutral	Weak			Low	Council in South East ID
Goldburn-Murrumbidgee	28,285	31,800	Moderate	Negative	Very Weak			Medium	Council in Tablelands ID
Great Lakes	35,601	41,600	Moderate	Neutral	Moderate			Medium	Council in Mid-North Coast ID or merge with Gloucester
Greater TAFE	47,355	50,600	Very Weak	Negative	Very Weak			Medium	Council in Mid-North Coast ID or merge with Gloucester
Gunnedah	13,515	13,400	Sound	Negative	Very Strong			Medium	Council in Namoi ID
Harvel	16,614	19,600	Moderate	Neutral	Moderate			Low	Council in Namoi ID
Narrabri	29,188	28,500	Weak	Negative	Weak			Medium	Council in Mid-North Coast ID
Junee	11,406	11,200	Moderate	Negative	Moderate			Medium	Council in Murrumbidgee ID or merge with Narrandera
Linderope	44,282	45,300	Moderate	Negative	Weak			Medium	Council in Northern Rivers ID or merge with Kyogle
Litgow	20,790	20,700	Sound	Negative	Moderate			Medium	Council in Central West ID
Mid-Western Reg.	23,000	26,100	Sound	Negative	Weak			Medium	Council in Central West ID
Murrumbidgee	14,189	11,100	Moderate	Neutral	Moderate			Medium	Council in Namoi ID or merge with Gwydir
Narrabri	19,286	21,500	Weak	Negative	Moderate			Medium	Council in North Coast ID
Narrabri	13,475	12,400	Moderate	Negative	Very Weak			Medium	Council in Namoi ID
Parkes	15,047	15,600	Moderate	Negative	Weak			Medium	Council in Central West ID or merge with Lachlan
Port Macquarie	74,940	89,400	Weak	Negative	Moderate			Medium	Council in Mid-North Coast ID
Richmond Valley	23,697	24,200	Weak	Negative	Very Weak			Medium	Council in Northern Rivers ID or merge with Kyogle
Shoalhaven	95,041	106,400	Sound	Negative	Moderate			Low	Council in South East ID
Tamworth Regional	58,151	68,800	Moderate	Neutral	Moderate			Medium	Council in Namoi ID
Tweed	88,463	104,300	Moderate	Neutral	Strong			Low	Council in Northern Rivers ID
Wingcarribee	46,012	51,000	Moderate	Neutral	Moderate			Medium	Council in Tablelands ID
Yass Valley	15,116	23,200	Moderate	Negative	Moderate			Low	Council in Tablelands ID

16. The Far West

The Panel was asked to give particular consideration to governance and service delivery in remote western NSW, including issues affecting Aboriginal communities and the roles of all three spheres of government. After initial consultations, the Panel defined a Far West region comprising the local government areas of Balranald, Bourke, Brewarrina, Broken Hill, Central Darling, Cobar, Walgett and Wentworth, plus the Unincorporated Area adjacent to Queensland and South Australia (Map 6). In April, the Panel released a paper *Strengthening NSW Remote Communities – the Options* which identified and analysed key issues and detailed possible models for future governance. This became the basis for further consultations with councils, Aboriginal communities and other key stakeholders.

Map 6: The Far West Region



The Panel has not been able to secure complete agreement on a new governance and service delivery framework, but believes the options set out below offer the best way forward and would have widespread support. The Far West faces serious and growing problems and there is an urgent need for systemic and sustainable change in the way the region is administered.

This section provides an overview of the Panel's consideration of the issues facing the Far West, and the conclusions it has reached. Further detail can be found in the paper *Strengthening Far West Communities: A pathway for change*, which comprises Volume 3 of the Supporting Information for this report.

16.1 Core issues

The Far West of NSW as defined here covers 40% of the State's landmass but includes less than 1% of the population. Its communities are confronted by many common issues that present complex local challenges. The Panel's consultations have revealed a deep sense of disconnect and discontent associated with social and economic change. There is a lack of trust and an absence of meaningful collaboration between community groups, including tensions within and between Aboriginal and non-Aboriginal communities. Effective leadership is lacking at all levels of government. This combination of communities under stress and a fragmented governance system that has largely failed to come to terms with the underlying issues, now requires bold decisions to put in place new arrangements.

Population numbers are forecast to decline throughout the region, except in Wentworth, which attracts growth from the Mildura area across the Murray River. People are leaving for a number of reasons, including lack of educational, social and employment opportunities; gaps in service provision; and the challenges of living in a harsh environment. The possibility of even higher levels of disadvantage and falling social capital is something that communities find hard to accept, but that governments must seriously consider.

Aboriginal people comprise up to 60% of the population of far western NSW communities, and their numbers are increasing. The future of western NSW is thus closely intertwined with that of Aboriginal communities, which are becoming younger. Aboriginal people will need to take on leadership roles.

However, the problems of far western NSW should certainly not be cast as an Aboriginal issue:

Aboriginal peoples face particular difficulties that need to be addressed, but so do all of the region's communities. The region's natural environment is harsh, fragile and under increasing stress. Service delivery by federal, State and non-government agencies is fragmented and often duplicated. Accountability to local communities is typically weak or non-existent. Many important decisions are made in far distant centres, and there has been little coordination of policies and programs across the region. Except for Walgett, all eight local councils have a FSR of Weak or 'Very Weak' – and Walgett's is Moderate with a Negative outlook. Their capacity to meet community needs is severely limited, and their future is in several cases uncertain. Most face major infrastructure backlogs.

16.2 Responses to 'Future Directions'

In its *Future Directions* paper the Panel proposed a number of measures to strengthen governance in accordance with the criteria set out in Box 38. The measures included:

- Establishment of a new Regional Authority to undertake strategic planning and coordination of governance and service delivery
- Membership of the Authority to comprise representatives of local government, Aboriginal communities, the Unincorporated Area and State and federal agencies
- Retaining the existing pattern of local government but transitioning some councils to 'Local Boards'.

Box 38: Criteria for a New Governance Model in Far Western NSW

- Provide a governance and service delivery structure that is capable, credible and trusted; adaptable to change; and sustainable in the longer term.
- Preserve local democracy and the individuality of local communities.
- Strengthen Aboriginal participation and leadership in governance by understanding the unique complexities and dynamics of Aboriginal representation, decision making and leadership.
- Work for and in partnership with all communities, recognising the value of sense of place and purpose, and capitalising on community capacities.
- Give communities the best possible access to the services they need.
- Formalise partnerships between spheres of government to create a 'whole of government' regional vision, with integrated funding and service delivery models focussed on localised priorities.
- Sustain local economies and build employment opportunities.
- Continue to preserve a fragile environment.
- Build social capital through community participation and trusting social relationships.
- Engender a strong belief that ultimately communities themselves must be substantially responsible for their own destinies.
- Demonstrate integrity and application of best practice principles in the overall community interest.

16. The Far West

Responses to the *Future Directions* proposals were diverse:

- There was an emphasis on the enormous scale and diversity of the region, and a view that a series of sub-regional solutions would be more appropriate
- Some councils gave qualified support to the Regional Authority concept
- Others opposed any structural change and argued that a combination of resource-sharing, increased grant funding, and ending cost-shifting and rate-pegging was necessary to enable them to meet their responsibilities
- Some councils were keen to deliver more State and federal services under delegation, subject to agreed financial arrangements
- Bourke, Brewarrina and Walgett councils advised that they are establishing a 'Barwon Darling Coordination Group' to strengthen cooperation and resource sharing
- Wentworth Shire emphasised the importance of promoting cross-Murray linkages and adjusting

planning and land management policies in order to facilitate associated development opportunities

- Pastoralists wanted to retain the Unincorporated Area
- Aboriginal community representatives highlighted the need for closer engagement with 'mainstream' governance.

The Panel has given careful consideration to these views, and conducted a further round of consultations with all key stakeholders. It appreciates concerns that the region is too large and too diverse for a single authority and governance framework, and has revised its proposals to incorporate stronger sub-regional arrangements. However, it remains of the view that the Far West is united by important common themes:

- Remoteness, and a need for a stronger voice in government
- The need to come to grips with economic, social, and environmental problems that have similar origins and manifestations

- The importance of closer engagement with Aboriginal communities and the issues they face
- The system of Western Lands administration and the adoption of essentially the same regional boundary for Local Land Services
- Growing acceptance of this regional definition by other State agencies.

Above all, the Panel sees an opportunity to promote a fresh, positive approach to the future of the Far West. The Panel has been impressed by the Initiatives being taken by a number of councils and communities to get on the front foot in supporting economic and social advancement. These efforts need to be supported and facilitated by a much improved governance framework, and increased external assistance is much more likely to be forthcoming if the region speaks with a single voice.

16.3 A regional authority

The Panel therefore concludes that the establishment of an umbrella Far West Regional Authority should proceed as quickly as possible. Its proposed functions are detailed in Box 39:

- Box 39: Proposed Functions of Far West Authority**
1. Guide vision and strategy – ensure that governments, communities and organisations have a common understanding of needs and desired outcomes
 2. Plan for the region as a whole – prepare and facilitate implementation of an inter-governmental Regional Strategic Plan, incorporating regional elements of the plans of councils, Aboriginal communities, and government and non-government agencies
 3. Promote aligned activities – ensure governments, communities and organisations share information and coordinate their activities towards common goals
 4. Foster continuous improvement – ensure that all parties regularly review and refine their programs against common key performance indicators, and promote creative problem solving initiatives
 5. Build community motivation and commitment – work with local government and Aboriginal communities to increase understanding of the issues facing the region and each other, and to empower communities to take action
 6. Advance public policy – ensure all levels of governments are more aware and supportive of the policy agendas and priorities needed to tailor programs to local needs
 7. Mobilise funding and resources – secure public and private funding (including philanthropic) to drive and support local initiatives
 8. Administer Western Lands Leases – incorporate the role of the Western Lands Commissioner
 9. Incorporate Local Land Services – incorporate the Western Region board of Local Land Services to maximise linkages with related activities
 10. Manage other specific projects and programs – assume responsibility for proposed Community Boards (see below), for delivery of selected works and services, especially in Unincorporated Areas, and for region-wide shared services (eg ‘back office’ activities of councils and government agencies)

Figure 9: Proposed Structure of Far West Regional Authority



It is envisaged that the Authority would:

- Be established under its own NSW legislation
- Be led by an Executive Chair, appointed by and directly accountable to a senior NSW government minister
- Be governed by a board comprised of mayors, Aboriginal leaders, representatives of Community Boards and Unincorporated Areas, State and federal government appointees, and other skills-based members as required
- Employ its own staff as required, principally for administration, strategic planning and program coordination, but work through existing organisations wherever possible
- Receive federal Financial Assistance Grants
- Otherwise, be supported, resourced and funded by the State government, including through the Western Lands Lease arrangements.

16. The Far West

Property owners and lessees in Unincorporated Areas could directly elect one or more representatives to the board, as occurs with Regional Districts in British Columbia. They should pay an equivalent of local government rates to help fund the Regional Authority. This could be a special component of annual fees for Western Lands leases.

16.4 Options for local government

Various options for the future of the region's eight local government bodies, plus the current Village Committees for Silverton and Tibooburra in the Unincorporated Area, are canvassed in the background paper *Strengthening Western NSW Communities: A pathway for change*. Essentially, the Panel's view is that significant change is necessary in current local government arrangements. The Panel is concerned that the TCorp assessments have raised serious doubts about the medium-long term future of most councils, and that very considerable increases in grant funding would be required to retain all the councils in their current form. On current indications it is unlikely such funding can be provided, and questionable whether current arrangements represent the best use of taxpayer support. Nor can the Panel see limited resource sharing and feasible increases in rates amounting to a realistic solution.

Central Darling Shire presents particular difficulties. The evidence presented to the Panel suggests that the council has reached the point where without a major increase in ongoing financial support it is unsustainable as a stand-alone local government entity. It appears that the council's financial situation has further deteriorated since the completion of the TCorp assessment in early 2013 (Very Weak with a Negative outlook), with major concerns about liquidity.

On the basis of all the available information, and having regard to the importance of maintaining local identity and democracy to the maximum possible extent, the Panel's preferred approach is set out in Box 40. These proposals assume:

- The establishment of a Regional Authority
- Redistribution of FAGs and other grants to provide additional financial support
- Collection of an equivalent of local government rates across all unincorporated areas
- Amendment of the Local Government Act as necessary to facilitate a shared administration for two or more councils.

Box 40: Preferred Future Local Government Arrangements for the Far West

- Retain Waggett, Cobar and Broken Hill councils in their current form, but within the framework of the Regional Authority and subject to further review of their prospects for medium-long term sustainability, plus preparation of revised asset and financial plans as required
- Establish full shared administrations for Bourke-Brewarrina and Wentworth-Balranald, but with elected councils, office facilities and operational staff retained in each location
- Continue the development of the Bayview Darling Coordination Group
- Unincorporate Central Darling Shire and establish Community Boards (as proposed in section 3.2.2), for Wilcamia, White Cliffs, Menindee, Sunset Strip and Ivanhoe – all under the administration of the Regional Authority
- Replace the Village Committees for Silverton and Tibooburra with Community Boards under the administration of the Regional Authority.

An alternative for Menindee, Sunset Strip and Silverton would be to extend the boundaries of Broken Hill City to incorporate them. It would also be possible for the Regional Authority to contract Broken Hill City and Cobar Shire to manage all seven Community Boards on its behalf, subject to suitable financial arrangements.

Another variation would be for Balranald, Bourke and Brewarrina to become 'Rural Councils' within the Regional Authority, along the lines proposed in section 12.1. All three have Weak-Negative FSRs and their populations are forecast to decline. However, this would involve a further expansion of the Regional Authority's role into some aspects of local government administration.

If a Regional Authority is not established, and hence there is no supportive regional umbrella, then more radical restructuring of local government would need to be considered. This could include:

- Amalgamations of Bourke-Brewarrina and Wentworth-Bairanald, with establishment of Community Boards for the major towns
- Continuation of the Barwon Darling Coordination Group to maximise resource sharing between Bourke-Brewarrina and Walgett
- A possible longer-term merger of Cobarr and Bogan Shire (with the Bogan area transferring from the Orana region to the Far West)
- Un-incorporation of Central Darling Shire
- Creation of a 'Broken Hill Regional Council' to provide local services to the five major settlements in Central Darling, plus Silverton and Tibooburra, as well as selected State and federal services under contract
- Other services to Unincorporated Areas to be provided by the relevant State and federal agencies
- Establishment of a Joint Organisation for the five new local governments to provide 'high level' support services along similar lines to other JOs.

Substantial additional grant funding would be needed to support these alternative arrangements. The Panel also notes that, without a supportive inter-government agency, restructuring of local government cannot be expected to solve the region's underlying problems.

16.5 Next Steps

To advance the options for a Regional Authority and re-organisation of local government set out above, the Panel proposes establishment of a project team as part of the DPC Regional Coordination Program. Key tasks would be to:

- Firm-up the governance and funding model for the Regional Authority, including possible transfer of functions from other agencies, and prepare draft legislation
- In conjunction with Far West councils and DLG, further explore the options and develop business cases and implementation plans for the new local government arrangements, including un-incorporation of Central Darling Shire and establishment of Community Boards
- Liaise with the Office of Aboriginal Affairs to ensure proposed initiatives are consistent with *OCHRE: The NSW Government Aboriginal Affairs Strategy* to strengthen the capacity of western NSW Aboriginal communities to participate in a new governance system.

It would also be appropriate to form a reference group comprising representatives of organisations likely to become board members of the Regional Authority if and when established.

Working Together

As the Panel emphasised in Future Directions, the issues confronting the Far West of NSW can only be addressed by a genuine commitment on all sides to 'working together'. First and foremost, this boils down to finding ways to build the trust and mutual respect that is lacking at present. Governance arrangements alone cannot do this, but a 'fresh start' in regional governance could make a real difference.

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)
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)



Part D
Implementation

ORD09

Attachment 1

17. State-Local Government Relations

More productive relations between the State and local government are essential to create the right platform for reform – and to realise the benefits. Whilst the quality of the relationship has improved over the past two years there is a legacy of distrust that still colours dealings between the two sectors. Neither side is convinced that the other is a consistently reliable partner. Further steps need to be taken to address this state of affairs and establish a mature relationship based on shared information, collaborative planning, negotiation and trust. The recently signed *Intergovernmental Agreement to Guide NSW State-Local Government Relations on Strategic Partnerships* offers a way forward.

17.1 Building a lasting partnership

The goal of the *Destination 2036* process – the genesis of this Independent Review – is for State and local governments to work together on a package of reforms that will achieve the vision of ‘strong communities through partnerships’.

Partnerships require give-and-take. The changes proposed in this report undoubtedly contain some elements that sections of local government will oppose strongly – amalgamations are an obvious example. Similarly, the State government may feel uncomfortable about streamlining rate-pegging. However, the Panel hopes that all those concerned on both sides will see that the greater good,

especially the goal of strong communities, will best be achieved by a balanced package. This can be pursued under the aegis of the new State-Local Government agreement.

The Agreement flags moves to advance State-local cooperation in ways similar to those that have proved successful in other jurisdictions. The Panel notes in particular Clause 1.4:

It is intended that this Agreement will serve as a framework under which more specific areas of cooperation and further mechanisms for such cooperation can be agreed.

This has obvious application to pursuing the outcomes of this Review.

Underlying several of the Panel’s proposals is the idea that State and local governments need to be seen as complementary elements of a broader NSW public sector. In the past there has been a sense that the two are competing, rather than looking for ways to pool information, resources and skills in order to achieve agreed local, regional and state-wide objectives. The new Agreement offers an opportunity to build on recent moves towards a more collaborative approach, such as DPC’s increasing involvement of local councils in its regional coordination activities. Further steps should include:

- Establishing State-local relations as a key function of the Premier’s cluster of departments – led by the Division of Local Government and including other key areas of DPC, DP&I and the Office of Environment and Heritage, which together could foster a new culture of cooperation with local government across all State agencies
 - Including representatives of the proposed Joint Organisations on DPC’s Regional Leadership Groups, as discussed in section 11.
 - Negotiating more detailed MOUs under the Agreement to foster joint initiatives (eg Regional Roads and Transport Groups) and collaborative strategic planning
 - Strengthening recognition of democratic local government in the NSW Constitution
 - Building a stronger local government association that can present a united view and negotiate more effectively on behalf of the sector
- The State-Local Government Agreement includes provisions for regular meetings between LGNSW, the Premier and the Minister for Local Government, as well as for the Chief Executive of DLG to convene meetings of State agencies to consider local government-related issues. This offers an excellent foundation on which to build.

17. State-Local Government Relations

17.2 Collaborative strategic planning

There is evident support amongst State agencies for a closer working relationship with local government – but this depends on two factors:

- The willingness and capacity of councils to work more closely with each other and with the State on a regional basis
- Local government becoming a 'real' partner that contributes substantial resources and expertise to joint programs and projects.

The Panel's proposal for new Joint Organisations is intended to create the right platform for effective State-local collaboration. An obvious starting point is to establish strategic planning partnerships with key State agencies. There are as number of opportunities for this:

- Inclusion of a regional component in councils' Community Strategic Plans, as proposed in section 11.8, in part to provide 'feedstock' for the strategic plans of State agencies, as well as key inputs to the State Plan
- Formulation of the next generation of regional strategies to deliver the State Plan – local council or Joint Organisation projects could be included alongside State initiatives to enhance integration and investment, as well as to maximise opportunities to achieve service delivery efficiencies

17.3 Constitutional recognition

Irrespective of what may ultimately happen in terms of recognising local government in the Australian Constitution, the Panel sees considerable value in amending the State Constitution to afford greater recognition and protection to democratic local government. This is relevant to the Panel's consideration of governance issues. Moreover, a suitable amendment to the State Constitution would represent a significant sign of good faith in terms of improving State-local relations.

The current wording of section 51 of the NSW

Constitution is as follows:

(1) There shall continue to be a system of local government for the State under which duly elected or duly appointed (emphasis added) local government bodies are constituted with responsibilities for acting for the better government of those parts of the State that are from time to time subject to that system of local government....

The effect of the words 'or duly appointed' in section 51(1) could be to allow elected local government to be completely dismantled. The NSW provisions contrast with those in Queensland and Victoria (see Box 41).

- In the future, high performing JOs could be a vehicle for regionalised State government services, on a negotiated funding basis
- Preparation by DP&I of Regional Growth Plans and sub-regional Delivery Plans, especially in the metropolitan area and coastal regions facing intense growth pressures and infrastructure needs – local government can contribute both planning expertise and resources for implementation
- Establishment of 'Regional Roads Groups' along the lines of those in Queensland, as discussed in section 7.4
- Local Land Services – working through Joint Organisations local government can partner the new regional agencies for natural resource management.

For its part, local government could reasonably expect State agencies to become 'real' partners in the IPR process, contributing information, ideas and resources to the preparation and implementation of councils' Community Strategic Plans and Delivery Programs. This will involve action to change attitudes towards local government at all levels of State government – and a better understanding within local government of how to work effectively with State agencies.

Box 41: Local Government in Queensland and Victorian Constitutions**Queensland**

71 (1) A local government is an elected body that is charged with the good rule and local government of a part of Queensland allocated to the body

Victoria

74A (1) Local government is a distinct and essential tier of government consisting of democratically elected Councils having the functions and powers that the Parliament considers are necessary to ensure the peace, order and good government of each municipal district

Drawing further on the wording used in Queensland and Victoria, the Panel proposes that further consideration be given to amended provisions along the following lines:

1. *There shall continue to be a system of local government for the State under which democratically elected local government bodies are constituted with responsibilities that the Parliament considers are necessary to ensure the good governance of the areas allocated to those bodies.*
2. *Parliament may make laws for or with respect to-*
 - a) *the areas to be allocated to local government bodies; and*
 - b) *suspension or dismissal of an elected local government body; and*
 - c) *the administration of a local government body during a period in which it is suspended or after it has been dismissed; and*
 - d) *the re-instatement or re-election of a local government body.*
3. *A Bill for an Act ending the system of local government may be presented for assent only if a proposal that the system of local government should end has been approved by referendum.*
4. *Notwithstanding any other provision to the contrary, the Lord Howe Island Board, and an administrator with all or any of the functions of a local government body, shall be deemed to be local government bodies.*

Such provisions would emphasise the importance of democratic local government without reducing Parliament's current powers to make laws, except that, as in Queensland, a referendum would have to be passed before the whole system of local government could be wound up.

17.4 Role of Local Government NSW

The recent establishment of a single association for NSW councils – Local Government NSW – opens the door for a fresh start in the way local government presents itself to communities, State and federal governments, and other key stakeholders. However, as indicated in *Case for Sustainable Change*, the new association faces the challenge of leading a change of attitude and culture in a sector that has tended to dwell on its misfortunes (real or perceived) and to focus more on its disparate interests than the 'big picture'.

Clause 4.2 of the new State-Local Government agreement has this to say:

Local Government NSW is responsible for providing leadership and guidance to the local government sector across a wide variety of functions...as well as working with the local government sector in accordance with the agreed Principles, and driving the shared vision for local government in partnership with the NSW State Government.

This undertaking by the association carries very significant implications for the way it relates to its member councils and conducts its affairs. Those implications become even more apparent in the context of the Agreement's first principle: *State and Local Government will work together as drivers of change and improvement to achieve strong communities through partnership.*

Local Government NSW (LGNSW) thus needs to emerge as a stronger and more decisive sector leader that has the full backing of its member councils to pursue a fresh agenda of change and improvement. This approach has been followed successfully by sister organisations in other states, and adds weight to advocacy.

Promotion of good governance is particularly important. The Panel applauds action taken recently to strengthen professional development for councillors and provide

17. State-Local Government Relations

mentoring for mayors. These are vital steps in the right direction. However, as discussed in section 9, all too often local government's reputation is sullied by the actions of individual councillors or elected bodies that appear contrary to good governance and – rightly or wrongly – lead to calls for State intervention. The Panel believes that LGNSW should give a high priority to reputation management and take the lead in handling these situations. Over time this should make it possible for the State to reduce considerably its activities in oversighting and regulating the sector. This approach is already evident in some other states, including South Australia, Queensland and Victoria.

In order to play a more strategic role and to meet its obligations under the State-Local Agreement, LGNSW will also need to allocate a higher priority and additional resources to capacity building programs. There will be opportunities for the association to partner with DLG and other State agencies in areas such as developing performance measures, establishment of Regional Roads Groups and Water Alliances, and regulatory reform.

17.6 Role of the Division of Local Government

The Panel's proposals also have significant implications for the role of the Division of Local Government. Over the past two years the DLG has been restructured to allocate more resources to innovation and capacity building in councils, and re-positioned as an agency within the Department of Premier and Cabinet. It is thus well placed to engage key agencies in the local government reform and development process, and this has been recognised in the State-Local Government Agreement. Currently, however, the Division also carries a heavy workload in local government regulation and compliance, and those functions tend to dominate its image in the sector. They also impact DLG's capacity both for sector development and to promote a closer and more productive working relationship with local government.

If the Panel's proposals are to be pursued, demands on DLG's limited resources will increase considerably. Undoubtedly some additional resources will be required over the next several years to manage the reform process: this is discussed in section

18.2. However, further consideration should also be given to DLG's longer term focus, particularly in light of the ongoing agenda and new arrangements for consultation with local government outlined in the State-Local Agreement, as well as emerging arrangements for strategic planning and regional coordination. DLG needs to be positioned as the champion of these developments.

The Panel believes that a thorough, whole-of-government review of the way local government in NSW is regulated (as proposed in section 8.2) can identify opportunities to reduce the Division's regulatory and compliance-focused workload. There may be scope, for example, to revisit current approaches to the regulation of swimming pools and companion animals, which are labour-intensive. Such changes would both free-up resources for the reform process and sector development and enhance perceptions of DLG's role.

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)

18. Driving and Monitoring Reform

The Panel has advanced a wide-ranging agenda for reform, in line with its broad terms of reference. Clearly, implementation of the recommended changes will need to take place progressively over several years. Moreover, some of the Panel's options for structural reform are most unlikely to proceed under the current interpretation of 'no forced amalgamations': the Panel accepts that and has suggested alternative courses of action where feasible.

What is essential, however, is that a start be made and that the momentum for reform is maintained, building on favourable responses to a number of the Panel's key options as set out in *Future Directions*. The Panel is convinced that despite the rhetoric of opposition in some quarters, there is a widespread understanding across local government that significant changes are required, however uncomfortable. At the same time, the Panel again emphasises that reform in local government must be matched by a willingness on the part of the State and its agencies to reflect on their own attitudes and performance.

This section sets out some of the principal elements of implementation, and how the jigsaw of reform and improvement can be pieced together through a staged approach.

18.1 Establish a Ministerial Advisory Group

Whatever decisions are made regarding amalgamations, there is scope in the immediate future to commence implementation of a range of initiatives. To oversee the early stages of implementation, as well as monitor progress, the Panel proposes establishment of a temporary Ministerial Advisory Group (MAG) to work alongside the Division of Local Government (DLG), other key agencies and Local Government NSW (LGNNSW) during the next 3 years.

The MAG would comprise a chair appointed by the Minister, the Chief Executives of DLG and LGNSW, and two other members appointed by the Minister in consultation with the President of LG NSW. All administration would be handled through DLG. The Panel believes that establishing such a group, including independent members, would demonstrate a collaborative, even-handed approach. Preferably, none of the members would be serving or former councillors or politicians.

The MAG's focus should be on:

- Initiating effective implementation of the package of reforms adopted by Government, and

providing supplementary policy advice as required

- Promoting the establishment of the regional Joint Organisations and advising DLG and the Minister on proposals for proclamations
- Further developing proposals for 'Rural Councils' and Community Boards
- Reviewing the responses of Sydney region, Hunter and Central Coast councils to the Panel's proposals for boundary changes
- Convening periodic forums or roundtables with a broader group of key stakeholders, including professional institutes, local government unions, business and community organisations
- Monitoring progress and reporting to Government on necessary adjustments to the reform package and what further steps might be required.

Future of Destination 2036

The great majority of actions to be undertaken as part of the *Destination 2036* Action Plan are to be completed by late 2013, and the current *D2036* Implementation Steering Committee (ISC) has not met for some time. Unless the parties wish to launch a substantial new agenda under the *Destination 2036* umbrella, the Panel suggests that any outstanding matters could be handled by the MAG.

18. Driving and Monitoring Reform

18.2 Project support

Since its re-structure in 2011, DLG has made significant efforts to focus more resources on sector development. However, like all agencies it is under pressure to contain costs and, given competing priorities, its current staffing would not be sufficient to drive and support the wide-ranging reform program envisaged by the Panel.

The Panel therefore proposes that supplementary resources be provided in the form of:

- A Project Management Office (PMO), based in Sydney, that would lead and support key aspects of implementation, such as legislative change and establishment of JOs, and facilitate the efforts of State agencies involved in the reform program
- Contracted facilitators – engaged by the PMO – to work with regional groups of councils to establish JOs, and also assist with business case development and change management for any council mergers.

The PMO would report to the Chief Executive of DLG. Like the MAG, it would be established for a fixed period of about 3 years.

18.3 A priority package

The Panel's consultations have revealed wide-ranging support for a number of the options advanced in *Future Directions*. Whilst the level of support varied, the Panel has concluded that several of the recommendations put forward in this report could be assembled as a priority implementation package that would be broadly acceptable. Crucially, pressing ahead with such a package would maintain the momentum of the review process and encourage those in both State and local government circles who see the value in grasping this opportunity for change and improvement.

Proposed elements of the package are listed in Box 42.

Box 42: A Priority Implementation Package

1. Establish the new regional Joint Organisations (including Regional Roads Groups, Water Alliances and sub-regional planning groups in metro Sydney) negotiations in 2-3 'pilot' regions could be launched immediately.
2. Build a 3-way strategic planning process that brings together a new regional component of IPR, DP&I Regional Growth Plans, and Premiers Department Regional Action Plans.
3. Further upgrade asset and financial management requirements in IPR, including Delivery Programs (among other things, to provide a basis for proposed changes to rate-pegging).
4. Revise current guidelines to require improved internal audit processes.
5. Place local government audits under the aegis of the Auditor General.
6. Initiate improvements to the rating system (eg exemptions, equitable system for rating apartments), and steps to ensure a more equitable distribution of federal Financial Assistance Grants and State grants.
7. Establish a state-wide local government finance facility to cut the cost of borrowing.
8. Commission IPART to review the regulatory, compliance and reporting burdens imposed on councils.
9. Strengthen political leadership: re-write the roles of Mayors, Councillors and General Managers.
10. Introduce minimum 2-year terms for mayors elected by the councillors.
11. Amend the State Constitution to secure recognition of elected local government (cf Victoria, Queensland)
12. Re-constitute the Boundaries Commissions to progress evidence-based, impartial assessment of possible mergers and boundary changes.

18.4 Facilitating boundary change

The Panel's approach to the issue of structural reform was set out in detail in section 10. Detailed options for all councils were put forward in sections 13-16.

Three key points need to be re-iterated here.

First, the importance of strengthening the Boundaries Commission to play the role of an independent arbiter, charged with undertaking thorough, evidence-based assessments of proposals and ensuring full community consultation. This will require amendments to the Local Government Act (see below).

Second, the need for professional support to help councils consider, plan and implement potential mergers. As indicated above, resources and expertise to enable and support this approach should be provided through the PMO, which should have a group of contracted expert facilitators and change managers to undertake the work. Providing assistance in this way will enable ideas and experiences to be shared by councils across the State, and processes to be progressively improved.

Third, the need for measures to lower the barriers to voluntary mergers and provide incentives to those councils that indicate a willingness to go down that path (as set out in section 10.4). The Panel again advises, however, that voluntary mergers should be pursued within a strategic framework, and that care should be taken to avoid generating unrealistic expectations of the level of financial (as opposed to professional) support that might be available. As a general rule, careful business planning should ensure that the cost of mergers is covered by subsequent savings, particularly amongst larger urban councils.

18.5 Legislative implications

Throughout this report the Panel has flagged the need for amendments to the Local Government Act in order to facilitate implementation of its proposals. It provided advice to the Local Government Acts Task Force on those matters.

The Task Force was responsible for recommending the framework for a comprehensive re-write of the Act, which is likely to take a considerable time to complete. In the meantime, interim amendments would be needed to implement some of the Panel's key recommendations.

Box 43 summarises those matters that would need to be addressed through interim amendments in early 2014, including changes to regulations and guidelines.

Box 44 lists other necessary legislative changes.

Box 43: Proposed Interim Amendments to Local Government Act, Regulations and Guidelines

- Provisions for Joint Organisations, Rural Councils and Community Boards
- Reconstitution of the Boundaries Commission and amendments to the process for dealing with amalgamations and boundary changes (but defer application to Sydney metropolitan region – see section 11.4)
- Amendments to rate-pegging provisions (and associated changes to IPR Guidelines)
- Enabling oversight of local government audits by the Auditor General (may be handled instead through Public Finance and Audit Act)

18. Driving and Monitoring Reform

18.6 Indicative timeline for implementation

Implementation of the full package of changes recommended in this report would take several years. As indicated previously, maintaining momentum in the early months of 2014 will be critical. Table 12 presents an indicative timeline.

Table 12: Indicative Implementation Schedule

By February 2014	<ul style="list-style-type: none"> Government to determine its response to the Panel report, including proposed priority package and short-term legislative changes. Commence implementation of priority package (those matters not requiring legislative change)
By March 2014	<ul style="list-style-type: none"> Establish the MAG and PMIO Refer matters as appropriate to the MAG, PMIO, Boundaries Commission, Division of Local Government and other agencies Confirm new arrangements for State-local cooperation at the regional level, especially in strategic planning, State Plan implementation, and through Regional Roads Groups Finalise short-term changes to Local Government Act - regulations and guidelines Negotiations under way to establish all non-metro JOs
By June 2014	<ul style="list-style-type: none"> Commence implementation of other elements of priority package (except those requiring further legislation) Complete establishment of sub-regional groups in metropolitan Sydney for strategic planning Seek evidence-based responses from Sydney, Hunter and Central Coast councils to Panel's proposals for merger Establish the reconstituted Boundaries Commission Commence action to establish Far West Regional Authority and review status of constituent councils
By June 2014	<ul style="list-style-type: none"> Refer the Panel's options for non-metropolitan councils in Group B to the Boundaries Commission for consideration in accordance with the new procedures Boundaries Commission announces opportunity for eligible parties to submit other boundary change and/or amalgamation proposals. Finalise incentives package for voluntary mergers (2014-15 budget) Extend the LIRS program (2014-15 budget) Establish local government finance facility and associated advisory services through TCorp.

Box 44: Other Legislative Changes Required

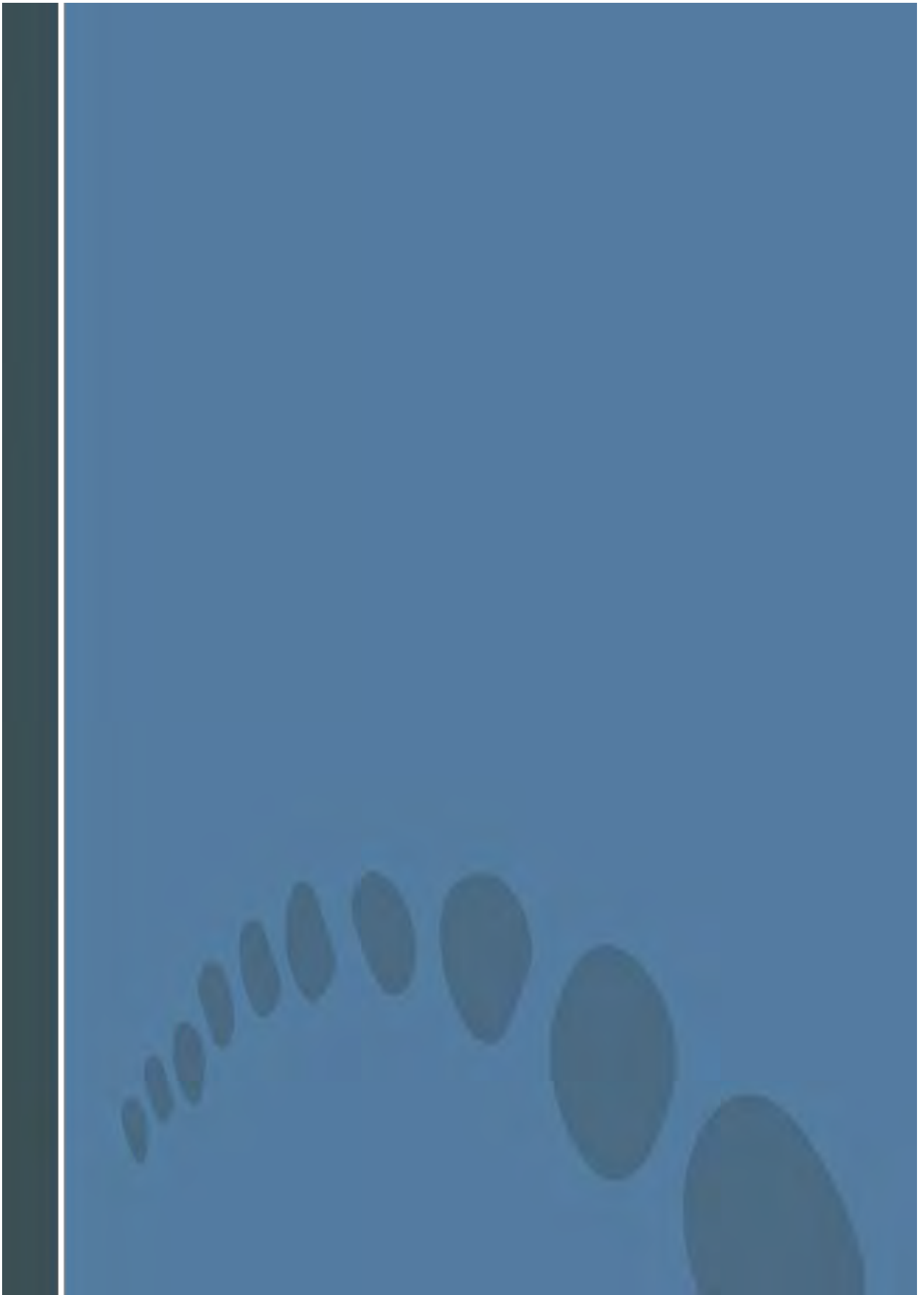
- Establishment of Far West Regional Authority (possibly separate Act)
- Establishment of a local government finance facility (preferably by simply amending TCorp legislation)
- Amendment to State Constitution to strengthen recognition of elected local government
- New or revised provisions in the Local Government Act covering:
 - Goal of sustainable councils
 - Concept of a system of local government
 - Appointment of Chief Financial Officers (or equivalent)
 - Roles of the Council (governing body), Mayors, Councillors and General Managers
- Direct election of Mayors.
- Preparation of Councillor Development plans and mandatory professional development requirements for Councillors and Mayors.
- Holding of an Annual General Meeting
- Revised IPR Guidelines for:
 - Delivery Programs and service reviews
 - Regional component of Community Strategic Plans
- New mandatory guidelines for internal audit and continuous improvement processes (including committees)

Table 12: Indicative Implementation Schedule (continued)

By end 2014	<ul style="list-style-type: none"> Complete initial establishment of non-metropolitan JOs Introduce a modified rate-pegging system, including amended IPR guidelines Amend State Constitution to strengthen recognition of elected local government Refer responses from Sydney, Hunter and Central Coast councils to the MAG for review
During 2015	<ul style="list-style-type: none"> Complete other required legislative changes (see Box 44) Establish Far West Regional Authority and introduce new arrangements for non-metropolitan Group A councils Commence new audit arrangements MAG to report to Government on progress, in particular the operation of Joint Organisations and possible structural reform in metropolitan Sydney, Hunter and Central Coast Government to determine further action in Sydney, Hunter and Central Coast regions, including referrals to Boundaries Commission Refer non-metropolitan councils in Group C to the Boundaries Commission
By mid 2016	<ul style="list-style-type: none"> Complete updated sustainability assessments (and revised asset and financial plans as required) for all councils with Weak/Very Weak TCorp FSRs and/or Weak/Very Weak/Distressed ratings in the DLG infrastructure audit MAG to report on overall progress of the reform agenda
During 2017	<ul style="list-style-type: none"> MAG wound-up unless further tasks emerge Refer non-metropolitan councils in Group E to Boundaries Commission Update other TCorp sustainability assessments and calculation of infrastructure backlog
By 2020	<ul style="list-style-type: none"> Boundaries Commission to complete review of non-metropolitan Group F councils (Table 11)

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 LGENSW 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)



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Attachment 1

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Note: Further research, evidence, submissions and supporting documentation considered by the Panel to inform this report is available for review on the Panel's website.

List of Contacts

The Panel would like to thank the following organisations and groups of stakeholders who were actively engaged in discussing options for the future of local government in NSW. We apologise to any we have omitted.

NSW Local Government

All 152 Local Councils
 All 14 County Councils
 Local Government NSW
 Local Government Managers Australia (NSW)
 Regional Organisations of Councils and other Council Alliances
 United Services Union
 Local Government Engineers Association
 Development and Environmental Professionals' Association
 Institute of Public Works Engineers Australia
 Local Government Auditors Association
 Institute of Internal Auditors
 Australian Services Union

Independent Pricing & Regulatory Tribunal
 State Library of NSW
 Valuer General's office
 Auditor General's office
 Cross-Border Commissioner
 Local Government Grants Commission
 Local Government Boundaries Commission
 Ombudsman's Office
 Western Lands Commissioner
 Food Authority
 Ministry of Health
 Land & Property Information
 Dept. of Family & Community Services
 Dept. of Finance & Services
 Office of Communities, Dept. of Education and Communities

Other Contributing Stakeholders

Local Government Acts Taskforce
 Australian Centre for Excellence in Local Government
 University of Technology Sydney, Centre for Local Government
 Murrumbidgee Regional Assembly
 NSW Aboriginal Land Councils
 Urban Taskforce
 NSW and Sydney Business Chambers
 Property Council (NSW)
 The Committee for Sydney
 Tourism Taskforce
 Economic Development Australia (NSW)

NSW Parliament

NSW Government Ministers
 Members of Parliament
 Opposition and Greens' spokespersons

State Government Agencies

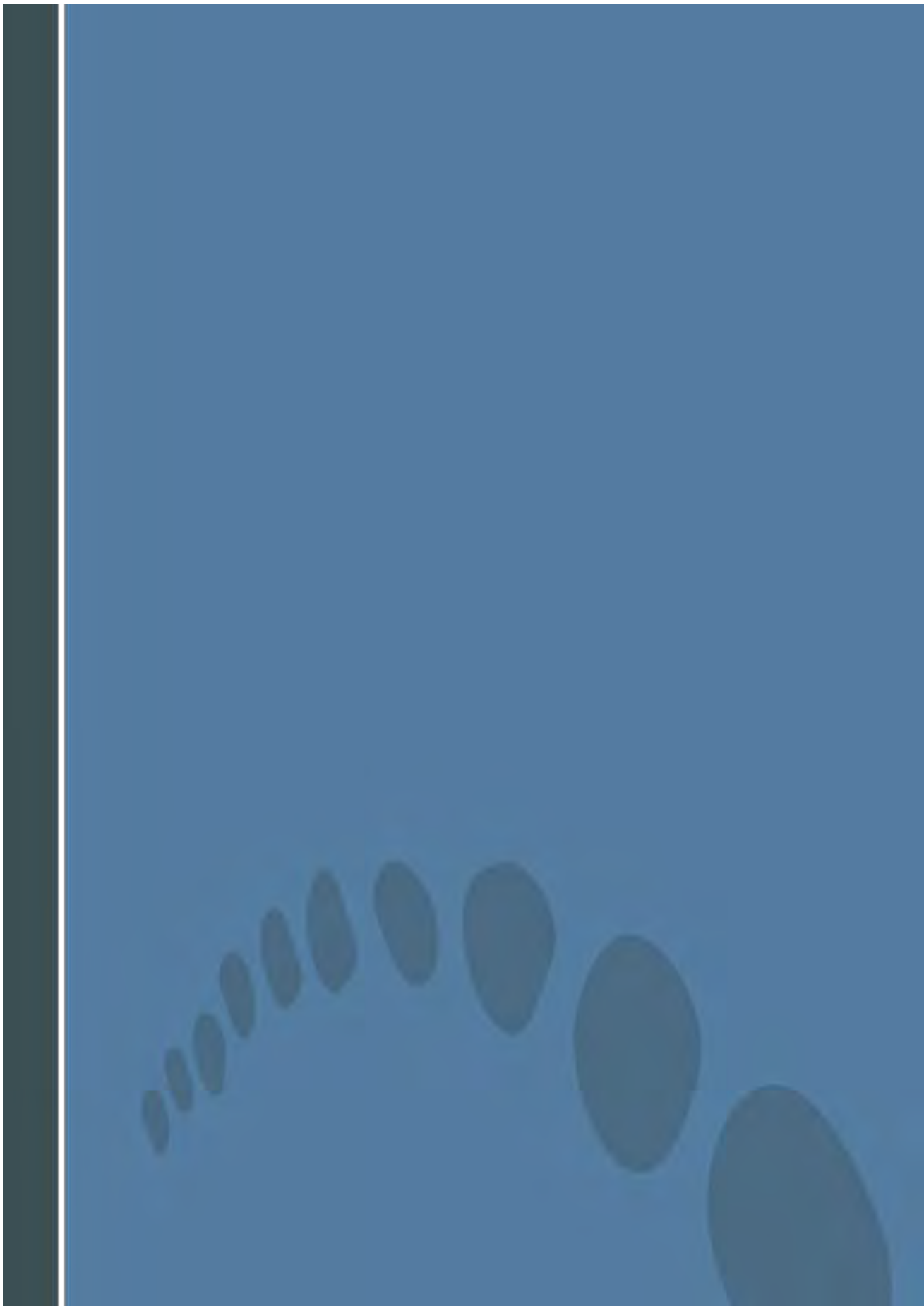
Division of Local Government, Dept. of Premier & Cabinet
 Dept. of Premier & Cabinet
 Dept. of Planning & Infrastructure
 Dept. of Primary Industries
 Roads & Maritime Services
 Office of Water
 Treasury
 Treasury Corporation
 Office of Aboriginal Affairs
 Office of Environment & Heritage

Other Governments and Local Government

Bodies
 Commonwealth Grants Commission
 Australian Capital Territory Government
 Queensland Department of Local Government
 Local Government Victoria
 Local Government Association of south Australia
 Local Government Association of Queensland
 Municipal Association of Victoria
 Western Australia Department of Local Government
 Victorian Auditor General's Office
 Tasmanian Dept. of Premier & Cabinet
 Regional Development Australia – Sydney

People and Communities across NSW

The thousands of people and community groups that have attended the Panel's state-wide consultations, sent letters and emails, made submissions and provided other input to the review.



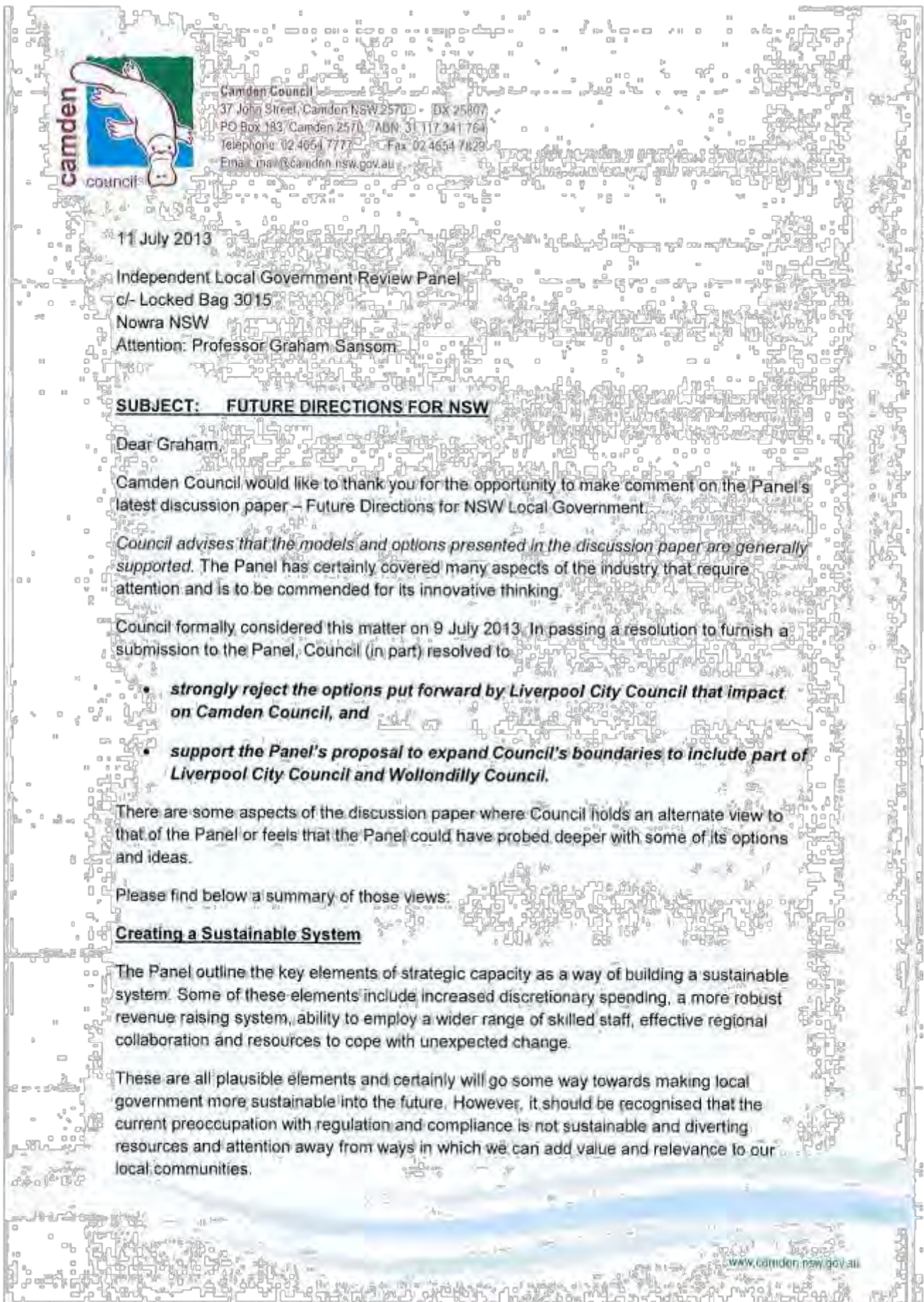
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Attachment 2

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Attachment 2



It is believed the current work the Local Government Acts Taskforce is doing will address the current complex and confusing legislation that exists today.

Confronting Financial Realities

The Panel make reference to the recent financial sustainability assessment carried out by NSW Treasury Corporation (TCorp). There is no question that the cost of asset renewal is affecting many councils across NSW. The Panel outline various legitimate reasons for the financial predicament these councils find themselves in.

It is, however, a concern that the Panel do not adequately acknowledge the profound affect rate pegging has had on the industry over the past 30 years. More importantly, it is disappointing the Panel has not recommended that IPART look to include an asset renewal factor into its annual rate increase determination (local government cost index).

Map 1 on page 13 highlights Councils at risk throughout NSW. This map highlights two very different realities in the state of NSW. The financial outlook of Councils in Central and Western NSW is considerably worse than councils located in South Eastern NSW and Metropolitan Sydney. This should highlight the point that a "one size fits all" approach is not an appropriate solution.

Tackling the Infrastructure Backlog

The Panel outline the issues well and discuss some funding solutions to the problem. The introduction of the Local Infrastructure Renewal Scheme is seen as a fantastic opportunity to make serious inroads into the current backlog dilemma. It would appear that the local government sector has spent the past two decades preoccupied with becoming debt free rather than using loan borrowings to address the situation and capitalise on the benefits of intergenerational equity.

A long term commitment by the State Government to the continuation of this Scheme offers a significant incentive for Councils to reduce existing asset backlogs over the medium to long term.

Advance Improvement and Accountability

The Panel should be commended for stating that "more needs to be done to bring about a change of culture from compliance to improvement". The Panel outline plausible ways in which this might be achieved. Unfortunately, what is not mentioned is how the current White Paper and the Local Government Acts Taskforce might actually assist in this process.

Concern was raised over 12 months ago when legislative reforms were first mooted that they need to feed directly into the body of work the Panel is doing. There is no evidence to suggest exactly how those legislative reforms will actually result in less compliance for local government. It is hoped the Panel's final report will tie together the legislative reforms and clearly enunciate how those reforms will assist the current compliance requirements councils endure.



Improve Political Leadership

The Panel is convinced that mandatory, ongoing professional development is required for Councillors. There is no doubt Councillors learn best 'on the job' but it would be useful for this to be complemented by more formal training. It is felt that induction training for Councillors is adequate however ongoing training throughout the 4 year term is not necessarily targeted at areas requiring the most attention.

It is suggested that the Division of Local Government and Local Government NSW combine resources to formulate an annual training calendar that is standardised to the extent it addresses the primary roles and responsibilities of a Councillor but flexible enough to respond to emerging issues and/or specific local circumstances.

Popularly Elected Mayors

The Panel considers Mayors should generally be popularly elected. It is stated that "annual elections create unnecessary instability and risk that Councillors will simply 'take turns' rather than taking the role seriously". The Panel's conclusion is that Mayors of Councils with a population of greater than 20,000 should all be popularly elected.

Whilst the views of the Panel are respected, the political, reputational, corporate and financial risks associated with popularly elected Mayors needs to also be considered, particularly given the fact it is a long term, four year appointment. It is recommended the current arrangement be maintained, giving each Council the choice between a popularly elected Mayor and a Mayor that is elected by the Councillors.

Build Strong Regions

Whilst the Panel's ideas of building stronger regions supported by County Councils is worthy of further investigation, the proposed Sydney and Outer Metropolitan area is considered too large and excessively populated when compared to other proposed County Councils throughout NSW. Almost 30% of all Councils in NSW (and the population contained within those Councils) would be represented by this one County Council.

The Panel is encouraged to review the size and scale of the proposed Sydney and Outer Metropolitan County Council.

Additionally, it is recommended that the Panel clearly outline the benefits that will accrue from the formation of County Councils as opposed to the existing Regional Organisation of Councils (ROC's) which have served the sector well for decades.

Reshape Metropolitan Governance

This is arguably the most contentious section of the Panel's discussion paper. Included in the section is Map 4 - Sydney Metropolitan Options (page 47 of the Panel's Discussion Paper).



ORD09

Attachment 2



The map identifies the possible transfer of land from Liverpool City Council (western portion) to Camden Council. In many respects this proposed boundary adjustment makes sense as it confines the vast majority of South Western Sydney growth to one Local Government Area - Camden Council. Council has demonstrated it has extensive experience and success as a facilitator and manager of new precinct releases within the South West Sydney Growth Corridor.

The benefits that accrue from this proposal include consistent planning, development and environmental outcomes, greater opportunity for long term financial and social sustainability, and increased prospects of attracting public and private investment to the area to satisfy the regional needs of our community.

It should also be noted that the proposed State Government boundary realignment appears to be consistent with the Panel's proposed boundary adjustments. Given the common boundaries, this has the potential to not only assist in the effective and efficient management of greenfield lands but also strengthen the current partnership between State and Local Government to facilitate greater opportunities for the benefit of the Camden community.

The Panel has also identified the possible transfer of land from Wollondilly Council (Bridgewater Estate and its immediate surrounds) to Camden Council. Again, at face value, the proposed boundary adjustment makes sense given its connection with the Camden community and its proximity to the Camden CBD.

It is noted that Liverpool City Council has already submitted to the Panel a range of alternate boundary adjustment options. ***Council strongly rejects the options put forward by Liverpool City Council (particularly those that affect Camden Council) and supports the proposal recommended by the Panel.***

It should also be noted that Council has formally resolved to undertake a more detailed analysis of the Panel's proposed boundary adjustment proposition with a view to formalising a policy position on the matter prior to Panel's final report, due in September 2013. This information will be made available to the Panel in the coming weeks.

Progress the State-Local Agreement

The Panel's observation that State and Local Government have been competing for resources and recognition and not pooling those funds and skills in order to achieve agreed local, regional and state-wide objectives is well founded.

The recent signing of the new State-Local Government Agreement is an important step in improving relationships that have continued to develop over the past 2 years.

There are great opportunities for both State and Local Government to partner in services delivered to the public. As outlined in previous submissions, it would be useful to commission an audit of services provided to the community by both levels of government and identify areas where gaps and duplication exist as well as opportunities for shared (or partnered) service delivery.

Drive and Monitor Ongoing Reform (Implementation)



The Panel outlines some very effective models for implementing change over a period of time and how that best be managed (for example, the establishment of a Local Government Development Board).

A lot of emphasis has been placed on amalgamations and boundary adjustments in this discussion paper. Regrettably, this has tended to dominate (and to some extent, dilute) some of the exceptional models and options that the Panel has outlined in its paper.

It is hoped that some prioritisation is applied to each of the models and options over a realistic timeframe and that a resourcing solution to support the range of initiatives is established up front. It would be unfortunate if amalgamation/boundary adjustments dominated the agenda for the next 2-3 years and very little else was achieved.

As mentioned earlier, Council believes the Panel has delivered an innovative range of options and models that will go a considerable way to building a better, stronger NSW Local Government.

Council supports the vast majority of the options and models put forward by the Panel. In particular, Council supports the Panel's proposal to expand Camden's boundaries to include part of Liverpool City Council and Wollondilly Council.

Council eagerly awaits the final report due in September 2013, including the proposed recommendations to the Minister for Local Government.

If you have any questions related to this submission please feel free to contact Mr Steve Kludass on 4645 5122 at your earliest convenience.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Ron Moore', written over a light blue background that looks like a scan of a document or envelope.

Ron Moore
GENERAL MANAGER

www.camden.nsw.gov.au

ORD09

Attachment 2

ORD09

Attachment 3

12 March 2013

Independent Local Government Review Panel
c/- Locked Bag 3015
Nowra NSW

Attention: Prof Graham Sansom

Subject: The Case for Sustainable Change

Dear Graham,

Camden Council would like to thank you for the opportunity to make comment on the Panel's latest discussion paper – The Case for Sustainable Change.

Council is aware that 'The Case for Sustainable Change' is a work in progress and further studies and consultations are required to formulate firm proposals. To that extent, Council has focused its comments around the 6 'signposts' identified in the discussion paper.

Please find below comments in relation to the 'signposts':

Signpost 1 – the local government system and challenges faced

The Panel state that each community in NSW needs a local government with the necessary strategic capacity to deal with future challenges.

There is no question this is a significant challenge for local government. In growth councils like Camden, this challenge is all the more significant.

The introduction of integrated planning and reporting has brought about a renewed focus on long term planning strategic planning (including capacity planning). Despite the best endeavours of the local government sector to succeed in this area, the cooperation and partnership with other tiers of government is absolutely essential if the issue of strategic capacity is to be truly addressed. To this end, the local government sector has long been calling for a 'whole of government' approach to this issue.

The issue of local government strategic capacity should also be considered in the context of whether the State Government's high level of supervision and legislative requirements imposed on local government actually diminish the otherwise empowering role councils could have in planning and providing the most appropriate range of services its local community needs.

Signpost 2 – fiscal responsibility and financial management

The Panel will be exploring the feasibility of changes to the distribution of financial assistance grants as well as reviewing elements of the current rate pegging system, recognising the importance of funding essential infrastructure.

This review is long overdue. Camden Council has often lobbied for a fairer share of financial assistance grants, stating that the current distribution methodology has little regard for the unique circumstances that growth councils such as Camden are experiencing.

Council has also advocated an end to the current rate pegging system. Any improvement to the existing archaic rating system (most of the legislation was originally written in 1919) is seen as a step in the right direction. Council applauds the prospect of using some of these improvements to address ageing infrastructure.

The Panel would be well served to converse with the Local Government Act Taskforce to revisit all rating aspects of the current legislation. The extent of this review should not be confined to the issue of rate-pegging but extend to aspects such as properties exempt from paying rates and a broader based land valuation rating scheme.

Signpost 3 – services and infrastructure

The Panel will be exploring opportunities for an enhanced 'whole of government' approach to service delivery and acknowledge that local infrastructure needs and backlogs warrant the highest priority. The Panel also recognise that areas of rapid growth will require particular attention.

The Panel is to be commended for exploring these issues as they are fundamental to the long term sustainability of the local government sector. Camden Council has long advocated that a 'whole of government' approach is necessary. This approach must begin with a holistic review of services provided by the 3 tiers of government, with a 'gaps and overlaps' analysis undertaken and a staged action plan drafted to remedy the current inconsistencies between the 3 tiers of government.

It is pleasing to read that rapid growth areas are highlighted and it is hoped the Panel will visit those areas (including Camden) to witness first hand the unique difficulties of providing services and infrastructure in an effective and efficient manner where multiple public authorities, developers and other private corporations are involved.

One of the obvious gaps in infrastructure is the provision of district level facilities. These facilities can no longer be levied under Section 94, however demand for these facilities still exist. Who should provide these facilities and how they are to be funded is a critical issue that needs to be addressed.

Signpost 4 – structures and boundaries

The Panel will formulate proposals for amalgamations, new regional entities and shared services as appropriate. The Panel state there is a case to consider significant consolidation of local government across the Sydney Metropolitan area, and in other major urban areas and some regional centres.

There is no doubt this is one of the most contentious aspects of the Panel's work. Interestingly, one of the original terms of reference given to the Panel from the State Government was that there would be no forced amalgamations.

Recent media releases issued by the Panel suggest amalgamation of some councils will be a key recommendation to the State Government.

With Camden's expected growth, the population of the Macarthur region over the next 30 years is expected to reach in excess of 550,000 people. Given this anticipated population (twice the population of Blacktown City Council – the most populous LGA in NSW), it is inconceivable to think Camden Council would be earmarked for amalgamation.

The notion of Councils sharing services is plausible. A great deal of investigation should be carried out in this area. It is suggested that a Taskforce be established with representatives from councils, the Local Government Association of NSW, the Division of Local Government and Regional Organisation of Councils. The aim of this Taskforce could be to identify common (or standard) services that could be provided using common systems / platforms and put in place infrastructure / support to make this happen.

Signpost 5 – governance

The Panel sees a compelling case for a shift from compliance to innovation and improvement, underpinned by better data collection and expanded benchmarking and performance reporting, linked to the Integrated Planning and Reporting Framework and supported by internal and external audit.

It is refreshing to read the Panel's 'compact for change'. For too long, local government has had a compliance focus rather than outcomes based innovative focus. The new Integrated Planning and Reporting Framework is one of the most important progressive steps local government has taken over the past decade.

The real benefits of this new framework are not likely to be realised in the short term (aside from a renewed focus on long term planning) however, as councils refine their frameworks and become more adept at benchmarking and performance reporting long lasting tangible benefits will accrue and help inform better decision making.

Whilst it is still early days, there is already evidence that 'partners' in local community strategic plans are not buying in to the concept as theoretically intended by the State Government. These partners include state agencies who are vital to the success (or otherwise) of the outcomes enshrined in local community strategic plans.

There needs to be a review undertaken of the effectiveness of the new legislation with a view to bringing all 'partners' to the community strategic plan to the table to discuss ways and means to which information and priorities can be shared to enable common objectives to be met.

Signpost 6 – a compact for change and improvement

The Panel sees a role for the Division of Local Government (DLG) and Local Government NSW to drive change.

It is unreasonable to expect local government to change without the necessary support and assistance to do so. The DLG needs to take a more active leadership and facilitation role in the sector generally and focus less on prescriptive compliance matters.

The DLG are to be commended for drafting Destination 2036. The success (or otherwise) of this document will rest largely on the resources allocated towards implementing its strategies and actions and the manner in which the DLG facilitate the rollout of those strategies and actions.

Local Government NBSW's willingness to help drive change will largely depend upon the ultimate recommendations made by the Panel and whether they believe the recommendations are in the best interests of its members.

In summary, Camden Council looks forward to the Panel progressing its work on this matter. Similarly, Council looks forward to the phase of the program – 'Models and Options: Future Directions Paper' and welcomes the opportunity to provide input at any stage.

If there are any questions in relation to this submission, please feel free to contact me on 4645 5123 at your earliest convenience.

Yours Sincerely

STEVE KLUDASS
Director- Governance

ORD09**Attachment 3**

28 August 2012

Mr Graham Sansom
Independent Local Government Review Panel
c/- Locaked Bag 3015
Nowra, NSW 2541

Strengthening Your Community – Camden Council Submission

Dear Graham,

Thank you for the opportunity to provide comment on the Panel's consultation paper titled "Strengthening Your Community".

Council resolved on 28 August 2012 to prepare a submission on the consultation paper and looks forward to participating throughout the four stages of the review over the next 12 months.

Please find below a response to the 3 questions posed in your consultation paper.

Question One: What are the best aspects of NSW Local Government in its current form?

Some of the best aspects of NSW Local Government in its current form include:

- *Ability to build partnerships and work collaboratively with various stakeholders*

Local Government has a proven track record of building lasting and effective partnerships with a variety of stakeholders including:

- our most valued stakeholder, the community
- other tiers of government (and their respective agencies)
- the business community
- the development industry
- peak representative bodies such as the Local Government & Shires Association and the Local Government Managers of Australia, and
- neighbouring councils through Regional Organisations of Councils (ROC's).

Local Government recognises the importance these stakeholders have in shaping and defining local communities and understand the valuable contribution they make towards the sector's outcomes and achievements.

Local government is prepared to work with the State Government to realise a new and inclusive approach to planning, an approach that puts residents at the heart of the decision making process. Similarly, local government is prepared to stand up to the State Government and the development industry (for example) to ensure the interests of local communities are put first.

- *It is the sphere of government closest to and most engaged with the people in the community.*

Local Government has unparalleled access to the people in our community. This access enables our:

- community to raise issues directly with those who make decisions in a relaxed and informal, yet effective and efficient manner
- council to respond to community concerns at a very grassroots level by providing the range of services they need and representing / advocating the concerns they have or views they hold
- community to express its vision for the place it wants to live in
- council to incorporate community views and deliver services they see as priorities
- both council and the community to come together to celebrate civic and cultural events that help build social capital

Local government is uniquely placed to advocate for and drive the sort of change communities want.

Question Two: What challenges will your community have to meet over the next 25 years?

Some of the challenges Camden Council and its community will have to meet over the next 25 years include:

- *Accommodating and adapting to the impacts of phenomenal growth*

The Camden LGA is undergoing unprecedented growth and will continue to do so for the next 25 years. The timely delivery of infrastructure (both hard and soft) and the creation of a diverse range of employment options throughout this growth period will be key determining factors in assessing whether Camden makes the successful transition from a relatively small community of 58,000 people to one of the largest communities in NSW and home to an estimated 275,000 people.

Council's ability to sustain strong relations and a solid partnership with the community, state government and the business / development industry will be critical over the next 25 years. These stakeholders will have the most influence in shaping Camden's future so it is vital our relationship with them remains strong.

- *Remaining relevant and sustainable*

Throughout this growth phase, it will be critical for Council to anticipate, embrace and adapt to changes as they unfold over the next 25 years. This will be particularly important if council is to remain relevant and responsive in the eyes of the community.

Securing long term sustainability (financial, social and environmental) will require not only effective long term strategic planning but will also mean we need to identify ways in which we can become more innovative and productive – do more with less.

- *Getting the balance right (rural vs urban, best of both worlds)*

One of the key challenges over the next 25 years will be getting the balance right between growth and the opportunities it presents, and retaining the traditional qualities of the Camden Local Government Area (LGA) that current residents have come to love and expect. Appropriate strategic planning will be required to ensure

urbanisation does not dominate the current rural character to the extent that much of Camden's attraction is forever lost.

- *Securing good infrastructure outcomes ahead of development*

The size and scale of Camden's growth will need to be appropriately matched with the delivery of critical infrastructure - both 'hard' and 'soft' infrastructure. This requires significant commitment and funding by the State Government and its agencies (a whole of government approach), as well as the business and development industry generally.

This infrastructure is vital to the future of Camden, with far-reaching impacts on people, the local and regional economy, and the environment.

The delivery of transport infrastructure, both new and upgraded, in a timely fashion will be another great challenge through the urban growth of the Camden area. The outcomes and benefits of this infrastructure on the people, economy and environment of the area will be significant. Without this infrastructure the Camden area cannot sustain the urban growth envisaged in the State Government's various plans.

- *Securing more jobs and a greater range of employment opportunities within the Camden LGA or Macarthur Region*

More than half of the residential workforce within the Camden LGA commutes to work outside of the Macarthur Region. Concerted efforts, backed by fully funded plans, need to be made to strategically plan for more jobs closer to home before local and regional economies emerge.

Under the State Government's Metropolitan Strategy, South West Sydney is planned to accommodate 23% of Sydney's total population growth over the next 25 years. Unfortunately, only 13% employment growth is forecast. This is not a good outcome for the people and economy of the South West. This imbalance needs to be addressed through appropriate strategic urban planning as lands continue to be rezoned, the development of effective economic development strategies and a willingness from the State Government to rectify the imbalance in future Metropolitan Strategy reviews.

- *Maintaining and enhancing our environment*

One of the greatest challenges Council faces over the next 25 years is managing our environment in a sustainable manner. We will need to manage the impacts of native vegetation and rural land loss, retain natural heritage, minimise the impacts of climate change and ensure sustainable access to and use of natural resources.

The environmental, social and economic impact of the loss of farming and agricultural land / industries (including the availability of local affordable fresh food) will need to be addressed in a very deliberate and strategic sense.

It will be vital that we take the opportunities that present themselves for environmental restoration through the strategic planning and development process.

- *Addressing the ever-increasing Infrastructure Asset Backlog*

The cost of replacing/repairing ageing infrastructure is a crippling dilemma for NSW Local Government. Whilst this issue has been thoroughly researched and documented, very little has been proposed in the way of solving the problem.

A lack of a national asset management framework and approach together with existing revenue raising constraints (eg rate pegging) severely thwart attempts to address the matter. The longer strategic intervention is delayed and innovative solutions developed, the more our local community's assets will continue to deteriorate to the point they become unserviceable.

Question Three: What 'top 5' changes should be made to local government to help meet your community's future challenges?

The following changes should be made to local government to help meet Camden's future challenges (in no particular order):

1. Long term financial certainty

NSW Local Government has suffered for too long under the current rate pegging regime. Rate pegging is creating intergenerational inequity as community infrastructure is deteriorating at a faster rate than the investment in its future replacement. This is not a reflection of poor resource allocation, simply a reality that councils generate insufficient revenue to fulfill all the service requirements of the community.

Whilst the appointment of IPART to determine rate increases is seen as a step in the right direction, unless IPART is prepared to factor in variables such as asset backlogs, the historical impacts of rate pegging will mean that any future rate increase will be applied to a fundamentally flawed and insufficient rate base.

Constitutional recognition of local government may pave the way for much needed direct funding from the Federal Government. As it stands, the State Government will continue to directly receive financial assistance from the Federal Government and dictate what, where, when, who and how funds are allocated to local government councils.

The introduction of 'capped' developer contributions in 2009 was financially disastrous for many councils in NSW, particularly those councils such as Camden, experiencing significant growth. At the time, Camden estimated the impact of this decision in the vicinity of \$1.3 billion. Long term financial certainty is near impossible when one considers the consequences of this decision. Interestingly, IPART itself has publicly questioned the rationale of 'capping' and whether it has achieved its primary purpose – more affordable housing.

2. Abolish cost shifting

Cost shifting has been in place for several decades. In 2009/10, the value of cost shifting was estimated at \$3.2m or 6.8% of council's total income. This has a debilitating effect on council's ability to provide essential services to the community.

Intergovernmental agreements were seen as a way of both State and Local Government agreeing on what services should be transferred to Local Government and the levels of funding that should accompany the service transfer. Unfortunately, these intergovernmental agreements did not progress beyond initial discussions and publications outlining how the process might work.

3. Continued legislative reform

Legislative reform is well overdue, particularly the Local Government Act, 1993 (the Act) and its associated Regulations. The Act has become far too complex and requires a total overhaul. There are elements of the Act that are too prescriptive, others that lack clarity and some that just don't reflect current conditions anymore.

The new Act would benefit from a much simpler and narrower set of provisions that reflect current local government. The prescriptive detail and other useful provisions could be outlined in a companion document titled 'Code of Legislative Practice' or something similar.

On a related matter, local government is suffering from chronic 'compliance' fatigue. The amount of compliance (reporting) is unprecedented. The whole compliance framework (including reporting requirements) should be reviewed in conjunction with the review of the Act.

4. Improved integrated planning and reporting

The introduction of integrated planning and reporting legislation is seen as a positive step for the local government sector. It has brought about a renewed focus on long term planning, reporting and community engagement.

Whilst it is still early days, there is already evidence that 'partners' in local community strategic plans are not buying in to the concept as theoretically intended by the State Government. These partners include state agencies who are vital to the success (or otherwise) of the outcomes enshrined in local community strategic plans.

There needs to be a review undertaken of the effectiveness of the new legislation with a view to bringing all 'partners' to the community strategic plan to the table to discuss ways and means to which information and priorities can be shared to enable common objectives to be met.

5. A clearer understanding of local government's future

NSW Local Government has been the centre of discussion on various fronts for decades. Issues such as amalgamations, boundary adjustments, local government roles and responsibilities, infrastructure asset backlogs and financial unsustainability have all been raised. These issues (and others) have sparked unnecessary speculation of local government's future from time to time.

It is encouraging to see the State Government appoint an Independent Review Panel to investigate ways in which the NSW Local Government sector can improve its strength and effectiveness.

It is hoped the Panel's findings and recommendations will pave the way for much needed certainty so local government can concentrate on the priorities that matter most to its community.

On a final note, Council wishes you well in your endeavours to improve the strength and effectiveness of Local Government in NSW.

If you have any questions relating to the information contained in this submission, please feel free to contact Mr Steven Kludass (Director – Governance) on 4645 5122.

Yours Sincerely

Greg Wright
GENERAL MANAGER



LOCAL GOVERNMENT ACTS TASKFORCE

Report to the Minister for Local Government
the Hon Don Page MP

A New Local Government Act for New South Wales and Review of the City of Sydney Act 1988

16 October 2013



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List of Abbreviations & Defined Terms

"Act"	means the <i>Local Government Act 1993</i>
"ASIC"	means the Australian Securities and Investments Commission
"Charter"	means the Council Charter as articulated in Section 8 of the Local Government Act
"Community Engagement Strategy Guidelines"	means the guidelines recommended by the Taskforce to be prepared by councils that will provide communities with opportunity to engage with the council. See recommendation 3.2.2
"Community Strategic Plan"	means the plan required by Section 402 of the Local Government Act that identifies the main priorities and aspiration for the future of the local government area covering a period of at least 10 years
"CoSA"	means the <i>City of Sydney Act 1988</i>
"Delivery Plan"	means the program required by section 404 of the Local Government Act detailing the principal activities to be undertaken by the council to implement the strategies established by the community strategic plan
"Discussion Paper"	means the Local Government Acts Taskforce paper "A New Local Government Act for NSW" released in April 2013
"EPAA"	means the <i>Environmental Planning and Assessment Act 1979</i>
"FA"	means the <i>Food Act 2003</i>
"Guiding Principles"	means the principles recommended by the Taskforce to be observed by local government in the exercise of its role and responsibilities. The Guiding Principles are listed in recommendation 3.1.2
"IAP2"	means the International Association of Public Participation which has developed a model of public participation
"Independent Panel"	means the Independent Local Government Review Panel
"IPART"	means the Independent Pricing and Regulatory Tribunal
"IPR"	means integrated planning and reporting
"JSCEM"	means the Joint Standing Committee on Electoral Matters of the NSW Parliament
"LA(JTC)A"	means the <i>Land Acquisition (Just Terms Compensation) Act 1991</i>
"LAP"	means Local Approvals Policy
"LEP"	means Local Environmental Plan
"LGPR Committee"	means the Local Government Project Review Committee constituted under section 400G of the Act
"LOP"	means Local Orders Policy
"PEEA"	means the <i>Parliamentary Electorates and Elections Act 1912</i>
"PHA"	means the <i>Public Health Act 2010</i>
"POEOA"	means the <i>Protection of the Environment Operations Act 1997</i>
"PPP"	means Public Private Partnerships
"RA"	means the <i>Roads Act 1993</i>
"Resourcing Strategy"	means the strategy required by Section 403 of the Local Government Act for provision of the resources required to implement the strategies established by the community strategic plan that the council is responsible for. It includes long-term financial planning, workforce management planning and asset management planning
"ROC"	means Regional Organisation of Councils
"SOA"	means the <i>Summary Offences Act 1988</i>
"Taskforce"	means the Local Government Acts Taskforce
"WMA"	means the <i>Water Management Act 2000</i>

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Chapter 1—Introduction

Foreword by the Chair of the Local Government Acts Taskforce

As Chair of the Local Government Acts Taskforce (the Taskforce) it is my pleasure to present to the Minister for Local Government, the Hon Don Page MP the Taskforce recommendations and findings for a new Local Government Act for NSW. These have been developed in collaboration with the other Taskforce Members Mr Stephen Blackadder, Mrs Gabrielle Kibble AO and Dr Ian Tiley.

In the formulation of these recommendations the Taskforce consulted widely, holding workshops, meeting with individual stakeholders and special interest groups, as well as inviting written submissions in response to the Taskforce's two papers: the *"Preliminary Ideas"* paper released in 2012 and the Discussion Paper *"A New Local Government Act for NSW"* released in 2013.

The Taskforce is very appreciative of the ideas and constructive suggestions that we received from a wide range of interested persons and stakeholders. The Taskforce was gratified by the wide support for the proposals we made in our Discussion Paper.

The Taskforce has considered the feedback and trusts that the final recommendations contained in this report reflect the needs of local government and the community, and will support a robust and sustainable local government sector for NSW into the future.

We have endeavoured to formulate recommendations for an enabling, principles-based Local Government Act (the Act) that simplifies the regulatory aspects of the legislation. It is important to note that there is considerable support for the Act and rather than a total rewrite it is more in need of refocus, re-emphasis and simplification.

In particular, it is evident that there is widespread support for the integrated planning and reporting (IPR) framework. Reflecting this, the key recommendation of the Taskforce is the restructure of the new Act around this framework

(see recommendation 3.2.1). The Taskforce emphasises that the recommendation for strengthening IPR does not imply expanding the detail or level of prescription.

By giving IPR more prominence in the Act and redrafting and/or incorporating other sections of the Act into the IPR framework the Taskforce believes that it is possible to develop a streamlined Act that eliminates unnecessary red tape and duplication. More importantly, the IPR framework will support more autonomy for councils which engage effectively with their communities to deliver outcomes that the community has identified as essential for its wellbeing and long-term sustainability.

It was also evident that there is the sincere desire of local government to work more collaboratively and strategically with the State Government and to ensure that local, regional and State strategic plans are more closely aligned. The Taskforce observed considerable support for the Inter-Governmental Agreement and has the view that it is important this Agreement is a permanent arrangement.

A number of other important reviews relevant to local government are being conducted concurrently, including the work of the Independent Local Government Review Panel and a review of the planning system in NSW. At the time of making this report none of these reviews have been finalised. This has impacted the work of the Taskforce as there are a number of sections of the Act the Taskforce has been unable to consider pending the outcome of the other reviews. These are noted in the report, together with a recommendation that they are reviewed in the future.

The Taskforce also reviewed the City of Sydney Act and has concluded that its current provisions are working well with the exception of the non-residential electoral arrangements for Sydney City Council.

The Taskforce also recommends that a review of any new Act is undertaken after 5 years of operation to ensure that its policy objectives remain valid and whether the terms of the Act remain appropriate for securing those objectives.

In undertaking subsequent reviews the Taskforce urges the State Government and local government to resist the temptation to amend any new Act to become more prescriptive, as has happened to the Act. The Taskforce asks local government to think carefully before requesting more regulation as a mechanism of resolving problems.

I would like to acknowledge and thank the officers of the Division of Local Government, particularly Mr Paul Chapman and Ms Tempe Lees, for the hard and diligent work and assistance they have provided to the Taskforce.

The Taskforce hopes our recommendations will result in an enduring Act that will meet the needs of local government into the future and I commend this report to the Minister for Local Government.

John Turner

Chair
Local Government Acts Taskforce

16 October 2013

1.1 Local Government Acts Taskforce - Terms of Reference

Table 1 - Terms of Reference for the *Local Government Act 1993* and the *City of Sydney Act 1988* Taskforce

The Local Government Acts Taskforce will consider the provisions of the *Local Government Act 1993* and the *City of Sydney Act 1988*, and their practical operation so as to:

- Ensure that the legislation and statutory framework meet the current and future needs of the community, local government, and the local government sector.
- Strengthen and streamline the legislation to enable local government to deliver services and infrastructure efficiently, effectively and in a timely manner.
- Ensure that the legislation is progressive, easily understood and provides a comprehensive framework, while avoiding unnecessary red tape.
- Recognise the diversity of local government in NSW.
- Provide greater clarity on the role and responsibility of local government.
- Adopt the decisions of the Government in relation to the recommendations of the Independent Local Government Review Panel.
- Make recommendations to the Minister for Local Government for legislative changes considered necessary and appropriate for a new Local Government Act.
- Identify and recommend to the Minister for Local Government, at any time during the review process, any legislative changes that need to be implemented prior to the completion of the review.

Other considerations:

In carrying out its work the Taskforce will:

- Engage and consult with the wider NSW community and with local government stakeholders (including the Local Government and Shires Associations of NSW, Local Government Managers Australia (NSW), local councils, village committees, county councils, regional organisations of councils, business, community, industrial and employee associations, relevant professional bodies, and government agencies) about the operation of the legislation.
- Identify key principles to underpin local government legislation in NSW. In developing these principles the Taskforce will consider legislation and its application in other jurisdictions both in Australia and overseas.
- Take account of the work, findings and government decisions, in relation to the NSW Planning System Review, the Destination 2036 Action Plan and the NSW State Plan "NSW 2021 – A Plan to make NSW number one".
- Conduct its work in a manner that recognises the terms of reference and approach being taken by the Independent Local Government Review Panel.

At the time of finalisation of the Taskforce report the Independent Local Government Review Panel (Independent Panel) had not submitted its final report to the Minister. The Taskforce report does not address those issues the Independent Panel is likely to include in its report as potentially requiring legislation. Furthermore the Taskforce acknowledges that, as listed in Table 3 below several other local government related reviews have not been completed.

1.2 Members of the Local Government Acts Taskforce

The members of the Local Government Acts Taskforce are:

Mr John Turner (Chair)
Mr Stephen Blackadder
Mrs Gabrielle Kibble AO
Dr Ian Tiley

Details of the Taskforce members can be found on the Taskforce website:

http://www.dlg.nsw.gov.au/dlg/dlghome/dlg_LGAT.asp?mi=10&ml=2&SecHd=MEMBERS&AreaIndex=TASKFORCE

1.3 Executive Summary

In 2012, the Minister for Local Government, the Hon Don Page MP appointed the Local Government Acts Taskforce to rewrite the *Local Government Act 1993* (the Act) and review the *City of Sydney Act 1988* (CoSA). Under the terms of reference the Taskforce was required to consult widely and have regard to the outcomes of other reviews of the local government sector (listed in Table 3), including the findings of the Independent Local Government Review Panel and the review of the planning system in NSW.

At the time of presenting this report neither of these reviews have been finalised. This has had the effect of limiting the scope of the Taskforce, as it has been unable to consider those sections of the Act that will be impacted by the outcomes of those reviews.

Purpose and Approach

The purpose of the review is to rewrite the Local Government Act and review the City of Sydney Act with the intention of developing principles-based, enabling legislation that is streamlined, easily understood, in a logical framework, eliminates unnecessary red tape and will provide a legislative and statutory framework to meet the current and future needs of the community and the local government sector.

In undertaking the review, the Taskforce consulted widely holding workshops at locations across NSW and meeting with individual stakeholders and special interest groups. The Taskforce released two discussion papers and invited written submissions commenting on the ideas and proposals contained in these papers.

The Taskforce has considered the responses received from all sources, as well as conducting its own research on comparative legislation in other jurisdictions. Using this information the Taskforce has formulated the recommendations detailed in this report.

A New Local Government Act for NSW

The Taskforce recommendations for a new Local Government Act for NSW are summarised in section 1.4. The Taskforce has endeavoured to remove unnecessary prescription from the Act by recommending principles-based legislation that is sufficiently flexible to support the diverse local government sector.

It is evident that many aspects of the Act still work well. However, its effectiveness has been eroded as a consequence of the manner in which the Act is currently structured which is as a result of incremental amendments over the past 20 years.

The IPR provisions of the Act, which commenced in 2009, provide the primary strategic planning mechanism for local government in NSW. It is evident to the Taskforce that these provisions are working extremely well and have widespread support across local government.

The Taskforce considers it is essential for the long term sustainability of local government that IPR is given much greater prominence in the new Act. Accordingly the primary recommendation of the Taskforce is that the IPR sections of the Act are given more prominence and a new Act be written using IPR as its central framework.

It is the view of the Taskforce that in restructuring the Act with IPR as its central framework and ensuring that wherever possible the other sections of the Act are redrafted to align with IPR will result in a more logical, streamlined Act. The IPR framework will enhance collaboration between

councils and the State, provide increased autonomy to councils to facilitate strong and sustainable local government, capable of delivering appropriate services and resources based on community expectations and aspirations.

Review of the City of Sydney Act

In undertaking its review of the CoSA the Taskforce consulted widely and with specific stakeholders including representatives of the Sydney City Council. Meetings were held with representatives of the NSW and Victorian Electoral Commission to discuss issues regarding the non-residential electoral roll. The findings of the 2010 Independent Review of the Central Sydney Planning Committee were also considered.

The Taskforce has concluded that under the current boundary arrangements there is a need to retain a separate Act for the City of Sydney in recognition of the administrative and economic importance of the central business district of Sydney and its unique position in holding events of local, regional, national and international significance.

In respect of the non-residential electoral roll the Taskforce is recommending a number of changes to the manner in which the roll is compiled and managed. The recommendations are contained in Chapter 4 of this report.

1.4 Recommendations by the Taskforce

Table 2 - Summary of Taskforce Recommendations

Topic	Recommendations
3.0.0 Approach and Principles for the Development of the New Act	<p>The Taskforce recommends</p> <ol style="list-style-type: none"> (1) integrated planning and reporting form the central framework for the new Act providing local government with a robust strategic planning mechanism that is based on community engagement, expectations and aspirations, and financial responsibilities (2) a flexible, principles-based legislative framework, avoiding excessive prescription and unnecessary red tape, written in plain language and presented in a logical format. The new Act should be confined to setting out the principles of how councils are established and operate. When further detail or explanation is required as to how these principles are to be achieved, regulations, codes and guidelines should be used (3) a more consistent approach be adopted to the definition, naming and use of regulatory and other instruments, noting that currently there is inconsistent use of mandatory and discretionary codes, guidelines, practice notes, discretionary guidelines and the like.
3.1.0 Structure of the New Local Government Act	<p>The Taskforce recommends that the new Act is structured with the following elements:</p> <p>Part I - Structural Framework of Local Government in NSW</p> <ul style="list-style-type: none"> • Purpose of Local Government Act – 3.1.1 • Role of Local Government – 3.1.2 • Guiding Principles – 3.1.2 • Legal status of councils (includes establishment) – 3.1.3 • Roles and Responsibilities of Council Officials – 3.1.4 <p>Part II - Strategic Framework for Local Government in NSW</p> <ul style="list-style-type: none"> • Integrated Planning and Reporting – 3.2.1 • Community Engagement – 3.2.2 • Performance of Local Government – 3.2.3 <p>Part III - Council Operations</p> <ul style="list-style-type: none"> • Governance Framework – 3.3.1 – 3.3.8 • Financial practices – 3.3.9 – 3.3.11 • Public Private Partnerships – 3.3.12 • Public Land – 3.3.13 – 3.3.14 • Regulatory Functions – 3.3.15 – 3.3.16 • Other functions <p>Part IV - Tribunals and Commissions - 3.3.17</p>
3.1.1 Purposes of the Local Government Act	<p>The Taskforce recommends that the Purposes of the Local Government Act be drafted as follows:</p> <p>The purpose of this Act is to provide</p> <ol style="list-style-type: none"> (1) a legal framework for the NSW system of local government in accordance with section 51 of the <i>Constitution Act 1902 (NSW)</i> (2) the nature and extent of the responsibilities and powers of local government (3) a system of local government that is democratically elected, interactive with and accountable to the community, and is sustainable, flexible, effective and maximises value.
3.1.2 Role and Guiding Principles of Local Government	<p>The Taskforce recommends the inclusion of a new Role of local government and a set of Guiding Principles for local government as follows:</p> <p>Role of Local Government</p> <p>The Role of local government is to provide local democracy, strategic civic leadership, stewardship and sound governance to achieve sustainable social, economic, environmental, health and wellbeing and civic engagement through:</p> <ol style="list-style-type: none"> (1) utilising integrated planning and reporting (2) working in cooperative arrangements with the community, other councils, State and Commonwealth Governments to achieve and report outcomes based on community priority as established through integrated planning and reporting (3) providing or procuring effective, efficient and financially affordable economic assets, services and regulation (4) exercising democratic local leadership and inclusive decision-making (5) having regard to the long term and cumulative effects of its decisions (6) valuing local difference and system diversity (7) committing to the application of the Guiding Principles of local government

Topic	Recommendations
<p>3.1.2 Role and Guiding Principles of Local Government cont'd</p>	<p>Guiding Principles of Local Government Guiding Principles to be observed by local government are to:</p> <ol style="list-style-type: none"> (1) provide elected community-based representative and participatory local democracy, and open and accountable government (2) foster and balance the needs, interests, social and economic wellbeing of individuals, diverse groups and community (3) adhere to the social justice principles of equity, rights, access and participation (4) encourage stewardship and facilitate sustainable, responsible management of resources, infrastructure and development (5) consider future generations by protecting, restoring and enhancing the quality of the environment to maintain ecologically sustainable development, reduce risks to human health and prevent environmental degradation (6) ensure sustainable management and that all decisions incorporate considerations of risk management and long-term sustainability (7) recognise the responsibility of other levels of government in the provision of local services while accepting that local choices should be made at the local level wherever possible under the principle of subsidiarity (8) achieve and maintain accepted best practice public governance and administration, and act fairly, responsibly, ethically, transparently and in the public interest (9) optimise technology, and foster innovation and continuous improvement.
<p>3.1.3 Constitution of Councils</p>	<p>The Taskforce recommends that the legal status of councils remains as a "body politic".</p>
<p>3.1.4 Roles and Responsibilities of Council Officials</p>	<p>The Taskforce recommends following consideration of the final report of the Independent Panel, the roles and responsibilities of mayors, councillors and general managers are reviewed to ensure they align with the requirements of the strengthened IPR framework (see section 3.2.1 below) and any recommendations of the Independent Panel that may be adopted by the State Government.</p>
<p>3.2.1 Integrated Planning and Reporting (IPR)</p>	<p>The Taskforce recommends</p> <ol style="list-style-type: none"> (1) elevating IPR to form the central framework of the new Act and the primary strategic tool that enables councils to fulfil their civic leadership role and deliver infrastructure, services and regulation based on community priorities identified by working in partnership with the community, other councils and the State Government (2) strengthening and embedding the principles of IPR in the Act more broadly, setting minimum standards in the Act and defining process through regulation, codes and/or guidelines (3) removing duplication from other parts of the Act, where the principle or practice is already captured in the IPR legislation or guidelines (4) ensuring the legislation facilitates a strategic leadership role for councils in their local communities (5) moving sections of the Act to other legislation, in order to create an Act that better reflects the strategic role of councils and the framework that ensures and enables that role. The Taskforce proposes the outline displayed in Table 6 as the chapter structure of the new Act (6) simplifying the provisions of IPR to increase flexibility for councils to deliver IPR in a locally appropriate manner.
<p>3.2.2 Community Engagement</p>	<p>The Taskforce recommends</p> <ol style="list-style-type: none"> (1) councils prepare the most locally appropriate and flexible community engagement strategy guidelines. This will provide communities the opportunity to engage, through the following and other locally appropriate principles, and allow a flexible framework for continuing community engagement. The principles for such strategy will: <ol style="list-style-type: none"> a. include commitment to the community being at the centre of local government using ongoing engagement which ensures fairness in the distribution of resources; rights are recognised and promoted; people have fairer access to the economic resources and services essential to meet their basic needs and to improve their quality of life; and people have better opportunities to become informed and involved especially through use of technology b. consider and understand that persons who may be affected by, or have an interest in, a decision or matter should be provided with access to relevant information concerning the purpose of the engagement and the scope of the decision(s) to be taken

Topic	Recommendations
<p>3.2.2 Community Engagement cont'd</p>	<ul style="list-style-type: none"> c. consider and understand that interested persons should have adequate time and reasonable opportunity to present their views to the council in an appropriate manner and format d. ensure that the views presented to the council will be given due consideration e. consider and understand that councils, in exercising their discretion as to how engagement will proceed in any particular circumstance, will have regard to the reasonable expectations of the community, the nature and significance of the decision or matter, the costs and benefits of the consultation process, and to intergenerational equity f. arrange flexible special engagement procedures in particular instances g. consider all groups, even though it may be difficult to reach every diverse community group, and some groups will choose not to engage.
<p>3.2.3 Performance of Local Government</p>	<p>The Taskforce recommends that a performance system is developed that is linked to IPR and includes the following elements:</p> <ul style="list-style-type: none"> (1) a standard series of measures that can compare the performance of councils across the State (2) an analysis of the performance measures results so that councils can identify the actions required to elevate performance (3) a self-assessment of the performance of the governing body on an annual basis (4) in lieu of an end of term report, councils provide a mid-term report as to progress with the Community Strategic Plan.
<p>3.2.4 Technology</p>	<p>The Taskforce recommends</p> <ul style="list-style-type: none"> (1) as a general principle the Act should enable optimal, flexible and innovative use of technology by councils to promote efficiency and enhance accessibility and engagement for the benefit of constituents (2) the Act should allow each council to determine the most appropriate use of technology taking into account the Guiding Principles of local government and community engagement through the IPR framework.
<p>3.3.1 Elections</p>	<p>The Taskforce recommends</p> <ul style="list-style-type: none"> (1) councils to have the option of using universal postal voting or alternative means of voting such as technology assisted voting where feasible as a means of increasing efficiency and voter participation and reducing council costs (2) the Act be drafted so as to enable the adoption of new technologies such as technology assisted voting when feasible to do so (3) include mechanisms for removing the need for by-elections, when a vacancy occurs either in the first year following an ordinary council election or up to 18 months prior to an ordinary election as a means of avoiding the holding of costly by-elections (4) a counting system should be adopted as an appropriate mechanism for filling vacancies that occur within the first year following an ordinary election whereby the unelected candidate who had the next highest number of votes be appointed to fill the vacant position (5) councils to be required to fill vacancies occurring after the first year following an ordinary election and up to 18 months prior to the next ordinary election by the postal voting method (6) where universal postal voting is used for any election, a candidate information booklet is to be included in ballot packs as a way of increasing voter knowledge of the candidates (7) the transfer of local government elections law to a single new Elections Act to consolidate all State and local government election provisions along with the regulation of campaign finance and expenditure (8) the term of mayors elected by the councillors to be extended from 1 year to 2 years.
<p>3.3.2 Meetings</p>	<p>The Taskforce recommends that the provisions relating to council meetings be:</p> <ul style="list-style-type: none"> (1) consolidated into a generic mandatory Code of Meeting Practice that may if necessary be supplemented to meet local requirements, provided the amendments are not inconsistent with the provisions of the Act and standard Code of Meeting Practice (2) modernised and unnecessary prescription and red tape removed (3) designed to facilitate councils utilising current and emerging technologies in the conduct of meetings and facilitating public access (4) flexible to enable remote attendance through technology at council meetings in emergencies such as natural disasters.

Topic	Recommendations
<p>3.3.3 Appointment and Management of Staff</p>	<p>The Taskforce recommends</p> <p>(1) the strategic responsibilities of the council be clearly separated from operational responsibilities and be aligned with IPR by:</p> <ul style="list-style-type: none"> • the council being responsible: <ul style="list-style-type: none"> • for determining those services and priorities required by the community, and for providing the necessary resources to achieve the council's Delivery Program; and • on the advice of the general manager, the council determine the organisation structure to the level that directly reports to the general manager • the general manager being responsible: <ul style="list-style-type: none"> • for determining the balance of the organisation structure; and • for recruiting all staff with appropriate qualifications to fulfill each role within the structure. The general manager will consult with council regarding the appointment and dismissal of senior staff <p>(2) positions meeting the criteria as senior staff be appointed under the prescribed standard contract for senior staff, identified as senior staff positions within the organisation structure, and remuneration be reported in the council's annual report</p> <p>(3) each council to determine arrangements for regulatory responsibilities other than under the Act</p> <p>(4) the current prescription in the Act relating to the advertising of staff positions and staff appointments be transferred to regulation or to the relevant industrial award</p> <p>(5) that the maximum term allowable for temporary staff appointments be extended from 1 year to 2 years</p>
<p>3.3.4 Regional Strategic Organisations of Councils and Formation and Involvement in Corporations and Other Entities</p>	<p>The Taskforce recommends</p> <p>(1) the Act include a mechanism enabling councils to form statutory entities to undertake regional strategic collaboration activities. The Taskforce is of the view that, in place of Regional Organisations of Councils, a model similar to that developed by the Hunter Councils – Council of Mayors provides a suitable mechanism for achieving regional strategic collaboration, with the exception of Western NSW. ROCs could transition to a Council of Mayors to broaden joint collaboration between councils</p> <p>(2) the provisions of the Act relating to the formation of corporations and other entities should continue.</p>
<p>3.3.5 Protection from Liability</p>	<p>The Taskforce does not propose changes to the liability provisions of the Act.</p>
<p>3.3.6 Code of Conduct</p>	<p>The Taskforce does not propose changes to the conduct provisions of the Act.</p>
<p>3.3.7 Pecuniary Interest</p>	<p>The Taskforce recommends</p> <p>(1) the pecuniary interest provisions be reviewed to ensure they are written in plain language, easily understood and with unnecessary red tape removed</p> <p>(2) consideration be given to utilising technology to assist with the submission and maintenance of pecuniary interest disclosures and to facilitate appropriate access to this information, while ensuring that privacy rights are protected.</p>
<p>3.3.8 Delegations</p>	<p>The Taskforce recommends</p> <p>(1) that the provisions of the Act relating to delegations be reviewed to ensure that they are streamlined, written in plain language and are reflective of the roles and responsibilities of the council and the general manager to facilitate the efficient, effective and accountable operation of local government.</p> <p>(2) that the exceptions to delegations of an operational nature not be carried forward to the new Act, ensuring the council focuses on strategic decisions, consistent with IPR. These would include for example:</p> <ul style="list-style-type: none"> • acceptance of tenders • provision of minor financial assistance to community groups • delegation of regulatory functions to another council or shared services body.

Topic	Recommendations
<p>3.3.9 Financial Governance</p>	<p>The Taskforce recommends</p> <ol style="list-style-type: none"> (1) there be greater focus on principles and definition of financial systems and minimum standards in the new legislative framework and for assimilation of financial governance with the IPR requirements (2) there be a realignment of the regulatory focus under the legislative framework towards systems and risk management rather than process prescription (3) complementing the Guiding Principles of local government, the new Act should articulate a set of financial (or corporate) governance principles that align more effectively with the principles and objectives of IPR, especially in relation to stewardship of resources and accountability. For example: <ol style="list-style-type: none"> a. safeguarding integrity in financial reporting b. making timely and balanced disclosures c. recognising and managing risk (4) minimum expectations be prescribed by legislation or sub-regulatory instrument. A potential framework is: <ol style="list-style-type: none"> a. financial management governance and oversight b. financial management structure, systems, policies and procedures c. financial management reporting (5) financial statement requirements be included under IPR annual reporting requirements (6) a further review of rating and finance matters be undertaken as required after the Independent Panel recommendations are determined by the State Government.
<p>3.3.10 Procurement</p>	<p>The Taskforce recommends</p> <ol style="list-style-type: none"> (1) the adoption of central principles of procurement combined with a medium level of regulation to ensure support of the following principles: <ol style="list-style-type: none"> a. accountability b. value for money c. probity, equity, fairness and risk management d. efficient and effective competition e. market assessment (2) main considerations for each principle be contained in the Act or regulations, with further considerations contained in guidelines or a mandatory code (3) a council's procurement framework be consistent with its IPR framework (4) rather than the legislation setting a monetary threshold, a more flexible principles-based approach be established to enable councils to determine their threshold based on risk assessment of the proposed procurement and the procurement principles (5) regulation of procurement support councils entering into collaborative procurement arrangements and utilising technologies to assist with efficient, effective and economic procurement processes that are accessible to all relevant stakeholders and are fair, open and transparent (6) a regulation or code to express councils' default procurement framework (7) councils be qualified to adopt a more strategic approach through "earned autonomy" whereby: <ol style="list-style-type: none"> a. the Division of Local Government may exempt a council from compliance with a requirement under the regulation or code where it is satisfied that a council's procurement framework is consistent with the procurement principles; and b. qualification for a council's earned autonomy may be through an accreditation process or by council's development and diligent maintenance of policies and practices that are consistent with requirements issued by the Division of Local Government or other oversight entity. Qualification by accreditation is preferred as this should increase the accountability of councils to the community. (8) councils continue to be able to take advantage of purchasing from Commonwealth and State Government procurement panels and the State Government policies which afford exemption from tendering obligations such as when purchasing from registered Australian Disability Enterprises.
<p>3.3.11 Capital Expenditure Framework</p>	<p>The Taskforce recommends a capital expenditure and monitoring guideline be developed that integrates with the IPR framework and enables the appropriate management of risk by councils. This guideline should be tailored to risk levels, including significance of the project, materiality and whole of life costs, and not based on arbitrary monetary thresholds or procurement vehicles.</p>

Topic	Recommendations
3.3.12 Public Private Partnerships (PPP)	The Taskforce recommends (1) that PPP projects continue to be subject to regulation due to the significance of the risks involved (2) aspects that could be streamlined or simplified be identified and mechanisms for ensuring PPPs be considered for inclusion in the IPR framework.
3.3.13 Acquisition of Land	The Taskforce recommends council plans for the compulsory acquisition of land be linked with the IPR processes, and in particular the expressed opinion of the community in the Community Strategic Plan on the need for additional public land or the sale of public land be included in Delivery Program provisions.
3.3.14 Public Land	The Taskforce recommends (1) councils be required to strategically manage council-owned public land as assets through the IPR framework (2) balancing reasonable protections for public land use and disposal by retaining the classification regime of public land as either community or operational land and require a council resolution at the time of acquiring or purchasing land to specify the classification, category and proposed use or uses (3) a proposed change in the use or disposal of community land be addressed through the council's Asset Management Planning and Delivery Program (4) a public hearing be held by an independent person where it is proposed to change the existing dominant use or to dispose of community land, with the results of the public hearing to be reported to and considered by the council before a decision is made (5) any use of a public hearing or other consultation process under the Act be specified in the council's Community Engagement Strategy (6) recognising the LEP zoning processes and restrictions applying to council owned public land (7) simplifying and reducing the categories and sub-categories of use to which community land may be applied through the Asset Management Planning process so as to identify and accommodate other ancillary or compatible uses appropriate to the current and future needs of the community (8) ceasing the need for separate plans of management for community land to be prepared and maintained, and in lieu, utilise the Asset Management Planning and Delivery Program of the IPR process (9) ceasing the need for a separate report to be obtained from the Department of Planning and the need for ministerial approval where council proposes to grant a lease, licence or other estate over community land in excess of the current 5 years, where an objection has been received by the council (10) proposed leases and licences be addressed as part of the council's Asset Management Plan and adopted Community Engagement Strategy with the 30 year maximum term to remain unchanged.
3.3.15 Approvals, Orders and Enforcement	The Taskforce recommends (1) regulatory provisions be reviewed to ensure that the Act provides guidance on regulatory principles but contains flexibility and less prescription in regulation implementation, provision of statutory minimum standards or thresholds, and councils having discretionary "on-the-ground" functions (2) consideration be given to the notion of a risk based approval process where persons or corporations are given general approval to conduct certain work rather than dealing with applications on a piecemeal basis (3) within this framework, the prescriptive processes of approvals and orders be streamlined and, subject to risk assessment, be placed where possible into regulations (4) removal of as many approvals and orders as possible and placing in specialist legislation if they cannot be repealed (5) the principles for dealing with approvals and orders be incorporated into a council's IPR framework through the Delivery and Operational Plans, including adoption of an Enforcement Policy and any LAPs and LOPs (6) penalties for offences in the Act and regulations be increased to ensure they are proportionate to the nature of the offence, and that the ability to serve a penalty notice should be made an option for additional offences (7) councils be required to adopt an Enforcement Policy stating what factors will be considered in determining whether or not to take action, including the level of risk. The factors should be consistent across all councils (8) improving councils' ability to recover costs for conducting work on private land (9) aligning council powers of entry with contemporary legislative standards (10) increasing the time limit for commencing summary proceedings from 6 to 12 months.

Topic	Recommendations
3.3.16 Water Management	The Taskforce supports changes proposed to water recycling provisions which will consolidate and simplify the legislative framework. Otherwise the Taskforce makes no recommendations regarding the structures for the delivery of water and sewerage in non-urban areas, noting that the Taskforce gave the issue consideration but is aware this area is being dealt with by other reviews.
3.3.17 Tribunals and Commissions	The Taskforce notes (1) it is expected the Local Government Pecuniary Interest and Disciplinary Tribunal will be consolidated into the newly constituted NSW Civil and Administrative Tribunal (2) the Independent Panel is examining the issue of structures and boundaries, how boundary changes might be facilitated, and possible change of method of operation of the Local Government Boundaries Commission and accordingly makes no comment pending the outcome of this review (3) consideration be given whether to merge the Local Government Remuneration Tribunal with the Statutory and Other Officers Remuneration Tribunal.
3.3.18 Other Matters	The Taskforce recommends (1) consistent with Taskforce recommendation 1.3, that in place of sections 23A and 10B(5) that the Act empowers the Director General to issue mandatory codes on operational and governance matters relevant to local government (2) a formal Oath of Office for councillors is introduced as a mechanism for inducting councillors into their role and reinforcing the serious nature of the role and the chief responsibilities and duties the role entails (3) the provisions of the Act governing councils' expenses and facilities policy are reviewed to ensure they are streamlined and unnecessary red tape eliminated (4) a review be undertaken of circumstances that do not invalidate council decisions and including consideration of the appropriateness of adding the following to those circumstances that do not invalidate council decisions – "a failure to comply with the consultation and engagement principles" (5) conferring authority on councils to allocate, maintain and enforce property numbering (6) councils be provided with an effective means to regulate camping in vehicles on road and road related areas (7) the following matters be reviewed depending on the outcomes of other reviews currently incomplete: a. how councils are financed, particularly rating. The Taskforce consistently received feedback detailing issues with the provisions of the Act relating to how councils are financed b. community engagement to ensure consistency with the planning community participation proposals under the new Planning Act if adopted c. Tribunals and Commissions, particularly the role and functions of the Boundaries Commission to ensure that the Act supports recommendations of the Independent Panel adopted by the State Government d. roles and responsibilities of council officials. It is essential that the Act clearly defines the roles and responsibilities of the mayor, councillors and the general manager. The Taskforce recommends that these definitions are reviewed to ensure they reflect recommendations of the Independent Panel adopted by the State Government.

Topic	Recommendations
<p>4.1 City of Sydney Act</p>	<p>The Taskforce recommends</p> <p>(1) a separate Act for the City of Sydney be retained (pending the report and recommendations of the Independent Panel) noting that the Sydney City Council is also subject to the provisions of the Local Government Act</p> <p>(2) the electoral provisions applying to the Sydney City Council be transferred from the CoSA to a new Elections Act, as recommended at section 3.3.1 above, thereby providing a single repository for NSW electoral law</p> <p>(3) residents of the City of Sydney who are at the relevant date enrolled, within the meaning of the <i>Parliamentary Electorates and Elections Act 1912</i>, on the roll for any electoral district and whose place of living as described on the rolls is within the City of Sydney, shall be entitled to one vote provided that if a person is so entitled to vote because they are a resident of the City of Sydney, they shall not be entitled to be enrolled as an elector in any other capacity</p> <p>(4) (i) that persons presently entitled to vote and corporations who are entitled to nominate a person to vote on its behalf to vote under the CoSA at Council elections be entitled to enroll to vote (ii) that persons, other than those on the roll as set out in recommendation 4.1(3) being presently entitled to vote under the CoSA at Council elections, retain that entitlement to enroll to vote. If a person so entitled to enroll to vote or a corporation who is entitled to nominate a person to enroll to vote on their behalf has not enrolled to vote by the due date or being a corporation nominated a person to enroll to vote on their behalf by the due date, then those persons so entitled to vote as individuals or on behalf of corporations shall be deemed to be enrolled to vote at the Council election (iii) in the case of corporations, if no nomination has been made by a corporation of a person to be entitled to vote on behalf of the corporation the Council will, from the records of ASIC, as mentioned in recommendation 4.1(5) hereof, enroll the first director in alphabetical order to vote on behalf of that corporation and if that director may be disqualified to vote for any reason, the next director in alphabetical order until a director is validly appointed to vote on behalf of the corporation</p> <p>(5) the Sydney City Council determines, from all available Council information and records as well as information provided by ASIC, the person deemed to be entitled to vote on behalf of non-resident owners and corporations</p> <p>(6) to determine the occupiers entitled to vote, the Sydney City Council canvass the businesses within the City of Sydney six months before council elections to determine such entitlement</p> <p>(7) the non-residential rolls be prepared and maintained by the Sydney City Council with the General Manager of the Council to certify the rolls</p> <p>(8) for the Sydney City Council election, the postal voting method be compulsory for all people enrolled or deemed to be enrolled as non-residential enrollees</p> <p>(9) that non-compulsory candidate information be required to be distributed with the ballot papers sent out as part of the postal voting procedure, limited to a photo of the candidate and 250 words</p> <p>(10) that those enrolled as non-resident enrollees shall remain on the rolls for two ordinary elections unless they sooner lose their qualification or are disqualified from being an enrollee.</p>

CHAPTER 2 – APPROACH & CONSULTATION

2.1. Approach to the Review

The Taskforce has endeavoured to make recommendations that will support local government in the long term and assist it to deliver services the community requires in a sustainable, economic and efficient manner.

The recommendations have been developed with the objective of a streamlined Act that is flexible and able to support the diversity of local government while also being understandable and avoiding unnecessary red tape. The Taskforce has adopted a principles-based approach recommending, that wherever possible, the Act articulates the principles to be applied by local government in undertaking its role (“the why”) with necessary prescription (“how to”) being removed to regulations, codes or guidelines as appropriate.

The Taskforce has consulted widely and considered the responses and submissions received. The Taskforce greatly appreciates the time and effort contributed by all those people who attended meetings and workshops or who made written submissions.

2.2. Limitations of Scope

Under its terms of reference the Taskforce was required to

- *“Take account of the work, findings and government decisions, in relation to the NSW Planning System Review, the Destination 2036 Action Plan and the NSW State Plan “NSW 2021 – A Plan to make NSW number one”.*
- *Conduct its work in a manner that recognises the terms of reference and approach being taken by the Independent Local Government Review Panel.*
- *Adopt the decisions of the Government in relation to the recommendations of the Independent Local Government Review Panel.”*

At the time the Taskforce commenced its work it was expected that the Independent Panel would report to the Government several months prior to

the Taskforce finalising its report. However the final report of the Independent Panel has been delayed and consequently it is now to report to the Government at the same time as the Taskforce. Furthermore, at the time of preparing this report the draft legislation on the NSW planning system is being further reviewed.

As a consequence, while the Taskforce has consulted with the Independent Panel and representatives of the Department of Planning and has had regard to their interim reports, the Taskforce has not been able to completely fulfil the requirements of its terms of reference. Recognising the terms of reference of the Independent Panel, there are a number of components of the Act that the Taskforce has not addressed including:

- How councils are established – Chapter 9
- Local Government Boundaries Commission – Chapter 9, Part 3
- Arrangements for council staff affected by the constitution, amalgamation or alteration of council areas - Chapter 11, Part 6
- Financial Management - Chapter 13, Part 3
- How are Councils Financed - Chapter 15

In addition to the work of the Independent Panel, the Taskforce recognised that several other reviews are being concurrently conducted (Table 3) that could affect some of the Taskforce recommendations.

Table 3 – Reviews currently being conducted with relevance to the review of the Local Government Act and the City of Sydney Act

Review Subject	Lead Agency	Comment
Local Government Compliance and Enforcement	Independent Pricing and Regulatory Tribunal	The NSW Government has asked IPART to examine local government compliance and enforcement activity (including regulatory powers delegated under NSW legislation) and provide recommendations that will reduce unnecessary regulatory burdens for business and the community. See www.ipart.nsw.gov.au .
Red Tape Review – Licence Rationale and Design	Independent Pricing and Regulatory Tribunal	The NSW Government has asked IPART to examine all licence types in NSW and identify those where reform would produce the greatest reduction in regulatory burden for business and the community. The aim is to consider the class of instruments that regulators use to grant permission to undertake a particular activity and manage risk.
Crown Land Management Review	Department of Primary Industries	A crown land management review is currently underway. The Division of Local Government, together with other State agencies, is participating on the Legislative Overlap and Red Tape Working Group. One task of the Group is to consider ways in which these areas of overlap can be avoided or mitigated.
Domestic Wastewater	Legislative Assembly Committee on Environment and Regulation, NSW Parliament	The Legislative Assembly Committee on Environment and Regulation is conducting an inquiry into the regulation of domestic wastewater, including the appropriateness of current regulatory arrangements for the management of domestic wastewater and the adequacy of inspection procedures and requirements to report incidents. Further detail is found later in this paper under 'On-Site sewerage management'.
Urban Water Regulation Review	Department of Finance and Services	Review of the <i>Water Industry Competition Act 2006</i> and the wider regulatory framework – principally sections 60 and 68 of the <i>Local Government Act 1993</i> used to regulate council and private recycled water schemes.
Local Government Elections	Joint Standing Committee on Electoral Matters, NSW Parliament	An inquiry is being conducted into the September 2012 Local Government elections with particular reference to: the cost; experience of councils that conducted their own elections; efficiency and participation; non-residential voting; and the impact of the <i>Election Funding, Expenditure and Disclosures Act 1981</i> on participation by candidates. See www.parliament.nsw.gov.au/electoral_matters
Other reviews		<i>Reviews of the Land Acquisition (Just Terms Compensation) Act 1991</i> and the <i>Residential Parks Act 1998</i> are also underway by their respective agencies.

2.3. Consultation

In October 2012, the first round of general consultation was held following the release of the Taskforce "Preliminary Ideas" Paper. From 24 October to 4 December 2012 the Taskforce held workshops at 14 locations across NSW and extensively consulted with councillors and council staff on the questions posed in the "Preliminary Ideas" paper. The workshops were attended by a total of 380 people from 111 local government areas, 5 county councils, 4 regional organisations of councils and representatives from Local Government NSW.

Written submissions were also sought and the Taskforce received a total of 112 submissions in response to the "Preliminary Ideas" paper. A summary of the key themes identified from these submissions are contained in the Taskforce's Discussion Paper "A New Local Government Act for NSW" which was released in April 2013.

The second round of consultations was held following the release of the Taskforce's Discussion Paper. From 4 April to 26 June 2013, workshops open to all interested persons were held in 14 locations across NSW. They were attended by 416 participants including elected and staff representatives from councils, regional organisations of councils, county councils, professional and community groups, and members of the public.

Written submissions were invited on the proposals contained in the Discussion Paper. 171 written submissions were received and have been published on the Taskforce webpage:

http://www.dlg.nsw.gov.au/dlg/dlghome/dlg_LGAT.asp?mi=10&ml=2&SecHd=HOME&AreaIndex=TASKFORCE

Table 4 contains a summary of the stakeholder groups providing submissions.

Table 4 – Submissions by stakeholders to Discussion Paper "A New Local Government Act for NSW".

Category	Number of Submissions
Councils	85
Regional Organisations of Councils	12
County Councils	3
Professional Groups	9
Business Organisations	4
Community Groups	6
Private Individuals	38
Government Agencies	14
TOTAL	171

2.4 Feedback from Workshops and Written Submissions – Round II

The submissions received in response to the Discussion Paper varied broadly from commenting on a single issue through to very detailed comments on each of the twenty (20) proposals contained in the paper.

It was evident that considerable time and effort had been made to provide positive suggestions to add value to the proposals. The Taskforce is

most appreciative of the contributions of the people and organisations who made a written submission and/or attended one of the Taskforce workshops.

The feedback received by the Taskforce was overwhelmingly supportive of many of the Taskforce’s proposals. Table 5 contains a summary of the key issues and themes arising from the workshops and written submissions. As such it is not exhaustive and does not cover all the detailed matters contained in the submissions.

Table 5 – Summary of key themes arising from feedback received in response to the Taskforce Discussion Paper.

<p>Part I – Guiding Principles for a New Local Government Act</p>
<p>The Taskforce provided three proposals relating to overarching principles for the new Act. The feedback from workshops and written submissions was largely supportive of all three proposals.</p> <p>Most feedback was received in relation to proposal 3.1.2 – Role and Guiding Principles of Local Government and ranged from minor word changes to suggested entire redraft of the proposed clauses. The following suggestions were commonly offered:</p> <ul style="list-style-type: none"> • Importance of articulating a broad enabling role for local government and the relationship between the tiers of government • the value of including specific reference to health and sustainability and the importance of retaining the provision of the current Charter that “councils have regard to the long term and cumulative effects of its decisions” <p>Concerning the proposed Guiding Principles for local government, the main suggestions were that the principles clarify that councils should consider the needs of the broad community and include social justice principles and retain reference to ecologically sustainable development.</p>
<p>Part II – Strategic Framework for Local Government in NSW</p>
<p>The Taskforce provided three proposals for the strategic framework for local government in NSW.</p> <p>Proposal 3.2.1 suggesting the elevation of IPR to form the central framework of the new Act received almost universal support. The Taskforce received constructive suggestions regarding how this proposal could be strengthened and improved. These included suggestions regarding:</p> <ul style="list-style-type: none"> • how the IPR reporting regime could be streamlined and improved • the importance of strengthening the link between State and Local Government planning and regional planning; and • how IPR could be utilised to enable councils to earn autonomy, particularly in relation to the setting of council rates <p>Responses to proposal 3.2.2. – Community Consultation and Engagement was generally positive with submissions providing valuable suggestions for improvement of the proposal and considerable support for the adoption of the IAP2 model of community engagement as an example of best practice. A number of proposals also suggested that the community engagement principles should align or be consistent with the Community Participation Charter proposed in the NSW Planning White Paper (2013).</p>

Part II – Strategic Framework for Local Government in NSW—cont'd

The importance and value of local government being able to adopt the most appropriate forms of technology to support the services provided to their community was generally acknowledged. However, this support was balanced by recognition that, in adopting new technologies, it is essential that councils do not disenfranchise those members of the community who do not have ready access to, or the ability to use new technologies. The value of face-to-face communication and flexibility for councils to adopt the most appropriate technology for their purposes needs to be retained.

Part III – Council Operations

The Taskforce discussion paper contained 18 proposals relevant to council operations and governance (3.3.1 – 3.3.18). Some proposals either endorsed the current provisions in the legislation (3.3.6 – Code of Conduct; 3.3.5 – Protection from Liability) or noted that the Independent Panel was examining the matter and accordingly consideration was deferred pending the outcomes of that review (3.3.4 – Formation and Involvement in Corporations and Other Entities; 3.3.16 – Water Management; and 3.3.17 – Tribunals and Commissions).

On balance, the workshops and written submission responses endorsed in principle and in their entirety the following proposals, or with only minor suggested improvements or changes: 3.3.2 – Meetings; 3.3.7 – Pecuniary Interest; 3.3.8 – Delegations; 3.3.12 – Public Private Partnerships.

The following proposals while generally supported in principle attracted most comment:

3.3.1 – Elections

Responses relating to this proposal were mixed. For example, while there was support for the use of postal voting and electronic voting, responses also indicated that these voting systems should be optional. There was some support for the abolition of wards but a majority supported their retention. There was considerable support for a single Elections Act for NSW and a mechanism for removing the need for by-elections when a casual vacancy occurs in the first year following an ordinary election. Use of a count back system received considerable support.

3.3.3 – Appointment and Management of Staff

While this proposal garnered significant support it also attracted considerable comment, particularly the proposals relating to approval of the council organisation structure and senior staff which attracted diametrically opposed views.

3.3.9 – Financial Governance

While supportive, many written submissions contained detailed suggestions on how the financial provisions of the Act could be improved, particularly those relating to rates and charges.

3.3.10 – Procurement

Many written submissions supported this proposal and contained constructive suggestions on how the proposal could be improved or strengthened. However, some submissions expressed concern regarding the removal of the tender threshold amount and the potential risks if procurement became too deregulated.

3.3.13 – Acquisition of Land

While this proposal was largely supported, some submissions raised concern that a requirement to include council plans to purchase specific property in Delivery Programs could result in the price of the property being inflated and limiting the flexibility of councils to undertake unexpected procurement.

3.3.14 – Public Land

Responses indicated that there is considerable support for the proposal to simplify the current processes and where possible, harmonise the management of council owned public land and council managed Crown Land. However, it was also evident that the new Act should continue to maintain adequate controls to ensure that public land is suitably protected so that councils are unable to dispose of valuable community assets without appropriate community consultation.

3.3.15 – Approvals, Orders and Enforcement

This proposal attracted considerable support and detailed commentary on possible improvements to the regulatory regime. Comments addressed issues such as rationalisation of provisions with other Acts; support for the retention of Local Approvals Policies and Local Orders Policies; support for review of monetary penalties; and ensuring that penalties are kept under regular review.

CHAPTER 3 - ELEMENTS OF A NEW LOCAL GOVERNMENT ACT

Part I Guiding principles for a new Local Government Act

3.0.0 Approach and Principles for the Development of the New Act

Commentary

Given the Taskforce terms of reference and responses received, the expectation is that the new Act should be written in modern, easy to understand language and, wherever possible, eliminate unnecessary red tape.

There is clear support for the new Act to be streamlined, simplified and logically designed to provide a clear and flexible framework within which the diverse local government sector can effectively operate.

Responding to the importance of streamlining, the Taskforce is recommending development of principles-based legislation and relocation of necessary prescription to regulation, codes or guidelines. A frequently expressed view was that the new Act should be more focused on outcomes rather than process and be about the "why" not the "how to". However, in some areas this had to be balanced against the need for certainty and clarity in the legislation to reduce differing interpretation of provisions and consequent potential for increased litigation.

A common theme during the consultation process was that IPR should be given a more central place in the legislation. A new Act structured around IPR should be streamline and reduce the compliance burden on councils. This could be achieved through removal of processes currently duplicated in the Act while aligning roles, responsibilities and accountability to provide compatibility with the IPR framework. See also section 3.2.1 and other

recommendations in this report regarding strengthening of IPR.

3.0.0 The Taskforce recommends

- (1) integrated planning and reporting form the central framework for the new Act providing local government with a robust strategic planning mechanism that is based on community engagement, expectations and aspirations, and financial responsibilities
- (2) a flexible, principles-based legislative framework, avoiding excessive prescription and unnecessary red tape, written in plain language and presented in a logical format. The new Act should be confined to setting out the principles of how councils are established and operate. When further detail or explanation is required as to how these principles are to be achieved, regulations, codes and guidelines should be used
- (3) a more consistent approach be adopted to the definition, naming and use of regulatory and other instruments, noting that currently there is inconsistent use of mandatory and discretionary codes, guidelines, practice notes, discretionary guidelines and the like.

3.1.0 Structure and Elements of the New Local Government Act

3.1.0 The Taskforce recommends that the new Act is structured with the following elements:

Part I - Structural Framework of Local Government in NSW

- Purpose of Local Government Act – 3.1.1
- Role of Local Government – 3.1.2
- Guiding Principles – 3.1.2
- Legal Status of Councils (includes Establishment) – 3.1.3
- Roles and Responsibilities of Council Officials – 3.1.4

Part II - Strategic Framework for Local Government in NSW

- Integrated Planning and Reporting – 3.2.1
- Community Engagement – 3.2.2
- Performance of Local Government – 3.2.3

Part III - Council Operations

- Governance Framework – 3.3.1 – 3.3.8
- Financial Practices – 3.3.9 – 3.3.11
- Public Private Partnerships – 3.3.12
- Public Land – 3.3.13 – 3.3.14
- Regulatory Functions – 3.3.15 – 3.3.16
- Other functions

Part IV - Tribunals and Commissions - 3.3.17

3.1.1 Purposes of the Local Government Act

Commentary

There were comparatively few suggestions in the submissions for change or additions to the Purposes. It is the view of the Taskforce that a genuinely best system of local government should contain all the attributes in part three of this recommendation.

3.1.1 The Taskforce recommends that the Purposes of the Local Government Act be drafted as follows:

The purpose of this Act is to provide

- (1) a legal framework for the NSW system of local government in accordance with section 51 of the *Constitution Act 1902 (NSW)*
- (2) the nature and extent of the responsibilities and powers of local government.
- (3) a system of local government that is democratically elected, interactive with and accountable to the community, and is sustainable, flexible, effective and maximises value.

3.1.2 Role and Guiding Principles of Local Government

Commentary

The importance that the Act clearly articulates the Role and Guiding Principles for local government was evident from the workshops and written submissions. Having considered the responses the Taskforce has amended the recommended Role and Guiding Principles for local government to replace the current Charter.

3.1.2 The Taskforce recommends the inclusion of a new Role of local government and a set of Guiding Principles for local government as follows:

Role of Local Government

The Role of local government is to provide local democracy, strategic civic leadership, stewardship and sound governance to achieve sustainable social, economic, environmental, health and wellbeing and civic engagement through:

- (1) utilising integrated planning and reporting
- (2) working in cooperative arrangements with the community, other councils, State and Commonwealth Governments to achieve and report outcomes based on community priority as established through integrated planning and reporting
- (3) providing or procuring effective, efficient and financially affordable economic assets, services and regulation
- (4) exercising democratic local leadership and inclusive decision-making
- (5) having regard to the long term and cumulative effects of its decisions
- (6) valuing local difference and system diversity
- (7) committing to the application of the Guiding Principles of local government

Guiding Principles of Local Government

Guiding Principles to be observed by local government are to:

- (1) provide elected community-based representative and participatory local democracy, and open and accountable government
- (2) foster and balance the needs, interests, social and economic wellbeing of individuals, diverse groups and community
- (3) adhere to the social justice principles of equity, rights, access and participation
- (4) encourage stewardship and facilitate sustainable, responsible management of resources, infrastructure and development
- (5) consider future generations by protecting, restoring and enhancing the quality of the environment to maintain ecologically sustainable development, reduce risks to human health and prevent environmental degradation
- (6) ensure sustainable management and that all decisions incorporate considerations of risk management and long-term sustainability
- (7) recognise the responsibility of other levels of government in the provision of local services while accepting that local choices should be made at the local level wherever possible under the principle of subsidiarity
- (8) achieve and maintain accepted best practice public governance and administration, and act fairly, responsibly, ethically, transparently and in the public interest
- (9) optimise technology, and foster innovation and continuous improvement.

3.1.3 Constitution of Councils

Commentary

The Taskforce received some feedback that the legal status of councils should be returned from being a "body politic" to a "body corporate". In the submissions the view was expressed that councils as a body politic are unable to apply for construction work on Australian Government funded projects as they are not corporations. However, no firm evidence was provided to support this view. The Taskforce considered the submissions and has formed the view that at this time there is no compelling reason to recommend that the legal status of councils is changed.

3.1.3 The Taskforce recommends that the legal status of councils remains as a "body politic".

3.1.4 Roles and Responsibilities of Council Officials

Commentary

The Taskforce recognises the importance of the Act clearly defining the role of the elected councillors, the mayor and the general manager. The Taskforce acknowledges that under its terms of reference the Independent Panel is reviewing this matter. Accordingly the Taskforce has not considered this topic in detail.

3.1.4 The Taskforce recommends following consideration of the final report of the Independent Panel, the roles and responsibilities of mayors, councillors and general managers are reviewed to ensure they align with the requirements of the strengthened IPR framework (see section 3.2.1 below) and any recommendations of the Independent Panel that may be adopted by the State Government.

Part II—Strategic Framework for Local Government in NSW

3.2.1 Integrated Planning and Reporting

Commentary

Integrated planning and reporting (IPR) was introduced into the Act in 2009 providing a coherent strategic planning framework for local government in NSW. It is clearly evident to the Taskforce that IPR is very successful and that it is strongly supported by the local government sector.

IPR provides the foundation for stronger, more effective local government, facilitating improved community engagement, strategic planning and resource management to deliver priority community outcomes.

It also provides the framework for the role of local government and its relationship to the community and to the State.

Diagram 1 – The IPR Framework from the Division of Local Government 2013 – Integrated Planning and Reporting Guidelines for Local Government in NSW



The IPR framework facilitates:

- accountability to communities, supported by effective community engagement and reporting
- a stronger partnership between the State and Local Government
- viable and sustainable councils, better able to adapt to changing circumstances
- greater autonomy, and responsibility for improved performance
- improved management of actual or potential risk to outcomes, supported by an appropriate assurance framework.

The IPR framework recognises that most communities share similar requirements and aspirations including a safe, healthy and pleasant place to live, a sustainable environment, opportunities for social interaction, opportunities for employment and reliable infrastructure. Communities respond differently to these needs. IPR also recognises that council plans and policies should not exist in isolation and that they are interconnected.

It enables councils to integrate their various plans, policies and strategies and understand how they interact and provide the leverage to secure good outcomes for their communities.

It is the view of the Taskforce that the primary elements of the new Act should establish:

- the local government system, principles and framework
- the accountability and reporting framework
- the performance framework
- the monitoring and intervention framework

IPR currently provides a basis for the first two elements. However, as a consequence of IPR being a 2009 amendment to the Act, this framework is not consistently supported by other parts of the Act. The Taskforce therefore proposes that the new Act be less prescriptive and reflects a greater level of local autonomy, while remaining consistent with the intent of IPR.

In addition to the recommendations specific to IPR, this report contains recommendations intended to support the Taskforce recommendation to establish the centrality of IPR in the new Act and design an Act reflecting the principles and practice of IPR.

A number of the Taskforce recommendations are inter-related to and inter-dependant on IPR including:

- Appointment and management of staff – section 3.3.3
- Delegations – section 3.3.8
- Financial management – section 3.3.9
- Procurement – section 3.3.10
- Capital expenditure – section 3.3.11
- Acquisition of land - section 3.3.13
- Public land – section 3.3.14
- Approvals, orders and enforcement – section 3.3.15

The Taskforce has recommended that the IPR sections of the Act are moved to the front of the new Act and follow the purpose, role and principles sections to elevate its importance and create a more logical sequence in the Act.

The Taskforce emphasises that its recommendation for strengthening IPR does not imply expanding the detail or level of prescription, but may involve removing some prescription to improve the flexibility for councils and better reflect the intent of IPR. The Taskforce recommends that the IPR provisions are reviewed and simplified to increase flexibility for councils to deliver locally appropriate IPR.

Making IPR the centrepiece of the new Act should strengthen the strategic role of councillors as leaders of their local community.

The Taskforce makes the following recommendations in relation to IPR.

3.2.1 The Taskforce recommends

- (1) elevating IPR to form the central framework of the new Act and the primary strategic tool that enables councils to fulfil their civic leadership role and deliver infrastructure, services and regulation based on community priorities identified by working in partnership with the community, other councils and the State Government
- (2) strengthening and embedding the principles of IPR in the Act more broadly, setting minimum standards in the Act and defining process through regulation, codes and/or guidelines
- (3) removing duplication from other parts of the Act, where the principle or practice is already captured in the IPR legislation or guidelines
- (4) ensuring the legislation facilitates a strategic leadership role for councils in their local communities
- (5) moving sections of the Act to other legislation, in order to create an Act that better reflects the strategic role of councils and the framework that ensures and enables that role. The Taskforce proposes the outline displayed in Table 6 as the chapter structure of the new Act
- (6) simplifying the provisions of IPR to increase flexibility for councils to deliver IPR in a locally appropriate manner.

Table 6: The Taskforce recommends the following outline for the overall structure of the new Act

<p>Part I – Structural Framework of Local Government in NSW</p> <p><u>Purpose of the Act</u></p> <p><u>Role of Local Government</u></p> <p><u>Guiding Principles</u></p> <p><u>Roles and Responsibilities of Council Officials</u></p> <p>Part II – Strategic Framework for Local Government in NSW</p> <p><u>Integrated Planning and Reporting</u></p> <ul style="list-style-type: none"> - Community Strategic Plan - Community Engagement Strategy - Delivery Program - Resourcing Strategy - Performance framework <p>Part III – Council Operations</p> <p><u>Governance Framework</u></p> <ul style="list-style-type: none"> - Elections [but recommend for transfer to separate Act] - Conduct - Pecuniary Interest - Councillor remuneration - Meetings, inc. decision making - Delegations - Appointment and Management of Staff - Audit - Protection from Liability <p><u>Financial Practices</u></p> <ul style="list-style-type: none"> - Financial Governance - Procurement - Capital Expenditure - Insurance <p><u>Public Private Partnerships</u></p> <p><u>Use of resources</u></p> <ul style="list-style-type: none"> - Asset Management including public land management & acquisition - Rates - Fees and charges - Grants - Loans - Investments <p><u>Regulatory Functions</u></p> <ul style="list-style-type: none"> - Approvals and Orders - Regulatory Powers (such as entry onto land, acquisition of land) - Offences and Enforcement - Water Management <p><u>Constitution of Local Government</u></p> <ul style="list-style-type: none"> - Regional Strategic Organisations of Councils including formation of corporations - County Councils <p><u>Regulation of Local Government (e.g. State interventions/inquiry powers etc.)</u></p> <ul style="list-style-type: none"> - Administrator - Investigations - Inquiries, Surcharging - Councillor misconduct - Proceedings against councils - Council interaction with the State <p>Part IV - Tribunals and Commissions</p>

3.2.2 Community Engagement

Commentary

A primary theme from the Taskforce discussions and the submissions received was that there should be consistency of terminology concerning community engagement. While the main terms used have been informing, consultation, involvement, collaboration, participation, empowerment and engagement, it is the Taskforce view that the traditional local government approach of "top-down" informing and consultation goes only part way to genuine commitment to community participation and engagement.

Engagement is a broader term that affords the opportunity to inform, collaborate and empower. The Taskforce recommendations under the Role of Local Government endorse the importance of local government representatives securing a sound understanding of community views as a component of the decision making process.

The Taskforce is aware that the NSW Government Planning White Paper proposes that every planning authority will prepare a Community Participation Plan but that "*Councils will not be required to prepare a separate Community Participation Plan if their community engagement strategy (made under the Local Government Act) includes*" all the matters articulated in the White Paper "*and other requirements in the legislation*"(p.48). Should the Planning White Paper proposals relating to community participation be adopted the community engagement sections of the new Local Government Act should be drafted so as to align with any adopted planning proposals but should include the following Taskforce recommendations.

3.2.2 The Taskforce recommends

- (1) councils prepare the most locally appropriate and flexible community engagement strategy guidelines. This will provide communities the opportunity to engage, through the following and other locally appropriate principles, and allow a flexible framework for continuing community engagement. The principles for such strategy will:

- a. include commitment to the community being at the centre of local government using ongoing engagement which ensures fairness in the distribution of resources; rights are recognised and promoted; people have fairer access to the economic resources and services essential to meet their basic needs and to improve their quality of life; and people have better opportunities to become informed and involved especially through use of technology
- b. consider and understand that persons who may be affected by, or have an interest in, a decision or matter should be provided with access to relevant information concerning the purpose of the engagement and the scope of the decision(s) to be taken
- c. consider and understand that interested persons should have adequate time and reasonable opportunity to present their views to the council in an appropriate manner and format
- d. ensure that the views presented to the council will be given due consideration
- e. consider and understand that councils, in exercising their discretion as to how engagement will proceed in any particular circumstance, will have regard to the reasonable expectations of the community, the nature and significance of the decision or matter, the costs and benefits of the consultation process, and to intergenerational equity
- f. arrange flexible special engagement procedures in particular instances
- g. consider all groups, even though it may be difficult to reach every diverse community group, and some groups will choose not to engage.

3.2.3 Performance of Local Government

Commentary

The Taskforce understands that the Independent Panel is examining performance aspects of local government and accordingly has deferred consideration of any legislative matters pending the outcome of this review.

However, submissions were invited on whether the performance of local government and its constituent entities should be further monitored and reported. Some submissions addressed this issue and generally supported a single reporting regime linked to the IPR framework, provided such a regime did not impose an additional compliance burden with little benefit.

It is the view of the Taskforce that a performance system linked to IPR should be developed that enables comparison of relative performance of councils and identification of significant matters that some councils may need to address. The Taskforce considers that the performance system should also include self-assessment of the performance of the governing body of council.

3.2.3 The Taskforce recommends that a performance system is developed that is linked to IPR and includes the following elements:

- (1) a standard series of measures that can compare the performance of councils across the State
- (2) an analysis of the performance measures results so that councils can identify the actions required to elevate performance
- (3) a self-assessment of the performance of the governing body on an annual basis
- (4) in lieu of an end of term report, councils provide a mid-term report as to progress with the Community Strategic Plan.

3.2.4 Technology

Commentary

It was evident to the Taskforce that it is important to ensure the Act does not limit the ability of councils to use the most appropriate technology necessary to support the efficient, effective and economic delivery of services to the community. As examples, the Taskforce heard that the efficient service and receipt of rates and charges notices is hindered by the current prescriptiveness of the Act and imposes a barrier to ratepayers wishing to receive rate notices electronically.

There are various references throughout the Act and regulations to specific requirements for publishing notices and staff recruitment advertisements to appear in newspapers which are costly and restrictive. Equally it was evident that it is important councils are afforded flexibility to choose the form of technology they utilise to ensure that they remain accessible to all members of their community.

3.2.4 The Taskforce recommends

- (1) as a general principle the Act should enable optimal, flexible and innovative use of technology by councils to promote efficiency and enhance accessibility and engagement for the benefit of constituents
- (2) the Act should allow each council to determine the most appropriate use of technology taking into account the Guiding Principles of local government and community engagement through the IPR framework.

Part III – Council Operations

3.3.1 Elections

Commentary

In reviewing election arrangements the Taskforce has had regard to the principles of accessibility, transparency, security and efficiency.

Regarding voting methods, the Joint Standing Committee on Electoral Matters (JSCEM) in its 2012 report recommended amendments to allow for optional universal postal voting. The NSW Electoral Commissioner supports use of either universal postal voting or attendance voting together with iVote as a way to limit council costs.

The introduction of optional universal postal voting was well supported in submissions. Victoria and Western Australia confer discretion on councils to decide the method of conducting elections. Cost savings from universal postal voting of between 15 and 20 per cent compared to attendance voting has been reported. There is almost a 90 per cent take up rate for universal postal voting in those States.

The Taskforce is satisfied that councils are best placed to choose whether to use universal postal or attendance voting. Councils can satisfy themselves as to cost savings, efficiencies and voter acceptance when reaching a decision as to the appropriate method of voting. The Taskforce accepts that “one size does not fit all” and notes that councils already have responsibility for deciding whether they will manage the election in-house or contract out the process.

Where a council chooses to use attendance voting then the legislation should give councils the discretion to set the period for pre-poll voting between 7 and 14 days reflecting the feedback received. There was strong interest expressed by those who made submissions for the early adoption of technology assisted voting, or iVoting as an alternative to attendance voting. Local government could be used as a pilot project for early introduction of electronic voting to reduce costs and potentially improve voter convenience and accessibility.

The Taskforce recommends that legislation provides councils the choice of attendance voting or universal postal voting and allow other means, such as technology assisted voting to increase efficiency, voter participation and reduce costs, while maintaining security and transparency.

The Taskforce considers that the provision of information on specific policy and skills capacity of candidates on their candidate information statements while welcome should not be made mandatory. The Taskforce recommends that councils conducting universal postal elections should be required to provide with the ballot papers a booklet setting out the information provided on candidate information sheets to inform voters.

The Taskforce in its Discussion Paper raised the issue of mechanisms to end the need to hold costly by-elections when a vacancy in civic office occurs in the first year following an ordinary election.

The Taskforce recommends that a counting system be adopted to fill vacancies occurring in the first year following an ordinary election whereby the unelected candidate who had the next highest number of votes is appointed to fill the vacant position. This would be achieved by extending the count by two places.

Furthermore councils should be required to fill vacancies occurring after the first year following an ordinary election and up to 18 months prior to the next ordinary election by compulsory postal voting. Where a casual vacancy occurs in the last 18 months before an ordinary election the council can resolve to apply to the Minister to dispense with the holding of a by-election.

In its 2012 report the JSCEM recommended that there should be one Elections Act for NSW State elections and the regulation of campaign finance and expenditure.

There was substantial support in submissions received that a single Elections Act should also include all legislation governing local council elections. The Taskforce recommends the transfer of local government elections law to a new single Elections Act.

Where mayors are elected by councillors there is good support for a change from one year to two year terms. A two year term will allow for stability.

The Taskforce sought proposals to improve the electoral enrolment process and maintenance of the non-residential rolls for all council areas other than the City of Sydney. The Taskforce has concluded that there is no strong case to change the present enrolment process and maintenance of the non-residential rolls for council areas with the exception of City of Sydney. For a discussion of election issues particular to Sydney City Council see Chapter 4.

The Taskforce notes that it has not had the opportunity to consider the report of the JSCEM into the Conduct of the 2012 Council Elections.

3.3.1 The Taskforce recommends

- (1) councils to have the option of using universal postal voting or alternative means of voting such as technology assisted voting where feasible as a means of increasing efficiency and voter participation and reducing council costs
- (2) the Act be drafted so as to enable the adoption of new technologies such as technology assisted voting when feasible to do so
- (3) include mechanisms for removing the need for by-elections, when a vacancy occurs either in the first year following an ordinary council election or up to 18 months prior to an ordinary election as a means of avoiding the holding of costly by-elections
- (4) a counting system should be adopted as an appropriate mechanism for filling vacancies that occur within the first year following an ordinary election whereby the unelected candidate who had the next highest number of votes be appointed to fill the vacant position
- (5) councils to be required to fill vacancies occurring after the first year following an ordinary election and up to 18 months prior to the next ordinary election by the postal voting method

- (6) where universal postal voting is used for any election, a candidate information booklet is to be included in ballot packs as a way of increasing voter knowledge of the candidates
- (7) the transfer of local government elections law to a single new Elections Act to consolidate all State and local government election provisions along with the regulation of campaign finance and expenditure
- (8) the term of mayors elected by the councillors to be extended from 1 year to 2 years.

3.3.2 Meetings

Commentary

The proposal that the provisions relating to council meeting practice be consolidated into a generic mandatory Code of Meeting Practice that can be supplemented to meet local requirements received almost universal support.

The Taskforce received feedback on the following specific matters relevant to meetings:

- that as general principle councillors should still be required to attend council meetings in person. However in emergency situations such as natural disaster where travel to the council chambers is not possible or dangerous councils should have the option of resolving that councillors may attend the meeting electronically
- caution should be exercised to ensure that in using technology the systems are adequate to maintain proper meeting protocol and allow appropriate community access to the meeting.

3.3.2 The Taskforce recommends that the provisions relating to council meetings be:

- (1) consolidated into a generic mandatory Code of Meeting Practice that may if necessary be supplemented to meet local requirements, provided the amendments are not inconsistent with the provisions of the Act and standard Code of Meeting Practice

- (2) modernised and unnecessary prescription and red tape removed
- (3) designed to facilitate councils utilising current and emerging technologies in the conduct of meetings and facilitating public access
- (4) flexible to enable remote attendance through technology at council meetings in emergencies such as natural disasters.

3.3.3 Appointment and Management of Staff

Commentary

The current regulatory approach is a mix of broad policy statements (particularly in relation to organisation structure) as well as more prescriptive procedural requirements (e.g. merit based appointments, advertising of positions).

This approach does not align with the Taskforce recommendations of a streamlined Act that minimises unnecessary red tape, is principles-based and has IPR as its central framework.

In the Act there are a number of sections that:

- are currently outside the IPR framework, that should be integrated into IPR e.g. organisation structure and equal employment opportunity
- are operational matters and as such should be left open to each council to manage e.g. reporting on contractual conditions, appointment of public officer
- are industrial in nature and should be covered under the relevant industrial legislation e.g. staff appointments and advertising of vacancies

It is the view of the Taskforce that strategic decisions relating to workforce planning should be made within the context of IPR. Other employment matters currently contained within the Act that are operational in nature should be left open to each council to determine.

3.3.3 - The Taskforce recommends

- (1) the strategic responsibilities of the council be clearly separated from operational responsibilities and be aligned with IPR by:
 - the council being responsible:
 - for determining those services and priorities required by the community, and for providing the necessary resources to achieve the council's Delivery Program; and
 - on the advice of the general manager, the council determine the organisation structure to the level that directly reports to the general manager
 - the general manager being responsible:
 - for determining the balance of the organisation structure; and
 - for recruiting all staff with appropriate qualifications to fulfill each role within the structure. The general manager will consult with council regarding the appointment and dismissal of senior staff
- (2) positions meeting the criteria as senior staff be appointed under the prescribed standard contract for senior staff, identified as senior staff positions within the organisation structure, and remuneration be reported in the council's annual report
- (3) each council to determine arrangements for regulatory responsibilities other than under the Act
- (4) the current prescription in the Act relating to the advertising of staff positions and staff appointments be transferred to regulation or to the relevant industrial award
- (5) that the maximum term allowable for temporary staff appointments be extended from 1 year to 2 years.

3.3.4 Regional Strategic Organisations of Councils and Formation and Involvement in Corporations

Commentary

The ability of councils to enter into regional strategic collaboration activities is essential:

- for the long term sustainability of local government in NSW; and
- for the facilitation of efficient and effective long term regional planning.

The provisions in the Act to support regional collaboration between councils are limited. Currently Regional Organisations of Councils (ROCs) are the main vehicle for this purpose. As part of its review the Independent Panel is considering models that could be adopted for this purpose.

It is evident to the Taskforce that the provisions in the Act are inadequate. The Taskforce met with representatives of Hunter Councils and considered the strategic regional cooperation model used by that group of councils. The Taskforce sees considerable merit in the model for providing a governance structure appropriate to facilitate regional strategic collaboration between councils across NSW.

The Taskforce suggests that consideration is given to the adoption of a similar model for NSW councils having the following benefits:

- it supports a strategic regional role for councils
- it supports capacity building among member councils
- it provides an appropriate platform for genuine and binding partnerships between the State and local governments in relation to regional and sub-regional service delivery
- it separates regional strategic and advocacy functions from regional shared services and resources and supports use of alternative service delivery models
- it supports shared services delivery.

The Taskforce suggests that a similar model of regional collaboration between councils is adopted and based on the following principles:

- facilitation of appropriate and strong regional governance and leadership
- contribution to efficient and effective State-local relations in the areas of regional and sub-regional strategy and planning, economic development, infrastructure provision and service delivery
- facilitation of regional and local strategic capacity building
- facilitation of resource sharing, shared services and joint service delivery by councils
- appropriate separation of regional strategic and advocacy functions from regional resource sharing, shared services and joint service delivery functions
- enhanced role and status of mayors.

If this model is adopted new provisions should be included in the Act to:

- establish the roles to be undertaken at a regional or sub-regional level by councils in collaboration
- provide and recognise the formation of a regional entity through groupings of councils to fulfil the regional and sub-regional roles
- establish a basis for agreement between regional entities and the State Government in relation to those regional roles.

The new Act and regulations should provide for:

- the formation and recognition of a regional statutory entity by councils
- membership of the regional statutory entity to comprise the mayors of the region's councils. The entity to be known as the *Regional Council of Mayors*
- the role of the *Regional Council of Mayors* in relation to State Agency regional and sub-regional strategy and decision making in the areas of:
 - regional and sub-regional strategy and planning
 - economic development
 - infrastructure provision
 - service delivery

- a role for the *Regional Council of Mayors* in relation to the development and adoption of the State's Regional Action Plans.

It would also be appropriate to develop protocols for:

- strategic regional collaboration between State agencies and the *Regional Council of Mayors*
- the authority and means by which the *Regional Council of Mayors* may develop and formulate regional and sub-regional strategic positions
- the accountability to the *Regional Council of Mayors* of any resource sharing, shared services or joint service delivery entity operated by or through the Regional Council of Mayors.

The Taskforce understands that the Hunter Councils strategic cooperation model proposes that the Council of Mayors be able to create service entities established as companies limited by guarantee under the *Corporations Act 2001 (Cwth)*. As such the operations of such entities may not be covered by the Act. Consequently they would not be subject to the same level of scrutiny, accountability and transparency as councils.

Accordingly the Taskforce does not recommend that such entities be established without the consent of the Minister. It is the view of the Taskforce that the provisions of the Act relating to the formation of corporations and other entities should continue.

3.3.4 The Taskforce recommends

- (1) the Act include a mechanism enabling councils to form statutory entities to undertake regional strategic collaboration activities. The Taskforce is of the view that, in place of Regional Organisations of Councils, a model similar to that developed by the Hunter Councils – Council of Mayors provides a suitable mechanism for achieving regional strategic collaboration, with the exception of Western NSW. ROCs could transition to a Council of Mayors to broaden joint collaboration between councils
- (2) the provisions of the Act relating to the formation of corporations and other entities should continue.

3.3.5 Protection from Liability

Commentary

The Taskforce is satisfied that liability limitations and protections currently contained in the Act are working well. Suggestions were received for additional exemptions to be conferred on councils and their employees as follows:

- natural hazards e.g. geotechnical hazard
- where council conducts work in response to emergencies to prevent an immediate risk to public health or environmental harm
- add a definition of "good faith"

While the Taskforce has not been presented with compelling evidence for these changes, there may be merit in conducting a further review of this matter.

3.3.5 The Taskforce does not propose changes to the liability provisions of the Act.

3.3.6 Code of Conduct

Commentary

The Taskforce did not propose any changes to the conduct provisions of the Act and recommends that other than ensuring the conduct provisions are located in an appropriate section of the new Act and that reporting requirements made consistent, the provisions should be transferred unchanged to the new Act.

3.3.6 The Taskforce does not propose changes to the conduct provisions of the Act.

3.3.7 Pecuniary Interest

Commentary

The Taskforce proposal that the pecuniary interest provisions of the Act be reviewed to ensure that they are written in plain language, easily understood and unnecessary red tape removed, was largely supported. Issues were raised which the Taskforce believes should be taken into consideration in any review of these provisions including:

- the definition of "designated person" should be revised given the Code of Conduct obligations
- privacy rights should be balanced against the publication and public access to pecuniary interest returns.

3.3.7 The Taskforce recommends

- (1) the pecuniary interest provisions be reviewed to ensure they are written in plain language, easily understood and with unnecessary red tape removed
- (2) consideration be given to utilising technology to assist with the submission and maintenance of pecuniary interest disclosures and to facilitate appropriate access to this information, while ensuring that privacy rights are protected.

3.3.8 Delegations

Commentary

For the efficient operation of councils it is essential that the council can delegate functions. Councils have a broad range of functions that may be exercised under delegation.

The Act expressly prevents the council from delegating a number of functions including the appointment of a general manager, the making of a rate, the fixing of fees and charges, the borrowing of money, voting of money for expenditure, compulsory acquisition of land, acceptance of tenders, classification and reclassification of public land, granting of a leave of absence to the holder of a civic office and functions that can only be exercised by way of a resolution of the council.

The Act also limits the power of councils and county councils to delegate and sub-delegate regulatory functions to a person or entity other than a committee of the council or county council, an employee of the council or county council, to a county council by a county council or to a council by a county council.

The current legislative approach of the broad power of delegation with a number of exceptions strikes an appropriate balance and has not been raised as a matter of concern by councils.

However, issues have been identified in relation to some of the exceptions including:

- acceptance of tenders - councils are required to call for tenders for contracts for the provision of goods and services exceeding an estimated expenditure of \$150,000. This results in contracts of an operational nature, that could be dealt with at the operational level, having to come before the council for acceptance
- acceptance of tenders involving more than one council - this exception impacts on the ability of councils to make purchases collaboratively either through regional strategic alliances or jointly with another council. If councils either jointly or through regional strategic alliances decide to make a collaborative purchase,

a report has to go to each of the participating councils, all of which must resolve to accept the tender

- a decision to provide minor financial assistance to community groups. It is suggested that this provision is not reflective of the risk associated with these decisions
- the restriction preventing the delegation or sub-delegation of regulatory functions to another council which prevents councils from working collaboratively, for example by outsourcing regulatory functions to an adjoining council.

It is proposed that the current legislative approach of enabling a broad power of delegation, with a number of exceptions, be retained.

However it is recommended that delegations are reviewed to ensure that they are written in plain language, streamlined, and remain appropriate, taking into account the other recommended changes to the Act.

It is the view of the Taskforce that it should be left to councils to determine the functions that it is most appropriate to delegate to support the efficient and effective operation of council, and that the amount of legislative prescription should be minimised.

3.3.8 The Taskforce recommends

- (1) that the provisions of the Act relating to delegations be reviewed to ensure that they are streamlined, written in plain language and are reflective of the roles and responsibilities of the council and the general manager to facilitate the efficient, effective and accountable operation of local government
- (2) that the exceptions to delegations of an operational nature not be carried forward to the new Act, ensuring the council focuses on strategic decisions, consistent with IPR. These would include for example:
 - acceptance of tenders
 - provision of minor financial assistance to community groups

- delegation of regulatory functions to another council or shared services body.

3.3.9 Financial Governance

Commentary

The financial governance of councils is largely regulated by two Parts within the Act:

- IPR prescribes that councils have certain financial documents such as a Resourcing Strategy that includes long-term financial planning and asset management planning
- financial management provisions relating to council's funds, accounting records, financial reporting and auditing.

The financing of councils, including fees and charges and rating are dealt with in other parts of the legislation. The Taskforce comments on fees in section 3.3.15 below but not the rating provisions as this is being examined by the Independent Panel. However, the Taskforce received a significant number of submissions highlighting issues with the current rating regime. A further detailed review is considered to be required of rating and finance issues once a fundamental framework arising from Independent Panel recommendations has been considered and adopted by the State Government.

The current financial governance and management provisions are prescriptive, focus on process and are not always clearly aligned with IPR or the approach adopted by the Taskforce for a streamlined, principles based Act that minimises prescription. The Taskforce is recommending that financial and resource planning and reporting should be included within the IPR framework as part of a council's Resourcing Strategy.

Supporting the Guiding Principles for Local Government recommended by the Taskforce (see section 3.1.2 above), the Taskforce recommends that the new Act include the following principles for financial governance requiring that:

- councils have a structure to independently verify and safeguard the integrity of financial reporting

- promote timely and balanced disclosure of all material matters
- establish a sustainable system of risk oversight, management and internal control.

The Taskforce recommends that the financial management principles are underpinned by a comprehensive financial governance framework including the following elements:

- (1) financial management governance and oversight - setting out the processes by which the council is directed, controlled and held to account including clear financial governance policies, risk management requirements and audit functions
- (2) financial management structure, systems, policies and procedures - setting standards to achieve sound systems of internal control to support financial management
- (3) financial management reporting - that assists councils in measuring and managing performance and ensures financial management reporting is consistent with statutory reporting obligations. This should be linked to IPR reporting requirements.

The Taskforce recommends that legislation contain the financial governance principles and the minimum expectation for financial management while minimising prescription. The legislation should be supported by appropriate regulatory instruments.

3.3.9 The Taskforce recommends

- (1) there be greater focus on principles and definition of financial systems and minimum standards in the new legislative framework and for assimilation of financial governance with the IPR requirements
- (2) there be a realignment of the regulatory focus under the legislative framework towards systems and risk management rather than process prescription
- (3) complementing the Guiding Principles of local government, the new Act should articulate a set of financial (or corporate) governance principles that align more effectively with the principles

- and objectives of IPR, especially in relation to stewardship of resources and accountability. For example:
 - a. safeguarding integrity in financial reporting
 - b. making timely and balanced disclosures
 - c. recognising and managing risk
- (4) minimum expectations be prescribed by legislation or sub-regulatory instrument. A potential framework is:
 - a. financial management governance and oversight
 - b. financial management structure, systems, policies and procedures
 - c. financial management reporting
- (5) financial statement requirements be included under IPR annual reporting requirements
- (6) a further review of rating and finance matters be undertaken as required after the Independent Panel recommendations are determined by the State Government.

3.3.10 Procurement

Commentary

The current regulatory approach is prescriptive and restricts councils from taking a strategic, flexible method to procurement.

Issues with the current procurement framework identified by the Taskforce include:

- the tendering threshold of \$150,000 is considered too low
- lack of accountability for procurement below the threshold, or where tendering is not required
- councils are not able to participate in State Government policy objectives of supporting registered Australian Disability Enterprises by being able to procure directly from such organisations without having to go to tender
- procurement is not incorporated into a broader system of financial management
- inefficiencies arising from prescriptive processes that restrict the use of technology and facilitate a more strategic approach to procurement

- delegation provisions constrain councils from engaging in regionally-based procurement, while councils' inability to delegate tenders requires council approval for operational expenditure.

Recognising the Taskforce objective of developing principles-based legislation it recommends the following procurement principles for the new Act and regulations which are consistent with the NSW State system of procurement, and adapt important principles from local government legislation in other States.

a. Accountability and reporting requirements

- align council's procurement framework with IPR
- annual reports against council's IPR objectives, and significant procurement above a certain value
- delegations, including removing restrictions on delegation of the acceptance of tenders (see also section 3.3.8).

b. Value for money including consideration of:

- the goal and purpose of the procurement having regard to the council's strategic objectives as identified through IPR
- development of a competitive local business, industry, regional or local preference policy
- considerations of materiality and whole of life costs
- regularly review rolling contracts or engagements.

c. Probity, fairness and risk management, including:

- a transparent, fair and ethical process for all procurement irrespective of value
- risk management and setting appropriate internal controls and monetary thresholds having regard to risk.

d. Efficient and effective competition to require councils to implement efficient

and effective competitive processes for procurement that is appropriate to the scale and scope of the procurement, having regard to actual value.

Allow exceptions to the effective competition requirement:

- where it is not reasonably practicable for example, where tendering would not produce a satisfactory result, land purchase, sale, lease or licence; for employment contracts; in emergencies; for environmental upgrade agreements; election services; banking; borrowing or finance services; and exemptions from tendering under other legislation. Furthermore, exemptions could be included for EPAA planning agreements, public auctions, insurance and other council-provided services
- other exemptions such as procurement from Commonwealth and State Government panel contracts, other prescribed entities, and registered Australian Disability Enterprises.

e. Market assessment, including whether council should provide services or approach the market.

The Taskforce recommends that the legislative framework include default procurement requirements, with minimal process requirements that are contemporary, reasonably efficient and flexible, and non-technology specific and be prescribed in regulation or a mandatory code.

An option would be to apply to councils the NSW Procurement Board requirements for agencies seeking accreditation, or to prescribe a procurement framework based thereon. Alternatively the monetary tendering threshold could be set on the basis of risk using as its basis the materiality of the value of the proposed procurement.

3.3.10 The Taskforce recommends

- (1) the adoption of central principles of procurement combined with a medium level of regulation to ensure support of the following principles:
 - a. accountability
 - b. value for money
 - c. probity, equity, fairness and risk management
 - d. efficient and effective competition
 - e. market assessment
- (2) main considerations for each principle be contained in the Act or regulations, with further considerations contained in guidelines or a mandatory code
- (3) a council's procurement framework be consistent with its IPR framework
- (4) rather than the legislation setting a monetary threshold, a more flexible principles-based approach be established to enable councils to determine their threshold based on risk assessment of the proposed procurement and the procurement principles
- (5) regulation of procurement support councils entering into collaborative procurement arrangements and utilising technologies to assist with efficient, effective and economic procurement processes that are accessible to all relevant stakeholders and are fair, open and transparent
- (6) a regulation or code to express councils' default procurement framework
- (7) councils be qualified to adopt a more strategic approach through "earned autonomy" whereby:
 - a. the Division of Local Government may exempt a council from compliance with a requirement under the regulation or code where it is satisfied that a council's procurement framework is consistent with the procurement principles; and
 - b. qualification for a council's earned autonomy may be through an accreditation process or by council's development and diligent maintenance of policies

and practices that are consistent with requirements issued by the Division of Local Government or other oversight entity. Qualification by accreditation is preferred as this should increase the accountability of councils to the community.

- (8) councils continue to be able to take advantage of purchasing from Commonwealth and State Government procurement panels and State Government policies which afford exemption from tendering obligations such as when purchasing from registered Australian Disability Enterprises.

3.3.11 Capital Expenditure Framework**Commentary**

Responses to this proposal were almost entirely supportive. A number of submissions contained useful suggestions on how the proposal could be implemented or improved. Some submissions suggested that NSW Treasury policies and guidelines provided valuable guidance on capital expenditure that could be readily applied to local government. The Taskforce recognises the vital importance of accounting for whole of life costs.

The use of risk management was advocated and the view was expressed that any framework should be sufficiently flexible to meet the individual needs of councils and not result in more regulation. Submissions suggested that the capital expenditure framework should be incorporated into IPR to ensure that the implications of major capital projects are assessed and reporting processes streamlined.

3.3.11 The Taskforce recommends

a capital expenditure and monitoring guideline be developed that integrates with the IPR framework and enables the appropriate management of risk by councils. This guideline should be tailored to risk levels, including significance of the project, materiality and whole of life costs, and not based on arbitrary monetary thresholds or procurement vehicles.

3.3.12 Public Private Partnerships

Commentary

This proposal received considerable support. It was acknowledged that high risks associated with Public Private Partnerships (PPPs) justified their regulation. The proposal that PPP's be considered for inclusion in the IPR framework was also supported as a means of streamlining the process and improving accountability and transparency.

Being often high risk, sophisticated financial instruments the Taskforce holds the view that PPPs should continue to be subject to regulation.

3.3.12 The Taskforce recommends

- (1) that PPP projects continue to be subject to regulation due to the significance of the risks involved
- (2) aspects that could be streamlined or simplified be identified and mechanisms for ensuring PPPs be considered for inclusion in the IPR framework.

3.3.13 Acquisition of Land

Commentary

There is strong support for councils to adopt a policy through the IPR process on acquisition of land, including by compulsory acquisition, which is in accord with proposed land purchases being identified through the council's Delivery Program.

Any requirement to link a specific compulsory acquisition to the IPR process should relate to identification or demonstration of how the acquisition will support achievement of a 'key outcome' rather than the need to refer to a specific property for acquisition. Individual parcels of land need not be identified as this could inflate their price above market value. There should also be sufficient flexibility in the IPR process to continue to facilitate acquisition of land where an opportunity to obtain an important public asset arises.

Several submissions suggested the introduction of a streamlined system for the compulsory

acquisition of small non-significant parcels of land to reduce administrative costs. Furthermore, in order that councils may determine whether to proceed with land acquisition, determination of the value of the land early in the process should be possible.

It was also suggested that to quicken processes and reduce costs the decision for final approval of a compulsory acquisition proposed by council should no longer rest with the Minister for Local Government and the NSW Governor but instead, reside with the Chief Executive of the Division of Local Government. The Taskforce notes that a New Zealand acquisition scheme enables councils to approve compulsory acquisitions from a list of core functions.

The Taskforce is aware that any streamlining of the present system would require substantial change to the processes of the *Land Acquisition (Just Terms Compensation) Act 1991* (LA(JTC)A) which underpin the Local Government Act land acquisition regime. The processes for the compulsory acquisition of land under the LA(JTC)A apply to both councils and State Government agencies so that changes would need to be a matter for examination by State Government.

A few submissions challenged the current restrictions on councils' ability to re-sell compulsorily acquired land. It was suggested that by maintaining the restrictions on re-sale of acquired land, councils' capacity to meet its IPR strategic objectives could be restricted. Furthermore, it should be permissible to adopt a broader range of circumstances where land acquired compulsorily may be resold, for example, to facilitate economic growth, for strategic commercial purposes and job creation, but only after an open and transparent process has been undertaken and approval given by the State Government. The Taskforce received no detailed evidence to suggest that the current restrictions on the resale of land have unnecessarily hampered council functions and services.

3.3.13 The Taskforce recommends

council plans for the compulsory acquisition of land be linked with the IPR processes, and in particular the expressed opinion of the community in the Community Strategic Plan on the need for additional public land or the sale of public land be included in Delivery Program provisions.

3.3.14 Public Land**Commentary**

The Taskforce heard from councils that there was considerable frustration with the unnecessary red tape in the public land management regime, primarily in three areas:

- the time required to reclassify public land from community to operational, with the necessity to obtain consent for a change to the LEP to facilitate the re-classification following a mandatory public hearing
- the complexity associated with the categorisation and sub-categorisation of community land when preparing and amending plans of management, and
- the administrative obstacles faced by councils with the leasing of community land in excess of five years.

The Taskforce proposed that the classification regime be abandoned in favour of councils developing Asset Management Plans to identify the existing and proposed future uses of public land. Land acquired by the council would be specifically accounted in the Asset Management Plan and the proposed use would be clearly outlined. Should there be a proposal to change the use or sell public land, an appropriate community engagement process would be undertaken with a public hearing utilised for land having significant value or importance. Finally, the Taskforce proposed the need for concurrence from the Department of Planning in respect of the granting of a lease, licence or other estate over public land should be removed.

Most submissions commented on the public land proposals and elicited a mixed response. Many supported the proposals including removing the classification system in favour of an Asset

Management Plan regime, while some objected to the classification removal, largely due to concern that it would make it easier for councils to sell land previously classified community. Some submissions questioned how this category of land would be defined and also noted that small neighbourhood parcels of land could be seen as having significant value or importance to the local community.

The Taskforce recognises that there may be instances where parcels of open space land are now zoned residential under councils' newly adopted standard LEP template. Accordingly, if the classification system is removed it may mean that such land could be sold for other purposes without a proper public process. There will need to be a transparent public process in the event that community land is proposed for sale.

Submissions also questioned the need to hold public hearings in all cases as well as the complexity of categories and sub-categories of land uses under plans of management. This matter would be addressed as part of the council's Asset Management Plan and adopted Community Engagement Strategy with the objective being to reduce prescription by simplifying the categories and sub-categories.

Some submissions questioned the need for proposals to grant leases, licences and other estates over community land requiring approval of the Minister for Local Government, especially when a proposal exceeding five years has attracted perhaps only one objection. Given that a report on the proposal from the Department of Planning is also required to be obtained before the Minister may provide consent, and that a Taskforce objective is to remove unnecessary government intervention and red tape, it is suggested that Ministerial approval in these circumstances should not be required.

The Taskforce has also noted that the current processes for the management of council owned public land and Crown land managed by council are complex and often inconsistent. The Taskforce recommends that the processes be harmonised and made sufficiently flexible to reduce unnecessary red tape and overlap. The final shape of a structure for Crown land management by councils will have regard to the

outcomes of the current Crown Land Management Review.

The Taskforce convened several public land workshops to review and refine its proposals. The Taskforce recommendations are designed to ensure adequate protection for public land while providing additional flexibility for local government.

3.3.14 The Taskforce recommends

- (1) councils be required to strategically manage council-owned public land as assets through the IPR framework
- (2) balancing reasonable protections for public land use and disposal by retaining the classification regime of public land as either community or operational land and require a council resolution at the time of acquiring or purchasing land to specify the classification, category and proposed use or uses
- (3) a proposed change in the use or disposal of community land be addressed through the council's Asset Management Planning and Delivery Program
- (4) a public hearing be held by an independent person where it is proposed to change the existing dominant use or to dispose of community land, with the results of the public hearing to be reported to and considered by the council before a decision is made
- (5) any use of a public hearing or other consultation process under the Act be specified in the council's Community Engagement Strategy
- (6) recognising the LEP zoning processes and restrictions applying to council owned public land
- (7) simplifying and reducing the categories and sub-categories of use to which community land may be applied through the Asset Management Planning process so as to identify and accommodate other ancillary or compatible uses appropriate to the current and future needs of the community

- (8) ceasing the need for separate plans of management for community land to be prepared and maintained, and in lieu, utilise the Asset Management Planning and Delivery Program of the IPR process
- (9) ceasing the need for a separate report to be obtained from the Department of Planning and the need for ministerial approval where council proposes to grant a lease, licence or other estate over community land in excess of the current 5 years, where an objection has been received by the council
- (10) proposed leases and licences be addressed as part of the council's Asset Management Plan and adopted Community Engagement Strategy with the 30 year maximum term to remain unchanged.

Regulatory Functions

3.3.15 Approvals, Orders and Enforcement

Commentary

The Taskforce received many submissions on this topic with suggestions that:

- the approvals regime is too prescriptive, unnecessarily complicated and inconsistent with consents given under the EPAA and other legislation
- there is some overlap and duplication of approval responsibilities and powers between Acts while some approvals might be better located in other legislation
- provisions relating to orders are generally working well. However, the list of areas attracting an order could be reviewed to identify where they could be better dealt with under other legislation. Enforcement powers sometimes are not sufficient to implement orders. The prescriptive nature of the approvals and orders procedure is not consistent with the Term of Reference of the Taskforce to recommend a streamlined Act that builds councils'

regulatory capability. The legislative framework for approvals could be more risk-based with greater clarity provided on how approvals and orders are to be treated.

Councils have submitted that the existing provisions regarding applications and approvals are too complex and unnecessary for many activities and could be simplified.

There are also several provisions where councils need to make decisions under more than one Act or where more than one agency is responsible for activating an approval. It is recommended that these be consistent and simplified.

The key focus of these provisions should be to ensure that the community understand what it is that they are being required to do and why. Some approvals for activities on land may be more appropriately regulated through other legislation including the planning provisions of the *Environmental Planning and Assessment Act 1997* (EPAA).

The Taskforce accepts that there are sound reasons for being prescriptive in legislation about the manner of dealing with approvals and orders in circumstances where people's rights and interests are being directly affected and where a failure to comply may result in appeals to the Land and Environment Court.

Recommendations are made to transfer or delete several approvals and orders from the Act. This list is not exhaustive and a complete review of the approvals and orders tables should identify additional matters better addressed under other legislation or repealed.

The Taskforce sees merit in the current Government proposals to transfer provisions from Chapters 6 and 7 of the Act dealing with waste water management and recycling to specialist water legislation.

Regarding the operation of local water utilities by councils, there are arguments to support the remaining regulatory provisions relating to water

supply, sewerage and drainage also being transferred to specialist legislation. This decision should appropriately await the outcome of other reviews currently underway.

Strengthening of IPR will provide councils an enhanced strategic function allowing discretion to determine community priorities and to manage council resources in order to meet statutory requirements. Discretionary capacity should also be enabled in the regulatory framework.

The Taskforce is satisfied that there is practical utility in retaining the ability of councils to make Local Approvals Policy (LAPs) while streamlining of the current processes is appropriate.

The Taskforce considers that councils should be required to adopt an Enforcement Policy stating what factors will be considered in determining whether or not to take action, including the level of risk (the NSW Ombudsman has apparently developed model guidelines). The factors should be consistent across all councils. This may replace Local Orders Policies (LOPs). The Taskforce sees particular merit in this recommendation.

Several councils have requested a new power to allow a council to charge an administration fee for service of orders in the Act and other legislation and full cost recovery for a regulatory function undertaken by the council.

The time limit for commencing summary proceedings for offences should be increased from 6 months. It is noted the EPAA prescribes 2 years while the *Protection of the Environment Operations Act 1997* (POEOA) provides either 12 months or 3 years depending on the nature of the offence. The Taskforce recommends an increase to 12 months.

The Taskforce has received support for the proposal to increase the maximum penalties that may be imposed by a court for offences. The Taskforce is of the view that penalties should be proportionate to the seriousness of the offence and act as a deterrent.

3.3.15 The Taskforce recommends

- (1) regulatory provisions be reviewed to ensure that the Act provides guidance on regulatory principles but contains flexibility and less prescription in regulation implementation, provision of statutory minimum standards or thresholds, and councils having discretionary "on-the-ground" functions
- (2) consideration be given to the notion of a risk based approval process where persons or corporations are given general approval to conduct certain work rather than dealing with applications on a piecemeal basis
- (3) within this framework, the prescriptive processes of approvals and orders be streamlined and, subject to risk assessment, be placed where possible into regulations
- (4) removal of as many approvals and orders as possible and placing in specialist legislation if they cannot be repealed
- (5) the principles for dealing with approvals and orders be incorporated into a council's IPR framework through the Delivery and Operational Plans, including adoption of an Enforcement Policy and any LAPs and LOPs
- (6) penalties for offences in the Act and regulations be increased to ensure they are proportionate to the nature of the offence, and that the ability to serve a penalty notice should be made an option for additional offences
- (7) councils be required to adopt an Enforcement Policy stating what factors will be considered in determining whether or not to take action, including the level of risk. The factors should be consistent across all councils
- (8) improving councils' ability to recover costs for conducting work on private land
- (9) aligning council powers of entry with contemporary legislative standards
- (10) increasing the time limit for commencing summary proceedings from 6 to 12 months.

The Taskforce notes that IPART is currently conducting a Red Tape Review of Local Government Compliance and Enforcement and is considering regulatory issues and how regulatory burdens may be reduced. The Taskforce has not been able to consider these reports as they have not been released.

3.3.16 Water Management**Commentary**

The Taskforce supports proposed changes to water recycling provisions which will consolidate and simplify the legislative framework.

The Taskforce makes no recommendations regarding the structures for the delivery of water and sewerage in non-urban areas, noting that the issues were considered but are being addressed by other reviews.

Development of a Local Water Utilities Act is not considered warranted on the basis that responsibility for water supply and sewerage in regional NSW is likely to continue to remain with general purpose and county councils.

3.3.16 The Taskforce supports changes proposed to water recycling provisions which will consolidate and simplify the legislative framework. Otherwise the Taskforce makes no recommendations regarding the structures for the delivery of water and sewerage in non-urban areas, noting that the Taskforce gave the issue consideration but is aware this area is being dealt with by other reviews.

3.3.17 Tribunals and Commissions**Commentary**

The Taskforce is aware that the Government has constituted a NSW Civil and Administrative Tribunal which is expected to consolidate the Local Government Pecuniary Interest and Disciplinary Tribunal into its operations.

It is noted that the Independent Panel is examining the issue of structures and boundaries, how boundary changes might be facilitated, and possible change of the method of operation of the Local Government Boundaries Commission.

Few submissions were made concerning the future role and function of the Local Government Remuneration Tribunal which sets the annual fees for mayors, councillors, county council chairpersons and members. While the Taskforce is of the view that the Tribunal is working well, consideration should be given whether to merge its operations with the Statutory and Other Officers Remuneration Tribunal.

3.3.17 The Taskforce notes

- (1) it is expected the Local Government Pecuniary Interest and Disciplinary Tribunal will be consolidated into the newly constituted NSW Civil and Administrative Tribunal
- (2) the Independent Panel is examining the issue of structures and boundaries, how boundary changes might be facilitated, and possible change of method of operation of the Local Government Boundaries Commission and accordingly makes no comment pending the outcome of this review
- (2) consideration be given whether to merge the Local Government Remuneration Tribunal with the Statutory and Other Officers Remuneration Tribunal.

3.3.18 Other Matters**Commentary**

In undertaking this review of the local government Acts the Taskforce has focussed on developing high level principles and policies for the new Act. However a number of other matters have come to the attention of the Taskforce that it considers should be addressed in the new Act. These include:

3.3.18 The Taskforce recommends

- (1) consistent with Taskforce recommendation 1.3, that in place of sections 23A and 10B(5) that the Act empowers the Director General to issue mandatory codes on operational and governance matters relevant to local government
- (2) a formal Oath of Office for councillors is introduced as a mechanism for inducting councillors into their role and reinforcing the serious nature of the role and the chief responsibilities and duties the role entails
- (3) the provisions of the Act governing councils' expenses and facilities policy are reviewed to ensure they are streamlined and unnecessary red tape eliminated
- (4) a review be undertaken of circumstances that do not invalidate council decisions and including consideration of the appropriateness of adding the following to those circumstances that do not invalidate council decisions – "a failure to comply with the consultation and engagement principles"
- (5) conferring authority on councils to allocate, maintain and enforce property numbering
- (6) councils be provided with an effective means to regulate camping in vehicles on road and road related areas

- (7) the following matters be reviewed depending on the outcomes of other reviews currently incomplete:
- a. how councils are financed, particularly rating. The Taskforce consistently received feedback detailing issues with the provisions of the Act relating to how councils are financed
 - b. community engagement to ensure consistency with the planning community participation proposals under the new Planning Act if adopted
 - c. Tribunals and Commissions, particularly the role and functions of the Boundaries Commission to ensure that the Act supports recommendations of the Independent Panel adopted by the State Government
 - d. roles and responsibilities of council officials. It is essential that the Act clearly defines the roles and responsibilities of the mayor, councillors and the general manager. The Taskforce recommends that these definitions are reviewed to ensure that they reflect recommendations of the Independent Panel adopted by the State Government.

CHAPTER 4 – REVIEW OF THE CITY OF SYDNEY ACT

Commentary

The Taskforce Discussion Paper sets out the background for the various provisions of the *City of Sydney Act 1988*, identified issues for consideration, and made suggestions for change arising from stakeholder and public submissions. The Taskforce concluded under the present local government boundary arrangements applying to metropolitan Sydney, a separate City of Sydney Act should be retained based on:

- the significance of Sydney as a global city
- a separate Act as a driver for placing the city in a pre-eminent position
- the City having regional, national and international significance
- the economic importance of the Central Business District of the City and centre for the NSW Parliament.

Sydney is Australia's largest capital city and contributes 25% to the New South Wales economy and 7.5% to the national economy. The Taskforce recognises the symbolic significance of the City of Sydney as a global city and acknowledges the position expressed by the Sydney City Council, LGNSW and others that as a capital city government, the City requires appropriate and separate authority and responsibility.

The Taskforce believes there is a strong case for retaining the CoSA which includes provision for the Central Sydney Planning Committee and the Central Sydney Traffic and Transport Committee. They provide effective mechanisms for State and local government to deal with significant issues of transport and development in Sydney.

Effective transport infrastructure is integral to economic development and accessibility to the City by workers, residents and visitors. The City argued effectively that the nature of these issues and their impacts on the global City of Sydney distinguish the City's local government area from others such that stand alone legislation is appropriate and necessary.

The Sydney City Council submitted that the CoSA requires enhanced mechanisms for dealing with State and nationally significant issues. The Council has sought amendments to provide for a mayor-council model rather than the model applying elsewhere in the State (ie. council-manager) as this model applies in other major cities (e.g. Adelaide).

Sydney City Council also submitted that to encourage partnership and coordination between levels of government there be established a City of Sydney Committee to address identified strategic issues, and establish Regional Mayors Committees to develop and implement regional strategies consisting of mayors and senior State government representatives. The Taskforce has not considered these requested amendments in detail as the work of the Independent Panel includes an examination of various strategic regional governance structures.

A number of submissions were received concerning the elections for the City of Sydney, particularly in relation to the entitlement of non-resident landowners, corporate landowners and occupiers and lessees.

The Taskforce has considered the divergent views as to the most appropriate manner for the preparation and maintenance of the non-residential electoral rolls for the City of Sydney and acknowledges the complexity and cost implications of some suggestions. Achieving greater clarity and the reduction of unnecessary red tape has been a key Taskforce objective.

Under the CoSA a person is entitled to be enrolled and vote in the City of Sydney elections if on the NSW Electoral Commissioner's State electoral roll for Legislative Assembly seats in the City of Sydney area. Moreover, the following are entitled to apply, by a nominated date, to vote in the election of the City of Sydney:

- non-residential sole owners of land
- non-residential joint owners of land not being a corporation, each entitled to vote

- sole corporations as owners of land who can nominate one elector
- two or more corporations owning land who can nominate one elector for each corporation
- occupiers/lessees of land not being residents of the City of Sydney, who pay more than \$5,000 in rates/rent; each tenant is entitled to be enrolled as an elector
- sole corporations as lessees of land who are entitled to nominate one elector
- two or more corporations as lessees of land who are entitled to nominate one elector for each corporation
- those eligible under section 16A of the CoSA.

The non-residential rolls are prepared by the NSW Electoral Commissioner and lapse after the election for which they were prepared. The current legislation casts the onus of enrolling on those in the above categories. It has been submitted that the process of enrolling is bureaucratic, onerous and leads to a limited response to enrolling.

Preceding a council election, the Electoral Commissioner is required, 90 days before the closing date of the election, to send an enrolment letter addressed to each person whose name appeared on the non-residential rolls for the previous election and to each corporation which nominated an elector for the previous election.

Leading up to the 2012 elections, the Commissioner noted a decline in electors seeking to be enrolled on the city's non-residential rolls and conducted a significant mail out (79,888 letters) to possible eligible enrollees, as well as placing targeted advertising to encourage eligible non-resident electors and corporations to enrol.

Notwithstanding this endeavour, the non-residential rolls were closed off at 1,708 enrollees. There are 185,000 residents within the City of Sydney. It is estimated there are 20,000 businesses, as well as many lessees and corporations operating in the City of Sydney area. In 2011, 78.5% of the rates paid to Sydney

City Council were paid by non-resident persons or corporations.

Businesses, corporations and non-resident owners of land have a significant interest in the management of the City of Sydney as their operations and perhaps performance can be impacted by decisions of the Council.

Included in the submission by the Electoral Commissioner were three options concerning non-resident voting:

- (1) maintain the current process;
- (2) abolish the rights of corporations to appoint nominees to exercise their vote, or
- (3) consider the City of Melbourne model of non-residential enrollees.

In relation to submission (1), the Taskforce believes the current process for non-residential and corporate enrollees is complex and not conducive to encouraging those presently entitled to enrol to do so.

In relation to submission (2), the Taskforce believes as corporations play a significant role in the City of Sydney, as well as providing a significant income to the Council and can be impacted by Council decisions, it would not be fair or equitable to remove them from being entitled to appoint a nominee to vote.

In relation to submission (3), the Taskforce visited the Melbourne City Council and the Victorian Electoral Commission and has examined the election provisions of the *City of Melbourne Act 2001* (sections 9 – 11).

The City of Melbourne Act provides that non-resident owners, occupiers of rateable land and corporations can apply to be on the rolls provided they make application before a certain date.

In the event that this does not occur, then certain persons are deemed to be enrolled to vote as non-resident land owners, occupiers, or in the case of corporations being occupiers of land or landowners, certain persons are enrolled on behalf of the corporation.

The significant difference between the current City of Sydney franchise provisions and the City of Melbourne is that those non-resident landowners, occupiers and corporations in the City of Melbourne area, who do not apply to enrol voluntarily, will be deemed to have voting rights. In the case of the City of Sydney, only those who have enrolled by the closing date are entitled to vote.

The City of Melbourne accumulates information to enact the deeming provisions as follows:

- As to residents of the City of Melbourne, they are deemed to be on the roll of electors as compiled by the Victorian Electoral Commission.
- For non-resident owners, including corporations owning land, this information is ascertained by reference to property information held by the Council.
- For corporations, the company secretaries and directors are determined from information provided by the Australian Securities and Investments Commission (ASIC) and are appointed alphabetically from such information.
- In the case of occupiers of rateable land who live outside the City of Melbourne and have occupied the rateable land for one month or more, the City of Melbourne canvasses all businesses, estimated to be 18,000 in number, before a general election to determine the occupier or occupiers of the business who can vote. The Council does this six months before that election when conducting a survey of businesses in the Melbourne City Council area to obtain statistical information in addition to determining those who shall be deemed to vote.

The Taskforce believes that similar deeming principles should be adopted for the voting entitlements of non-resident land holders, occupiers and corporations holding property or operating businesses in the City of Sydney area who have not voluntarily, before the due date, enrolled to vote. It is vital that persons and entities who are very much part of the fabric of the City of Sydney be involved with the democratic process of the Council.

The threshold amount of \$5,000 provided in section 14 of the CoSA may also need review as it was set during the 1990s.

Other Matters

Regarding the method of election of the Lord Mayor of Sydney by popular vote, there were no suggestions made for change. The Taskforce makes no recommendation for amendment to the CoSA in this respect.

The Taskforce had proposed the transfer of the special environmental planning powers that allows the rectification of landscaping on uncompleted developments, contained in Part 6 of the CoSA to the EPAA. Sydney City Council has requested amendment to Part 6 following adoption of the Sydney Local Environmental Plan 2012, so as to ensure the application of these powers to the City Centre area only. The Taskforce raises no objections to this proposal.

4.1 The Taskforce recommends.

- (1) a separate Act for the City of Sydney be retained (pending the report and recommendations of the Independent Panel) noting that the Sydney City Council is also subject to the provisions of the Local Government Act
- (2) the electoral provisions applying to the Sydney City Council be transferred from the CoSA to a new Elections Act, as recommended at section 3.3.1 above, thereby providing a single repository for NSW electoral law
- (3) residents of the City of Sydney who are at the relevant date enrolled, within the meaning of the *Parliamentary Electorates and Elections Act 1912*, on the roll for any electoral district and whose place of living as described on the rolls is within the City of Sydney, shall be entitled to one vote provided that if a person is so entitled to vote because they are a resident of the City of Sydney, they shall not be entitled to be enrolled as an elector in any other capacity

- (4) (i) that persons presently entitled to vote and corporations who are entitled to nominate a person to vote on its behalf to vote under the CoSA at Council elections be entitled to enroll to vote
- (ii) that persons, other than those on the roll as set out in recommendation 4.1(3) being presently entitled to vote under the CoSA at Council elections, retain that entitlement to enrol to vote. If a person so entitled to enrol to vote or a corporation who is entitled to nominate a person to enrol to vote on their behalf has not enrolled to vote by the due date or being a corporation nominated a person to enrol to vote on their behalf by the due date, then those persons so entitled to vote as individuals or on behalf of corporations shall be deemed to be enrolled to vote at the Council election
- (iii) in the case of corporations, if no nomination has been made by a corporation of a person to be entitled to vote on behalf of the corporation the Council will, from the records of ASIC, as mentioned in recommendation 4.1(5) hereof, enroll the first director in alphabetical order to vote on behalf of that corporation and if that director may be disqualified to vote for any reason, the next director in alphabetical order until a director is validly appointed to vote on behalf of the corporation
- (5) the Sydney City Council determines, from all available Council information and records as well as information provided by ASIC, the person deemed to be entitled to vote on behalf of non-resident owners and corporations
- (6) to determine the occupiers entitled to vote, the Sydney City Council canvass the businesses within the City of Sydney six months before Council elections to determine such entitlement
- (7) the non-residential rolls be prepared and maintained by the Sydney City Council with the General Manager of the Council to certify the rolls

- (8) for the Sydney City Council election, the postal voting method be compulsory for all people enrolled or deemed to be enrolled as non-residential enrollees
- (9) that non-compulsory candidate information be required to be distributed with the ballot papers sent out as part of the postal voting procedure, limited to a photo of the candidate and 250 words
- (10) that those enrolled as non-resident enrollees shall remain on the rolls for two ordinary elections unless they sooner lose their qualification or are disqualified from being an enrollee.

As indicated earlier in this report, the Taskforce has not had the benefit of considering the report of the Joint Standing Committee on Electoral Matters of the NSW Parliament which is currently inquiring into the conduct of the 2012 council elections.

REFERENCES

Division of Local Government (2013) *"Integrated Planning and Reporting Guidelines for Local Government in NSW"*

Local Government Acts Taskforce (2012) *"Preliminary Ideas" Paper*

Local Government Acts Taskforce (2013) *"A New Local Government Act for NSW"*

NSW Government (April 2013) *"A New Planning System for NSW - White Paper"*

FINAL REPORT OF THE LOCAL GOVERNMENT ACTS TASKFORCE – A NEW LOCAL GOVERNMENT ACT FOR NSW AND REVIEW OF THE CITY OF SYDNEY ACT 1988 – SUBMISSION

APPROACH AND PRINCIPLES FOR THE DEVELOPMENT OF THE NEW ACT - 3.0.0	
<p>Recommendation</p> <p>(1) IP&R form the central framework for the new Act providing local government with a robust strategic planning mechanism that is based on community engagement, expectations and aspirations, and financial responsibilities.</p> <p>(2) A flexible, principles-based legislative framework, avoiding excessive prescription and unnecessary red tape, written in plain language and presented in a logical format. The new Act should be confined to setting out the principles of how councils are established and operate. When further detail or explanation is required as to how these principles are to be achieved, regulations, codes and guidelines should be used.</p> <p>(3) A more consistent approach to the definition, naming and use of regulatory and other instruments, noting that currently there is inconsistent use of mandatory and discretionary codes, guidelines, practice notes, discretionary guidelines and the like.</p>	<p>Comments</p> <ul style="list-style-type: none"> • Council supports IP&R as the central focus of the new Act – this will enable greater autonomy for councils and ensure that services are provided in accordance with each community’s specific needs and requirements. A one size fits all approach is clearly not working across local government currently. • Council supports the proposal for a flexible, plain language piece of legislation in a logical form. • Council supports the Act being confined to “principles” and the Regulations and Guidelines to provide the prescription or the “how to” when required. In order for this to work effectively however, the Regulations and Guidelines must have a clear document hierarchy and be easily accessible/referenced to other documents. • By simplifying the provisions of the Act itself, the Taskforce should be cautious not to create overly complex Regulations or Guidelines.
STRUCTURE OF THE NEW LOCAL GOVERNMENT ACT - 3.1.0	
<p>Recommendation</p> <p>The new Act is structured with the following elements:</p> <p>Part I – Structural Framework of Local Government in NSW</p> <ul style="list-style-type: none"> • Purpose of the Local Government Act • Role of Local Government • Guiding Principles • Legal Status of Councils (includes establishment) • Roles and Responsibilities of Council Officials <p>Part II – Strategic Framework for Local Government in NSW</p> <ul style="list-style-type: none"> • Integrated Planning and Reporting • Community Engagement • Performance of Local Government 	<p>Comments</p> <p>Council is supportive of the proposed structure – it is logical, well sequenced and incorporates the key pillars/principles of local government.</p>

<p>Part III – Council Operations</p> <ul style="list-style-type: none"> • Governance Framework • Financial Practices • Public Private Partnerships • Public Land • Regulatory Functions • Other Functions <p>Part IV – Tribunals and Commissions</p>	
PURPOSE OF THE LOCAL GOVERNMENT ACT – 3.1.1	
<p>Recommendation</p> <p>The purposes of the Local Government Act be drafted as follows:</p> <ol style="list-style-type: none"> (1) a legal framework for the NSW system of local government in accordance with section 51 of the <i>Constitution Act 1902 (NSW)</i>; (2) the nature and extent of the responsibilities and powers of local government; (3) a system of local government that is democratically elected, interactive with and accountable to the community, and is sustainable, flexible, effective and maximises value. 	<p>Comments</p> <p>This proposal remains unchanged from the previous discussion paper. Accordingly, Camden reiterates its support for the proposed purposes of the Act – the purposes are clear, concise and logical.</p>
ROLE AND GUIDING PRINCIPLES OF LOCAL GOVERNMENT – 3.1.2	
<p>Recommendation</p> <p>The inclusion of a new Role of local government and a set of Guiding Principles for local government as follows:</p> <p>The Role of local government is to provide local democracy, strategic civic leadership, stewardship and sound governance to achieve sustainable social, economic, environmental, health and wellbeing and civic engagement through:</p> <ol style="list-style-type: none"> (i) utilising integrated planning and reporting; (ii) working in cooperative arrangements with the community, other councils, State and Commonwealth Governments to achieve and report outcomes based on community priority as established through integrated planning and reporting; (iii) providing or procuring effective, efficient and financially affordable economic assets, services and regulation; 	<p>Comments</p> <p>Council strongly supports the Role and Guiding Principles of Local Government – they have been drafted for the modern day and address matters which are currently considered in local government, but not reflected in the legislation.</p>

<p>(iv) exercising democratic local leadership and inclusive decision-making;</p> <p>(v) having regard to the long term and cumulative effects of its decisions;</p> <p>(vi) valuing local difference and system diversity;</p> <p>(vii) commitment to the application of the Guiding Principles of local government.</p> <p>Guiding Principles to be observed by local government are to:</p> <p>(i) provide elected community-based representative and participatory local democracy, and open and accountable government;</p> <p>(ii) foster and balance the needs, interests, social and economic wellbeing of individuals, diverse groups and community;</p> <p>(iii) adhere to social justice principles of equity, rights, access and participation;</p> <p>(iv) encourage stewardship and facilitate sustainable, responsible management of resources, infrastructure and development;</p> <p>(v) consider future generations by protecting, restoring and enhancing the quality of the environment to maintain ecologically sustainable development, reduce risks to human health and prevent environmental degradation;</p> <p>(vi) ensure sustainable management and that all decisions incorporate considerations of risk management and long-term sustainability;</p> <p>(vii) recognise the responsibility of other levels of government in the provision of local services while accepting that local choices should be made at the local level wherever possible under the principle of subsidiarity (note, this is the concept that a central authority should have a subsidiary function, performing only those tasks which cannot be performed effectively at a more immediate or local level);</p> <p>(viii) achieve and maintain accepted best practice public governance and administration, and act fairly, responsibly, ethically, transparently and in the public interest;</p> <p>(ix) optimise technology, and foster innovation and continuous improvement.</p>	<p>CONSTITUTION OF COUNCILS 5.11.1</p> <p>Recommendation</p> <p>The legal status of councils remain as a "body politic".</p>
<p>Comments</p> <p>It is noted that some councils considered that the status of councils should be returned from being a "body politic" to a "body corporate" as the view was expressed that as a body politic, councils are unable to</p>	

Attachment 2

ORD10

	<p>apply for construction work on Australian Government funded projects as they are not corporations. The Panel notes that there is no compelling reason to recommend the legal status of councils to be changed.</p> <p>Camden Council supports further investigation into this matter.</p>
<p>ROLES AND RESPONSIBILITIES OF COUNCIL OFFICIALS – 3.1.4</p>	
<p>Recommendation</p> <p>The Taskforce recommends following consideration of the final report of the Independent Panel, the roles and responsibilities of mayors, councillors and general managers are reviewed to ensure they align with the requirements of the strengthened IP&R framework and any recommendations of the Independent Panel that may be adopted by the State Government.</p>	<p>Comments</p> <p>Council, as expressed in the submission to the Independent Local Government Review Panel is supportive of a review of the role of mayors, councillors and general managers – particularly professional development and the potential for full time mayors and possibly even deputy mayors. As expressed in Council's submission, if the role of the mayor and councillor are to grow, this must also be supported by appropriate remuneration, staff assistance and technology.</p>
<p>INTEGRATED PLANNING AND REPORTING – 3.2.1</p>	
<p>Recommendation</p> <p>(1) Elevating IP&R to form the central framework of the new Act and the primary strategic tool that enables councils to fulfil their civic leadership role and deliver infrastructure, services and regulation based on community priorities identified by working in partnership with the community, other councils and the State Government.</p> <p>(2) Strengthening and embedding the principles of IP&R in the Act more broadly, setting minimum standards in the Act and defining process through regulation, codes and/or guidelines.</p> <p>(3) Removing duplication from other parts of the Act, where the principle or practice is already captured in the IP&R legislation or guidelines.</p> <p>(4) Ensuring the legislation facilitates a strategic leadership role for councils in their local communities.</p> <p>(5) Moving sections of the Act to other legislation, in order to create an Act that better reflects the strategic role of councils and the framework that ensures and enables that role. The Taskforce proposes that the outline displayed in Table 6 as the chapter structure of the new Act.</p> <p>(6) Simplifying the provisions of IP&R to increase flexibility for councils to deliver IP&R in a locally appropriate manner.</p>	<p>Comments</p> <ul style="list-style-type: none"> • Council is supportive of IP&R being the core focus of the new Act in order to foster a partnership with the community, other councils and State Government. It is also acknowledged that making IP&R the centrepiece of the new Act that the role of councillors as leaders in the community will only be strengthened. • The consolidation and removal of duplication is supported. • As set out in our previous submission, in order for Council to deliver IP&R in a way that is locally appropriate and to operate at its optimum, State Government must be supportive and cooperative to this approach. Minimum standards should be enshrined in the legislation and ideally IP&R regulations should be applied across local and State levels of Government consistently.

COMMUNITY ENGAGEMENT - 3.2.2	
<p>Recommendation</p> <p>Council to prepare the most locally appropriate and flexible community engagement strategy guidelines. This will provide communities the opportunity to engage, through the following and other locally appropriate principles, and allow a flexible framework for continuing community engagement. The principles for such strategy will:</p> <ol style="list-style-type: none"> (1) include commitment to the community being at the centre of local government using ongoing engagement which ensures fairness in the distribution of resources; rights are recognised and promoted; people have fairer access to economic resources and services essential to meet basic needs and to improve their quality of life; and people have better opportunities to become informed and involved especially through use of technology; (2) consider and understand that persons who may be affected by, or have an interest in, a decision or matter should be provided with access to relevant information concerning the purpose of the engagement and the scope of the decision(s) to be taken; (3) consider and understand that interested persons should have adequate time and reasonable opportunity to present their views to the council in an appropriate manner and format; (4) ensure that views presented to council will be given due consideration; (5) consider and understand that councils, in exercising their discretion as to how engagement will proceed in any particular circumstance, will have regard to the reasonable expectations of the community, the nature and significance of the decision or matter, the costs and benefits of the consultation process, and to intergenerational equity; (6) arrange flexible special engagement procedures in particular instances; (7) consider all groups, even though it may be difficult to reach every diverse community group, and some groups will choose not to engage. 	<p>Comments</p> <p>Council supports these initiatives with respect to community engagement and acknowledges that these proposals enable a broader interpretation of "engagement" to include information, collaboration and empowerment.</p> <p>Flexibility in terms of community consultation and engagement is encouraged, including the removal of a stringent regulatory system and the implementation of a set of guiding principles for consultation and engagement. This will enable a greater sense of autonomy and ensure local issues are addressed locally.</p> <p>Council also supports the Taskforce's comment that should the Planning White Paper proposals relating to community participation be adopted, the community engagement sections of the new Act should be drafted consistently to prevent any unnecessary duplication with respect to the development of Community Participation Plans.</p>
PERFORMANCE OF LOCAL GOVERNMENT - 3.2.3	
<p>Recommendation</p> <p>A performance system is developed that is linked to IP&R and includes the following elements:</p> <ol style="list-style-type: none"> (1) a standard series of measures that can compare the performance of councils across the State; 	<p>Comments</p> <p>Council is supportive of these performance measures to ensure benchmarking and accountability. The concept of an Annual Meeting and Annual Report is also recommended.</p>

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<p>(2) an analysis of the performance measures results so that councils can identify the actions required to elevate performance;</p> <p>(3) a self-assessment of the performance of the governing body on an annual basis;</p> <p>(4) in lieu of an end of term report, councils provide a mid-term report as to progress with the Community Strategic Plan.</p>	
<p>TECHNOLOGY - 3.3.1</p>	
<p>Recommendation</p> <p>(1) As a general principle the Act should enable optimal, flexible and innovative use of technology by councils to promote efficiency and enhance accessibility and engagement for the benefit of constituents.</p> <p>(2) The Act should allow each council to determine the most appropriate use of technology taking into account the Guiding Principles of local government and community engagement through the IP&R framework.</p>	
<p>ELECTIONS - 3.3.1</p>	
<p>Recommendation</p> <p>(1) Councils to have the option of using universal postal voting or alternative means of voting such as technology assisted voting where feasible as a means of increasing efficiency and voter participation and reducing council costs.</p> <p>(2) The Act be drafted so as to enable the adoption of new technologies such as technology assisted voting when feasible to do so.</p> <p>(3) Include mechanisms for removing the need for by-elections, when a vacancy occurs either in the first year following an ordinary council election or up to 18 months prior to an ordinary election as a means of avoiding the holding of costly by-elections.</p> <p>(4) A counting system should be adopted as an appropriate mechanism for filling vacancies that occur within the first year following an ordinary election whereby the unelected candidate who had the next highest number of votes be appointed to fill the vacant position.</p>	
<p>Comments</p> <p>Council welcomes the ability to apply an alternative form of service delivery through the use of technology. For example, sending rates notices electronically and advertising notices and staff recruitment in the most appropriate manner, not necessarily in costly and restrictive newspaper advertisements as currently required.</p> <p>Ultimately however, Council suggests that the Taskforce prescribe some minimum standards or options available for councils to use so as to ensure that community participation is not compromised in any way as a result of a change in use of technology.</p>	
<p>Comments</p> <p>Council supports the amendment to allow optional universal postal voting as a way to limit council costs and that it be at the council's discretion whether to use universal postal or attendance voting.</p> <p>As set out in Council's previous submission, Camden is supportive of the initiative to reduce the need for by-elections where a vacancy occurs in the first year following an ordinary election or up to 18 months prior to an ordinary election. It also supports a counting system whereby the unelected candidate who had the next highest number of votes is appointed to fill the vacant position in the first 12 months following an ordinary election. In by-elections after the first year following an ordinary election and up to 18 months prior to the next ordinary election, it is appropriate that the vacancy be filled by postal voting. Furthermore, where a casual vacancy occurs in the last 18 months before an ordinary</p>	

<p>(5) Councils to be required to fill vacancies occurring after the first year following an ordinary election and up to 18 months prior to the next ordinary election by the postal voting method.</p> <p>(6) Where universal postal voting is used for any election, a candidate information booklet is to be included in ballot packs as a way of increasing voter knowledge of the candidates.</p> <p>(7) The transfer of local government elections law to a single new Elections Act to consolidate all State and local government election provisions along with the regulation of campaign finance and expenditure.</p> <p>(8) The term of mayors elected by the councillors to be extended from 1 year to 2 years.</p>	<p>election, the opportunity of applying to the Minister to dispense with the holding of a by-election is supported.</p> <p>Council welcomes the consolidation and creation of a new Elections Act which would deal with all election matters.</p> <p>It is logical that where mayors are elected by councillors that their term be extended from one to two years, particularly given the growth in the role that is anticipated by the Independent Local Government Review Panel.</p> <p>Finally and as set out in our previous submission, Camden supports any mechanisms to improve the adequacy of and access to candidate information prior to elections, including minimum levels of information to be provided in order to ensure a democratic process through the election period.</p>
MEETINGS - 3.3.2	
Recommendation	
<p>The provision relating to council meetings be:</p> <p>(1) consolidated into a generic mandatory Code of Meeting Practice that may if necessary be supplemented to meet local requirements, provided the amendments are not inconsistent with the provisions of the Act and standard Code of Meeting Practice;</p> <p>(2) modernised and unnecessary prescription and red tape removed;</p> <p>(3) designed to facilitate councils utilising current and emerging technologies in the conduct of meetings and facilitating public access;</p> <p>(4) flexible to enable remote attendance through technology at council meetings in emergencies such as natural disasters.</p>	<p>Comments</p> <p>Council is supportive of the proposals including a generic mandatory Code of Meeting Practice which will incorporate the range of provisions in the current Act, Regulations, Model Code of Conduct for Local Councils in NSW, the Guidelines and Council's Code of Meeting Practice. This will ensure consistency and a standard level of service across local government.</p> <p>Council also supports the recommendation that as a general principle, councillors should still be required to attend council meetings in person. However, in emergency situations such as natural disasters where travel to the council chambers is not possible or dangerous, councils should have the option of resolving that councillors may attend the meeting electronically.</p>
APPOINTMENT AND MANAGEMENT OF STAFF - 3.3.3	
Recommendation	
<p>(1) The strategic responsibilities of the council be clearly separated from the operational responsibilities and be aligned with IP&R by:</p>	<p>Comments</p> <p>Council is supportive of these initiatives. It would however be of assistance if the Taskforce could develop a definition of "senior staff" in the Act to avoid any ambiguity.</p>

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<ul style="list-style-type: none"> • the council being responsible: <ul style="list-style-type: none"> - for determining those services and priorities required by the community, and for providing the necessary resources to achieve the council's Delivery Program; and - on the advice of the general manager the council determine the organisation structure to the level that directly reports to the general manager. • The general manager being responsible: <ul style="list-style-type: none"> - for determining the balance of the organisation structure; and - for recruiting all staff with appropriate qualifications to fulfil each role within the structure. The general manager will consult with council regarding the appointment and dismissal of senior staff. <p>(2) Positions meeting the criteria as senior staff be appointed under the prescribed standard contract for senior staff, identified as senior staff positions within the organisation structure, and remuneration be reported in the council's annual report;</p> <p>(3) Each council to determine arrangements for regulatory responsibilities other than under the Act;</p> <p>(4) The current prescription relating to advertising of staff positions and staff appointments be transferred to regulation or to relevant industrial award;</p> <p>(5) That the maximum term allowable for temporary staff appointments be extended from 1 years to 2 years.</p>	
REGIONAL STRATEGIC ORGANISATIONS OF COUNCILS AND FORMATION AND INVOLVEMENT IN CORPORATIONS AND OTHER ENTITIES – 3.3.4	
<p>Recommendation</p> <p>(1) The Act includes a mechanism enabling councils to form statutory entities to undertake regional strategic collaboration activities. The Taskforce is of the view that, in place of Regional Organisations of Councils, a model similar to that developed by the Hunter Councils – Council of Mayors provides a suitable mechanism for achieving regional strategic collaboration, with the exception of Western NSW. ROC's could transition to a Council of Mayors to broaden joint collaboration between councils.</p> <p>(2) The provisions of the Act relating to the formation of corporations and other entities should continue.</p>	<p>Comments</p> <p>It is noted that this is a new proposal from the Taskforce and appears to be consistent with what is being proposed by the Independent Local Government Review Panel's concept of Joint Regional Organisations. Whilst the devil is in the detail of these organisations and it remains to be seen how these Joint Organisations would operate, it is generally accepted that Council should have the ability to form statutory entities to undertake regional strategic collaboration activities. It is agreed that the provisions relating to other forms of corporations should remain as they currently are.</p>

PROTECTION FROM LIABILITY - 3.3.5	
Recommendation	Comments
The Taskforce does not propose changes to the liability sections of the Act.	This has been noted by Council.
CODE OF CONDUCT - 3.3.6	
Recommendation	Comments
The Taskforce does not propose changes to the conduct provisions of the Act.	This has been noted by Council.
PECUNIARY INTEREST - 3.3.7	
Recommendation	Comments
(1) The pecuniary interest provisions be reviewed to ensure they are written in plain language, easily understood and with unnecessary red tape removed.	Council welcomes the simplification and review of pecuniary interest disclosures. As part of this review, Council would recommend that the Taskforce consider the definition of a "designated person" for the purposes of the Act.
(2) Consideration be given to utilising technology to assist with the submission and maintenance of pecuniary interest disclosures and to facilitate appropriate access to this information, while ensuring that privacy rights are protected.	
DELEGATIONS - 3.3.8	
Recommendation	Comments
(1) That the provisions of the Act relating to delegations be reviewed to ensure that they are streamlined, written in plain language and are reflective of the roles and responsibilities of the council and the general manager to facilitate the efficient, effective and accountable operation of local government.	Council supports the streamlining of the delegation provisions and would ask that the Taskforce give some consideration to providing guidance of what actions a delegation is specifically required and what may be deemed an integral part of the position. In regards to removing the operational exceptions to delegations, it is noted that the reporting to Council of the listed operational matters do provide an additional layer of checks and balances. If the Taskforce is proposing to remove these from the exceptions to delegations, considerable thought should be given to mitigation measures for fraud and corruption and how these decisions would be made internally.
(2) That the exceptions to delegations of an operational nature not be carried forward to the new Act, ensuring the council focuses on strategic decisions, consistent with IP&R. These would include for example: <ul style="list-style-type: none"> • acceptance of tenders; • provision of minor financial assistance to community groups; • delegation of regulatory functions to another council or shared services body. 	
FINANCIAL GOVERNANCE - 3.3.9	
Recommendation	Comments
(1) There be greater focus on principles and definition of financial systems	As set out in Council's previous submission, a focus on principles and

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<p>and minimum standards in the new legislative framework and for assimilation of financial governance with the IP&R requirements.</p> <p>There be a realignment of the regulatory focus under the legislative framework towards systems and risk management rather than process prescription.</p> <p>(2) Contemplating the Guiding Principles of local government, the new Act should articulate a set of financial (or corporate) governance principles that align more effectively with the principles and objectives of IP&R, especially in relation to stewardship of resources and accountability. For example:</p> <p>(a) safeguarding integrity in financial disclosures</p> <p>(b) making timely and balanced disclosures</p> <p>(c) recognising and managing risk.</p> <p>(4) Minimum expectations be prescribed by legislation or sub-regulatory instrument. A potential framework is:</p> <p>(a) financial management governance and oversight</p> <p>(b) financial management structure, systems, policies and procedures</p> <p>(c) financial management reporting.</p> <p>(5) Financial statement requirements be included under IP&R annual reporting requirements.</p> <p>(6) A further review of rating and finance matters be undertaken as required after the Independent Panel recommendations are determined by the State Government.</p>	<p>the definition of financial system/minimum standards is supported. Council also notes the pending work of the Independent Local Government Review Panel on rate pegging, asset and financial planning, rates and charges, management of expenditure and audit practices.</p>
<p style="text-align: center;">PROCUREMENT - 3.1.10</p> <p>Recommendation</p> <p>(1) The adoption of central principles of procurement combined with a medium level of regulation to ensure support of the following principles:</p> <p>(a) accountability;</p> <p>(b) value for money;</p> <p>(c) probity, equity, fairness and risk management;</p> <p>(d) efficient and effective competition;</p> <p>(e) market assessment.</p> <p>(2) Main considerations for each principle be contained in the Act or regulations, with further considerations contained in guidelines or a mandatory code.</p> <p>(3) A council's procurement framework be consistent with its IP&R framework.</p> <p>(4) Rather than the legislation setting a monetary threshold, a more flexible</p>	
<p style="text-align: center;">Comments</p> <p>Whilst freedom and flexibility is strongly supported, Council maintains its concern about the removal of a monetary threshold in tendering. As an alternative, Council recommends that either the mandatory threshold figure is increased, or if the legislative threshold is abolished, that there is a rigorous system of procurement to identify sensitive or significant projects.</p> <p>As stated in our previous submission, the removal of a monetary threshold and the option of a more principles-based enabling approach with medium levels of regulation will require a series of mitigation measures to prevent against an increased risk of corruption and fraudulent dealings – even more so if the awarding of tenders becomes</p>	

<p>principles-based approach be established to enable councils to determine their threshold based on risk assessment of the proposed procurement and the procurement principles.</p> <p>(5) Regulation of procurement support councils entering into collaborative procurement arrangements and utilising technologies to assist with efficient procurement processes are welcomed.</p> <p>(6) A regulation or code to express Council's default procurement framework. accessible to all relevant stakeholders and are fair, open and transparent.</p> <p>(7) Council be qualified to adopt a more strategic approach through "earned autonomy" whereby:</p> <p>(a) the Division of Local Government may exempt a council from compliance with a requirement under the regulation or code where it is satisfied that a council's procurement framework is consistent with the procurement principles; and</p> <p>(b) qualifications for a council's earned autonomy may be through an accreditation process or by council's development and diligent maintenance of policies and practices that are consistent with the requirements issued by the Division of Local Government or other oversight entity. Qualification by accreditation is preferred as this should increase the accountability of councils to the community.</p> <p>(8) Councils continue to be able to take advantage of purchasing from Commonwealth and State Government procurement panels and the State Government policies which afford exemption from tendering obligations such as when purchasing from registered Australian Disability Enterprises.</p>	<p>a function that may be delegated.</p> <p>The use of collaborative procurement arrangements and utilising technologies to assist with efficient procurement processes are welcomed.</p> <p>Further, Council is keen to understand the detail of possible accreditation programs for staff involved with procurement.</p>
<p>CAPITAL EXPENDITURE FRAMEWORK - 3.3.11</p>	
<p>Recommendation</p>	
<p>A capital expenditure and monitoring guideline be developed that integrates with the IP&R framework and enables the appropriate management of risk by councils. This guideline should be tailored to risk levels, including significance of the project, materiality and whole of life costs, and not based on arbitrary monetary thresholds or procurement vehicles.</p>	<p>Comments</p> <p>Council is supportive of this proposal – it will enable a more streamline and risk based assessment which is project specific.</p>
<p>PUBLIC PRIVATE PARTNERSHIPS - 3.3.12</p>	
<p>Recommendation</p>	
<p>(1) That PPP projects continue to be subject to regulation due to the significance of the risks involved.</p> <p>(2) Aspects that could be streamlined or simplified be identified and</p>	<p>Comments</p> <p>Again, Council reiterates its support for this approach given the significance and issues involved with PPP projects.</p>

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mechanisms for ensuring PPP's be considered for inclusion in the IP&R framework.	
ACQUISITION OF LAND - 3.3.13	
<p>Recommendation</p> <p>Council plans for the compulsory acquisition of land be linked with the IP&R processes, and in particular the expressed opinion of the community in the Community Strategic Plan on the need for additional public land or the sale of public land be included in Delivery Program provisions.</p>	<p>Comments</p> <p>Although there is logical reason for the acquisition of land to be subject to expressed opinion in the community (for example, the demand for additional open space), placing the acquisition and sale of land solely in the hands of the IP&R process does cause some concerns. Further detail is sought on how infrastructure acquisitions would be handled, eg, Camden as a growth council is required to acquire considerable parcels of land for the purpose of road widening. How would the IP&R framework impact upon these basic infrastructure requirements?</p> <p>Furthermore, some areas of public land, particularly certain parcels of community land, are of such a special nature and positive contribution to the community that it should be reserved for future generations of the area.</p> <p>It is agreed that the decision on whether to acquire or sell public land under the new Act must require a consultative and robust process. However, Council urges the Taskforce to possibly consider other alternatives than placing the acquisition and sale of land solely in the hands of the IP&R process.</p>
PUBLIC LAND - 3.3.14	
<p>Recommendation</p> <p>(1) Councils be required to strategically manage council-owned public land as assets through the IP&R framework.</p> <p>(2) Balancing reasonable protections for public land use and disposal by retaining the classification regime of public land as either community or operational land and require a council resolution at time of acquiring or purchasing land to specify the classification, category and proposed uses.</p> <p>(3) A proposed change in the use or disposal of community land be addressed through the council's Asset Management Planning and Delivery Program.</p> <p>(4) A public hearing be held by an independent person where it is proposed to change the existing dominant use or to dispose of community land, with</p>	<p>Comments</p> <p>The Taskforce has noted considerable factors to retain the operational and community land classifications, including how land uses would be defined, and the difficulty in determining properties of significant value or importance to the community. Council appreciates that the proposed recommendations are a much more workable solution in practice.</p> <p>The recommendations relating to a change in use or disposal of community land is strongly supported. Equally, the removal of specific plans of management and Ministerial consent for leases and licences over 5 years, where objections are received.</p>

<p>the results of the public hearing to be reported to and considered by the council before a decision is made.</p> <p>(5) Any use of a public hearing or other consultation process under the Act be specified in council's Community Engagement Strategy.</p> <p>(6) Recognising the LEP zoning processes and restrictions applying to council owned public land.</p> <p>(7) Simplifying and reducing the categories of use to which community land may be applied through the Asset Management Planning process so as to identify and accommodate other ancillary or compatible uses appropriate to the current and future needs of the community.</p> <p>(8) Ceasing the need for separate plans of management for community land to be prepared and maintained, and in lieu, utilise the Asset Management Planning and Delivery Program of the IP&R process.</p> <p>(9) Ceasing the need for a separate report to be obtained from the Department of Planning and the need for ministerial approval where council proposes to grant a lease, licence or other estate over community land in excess of the current 5 years, where an objection has been received by the council.</p> <p>(10) Proposed leases and licences be addressed as part of council's Asset Management Plan and adopted Community Engagement Strategy with the 30 year maximum term to remain unchanged.</p>	<p>It is noted that the Crown Land Management Review is currently underway and it is noted by the Panel that the processes for the management of council owned public land and Crown land managed by council are complex and often inconsistent. The Taskforce recommends that the processes be harmonised and made sufficiently flexible to reduce unnecessary red tape and overlap. Council is supportive of this initiative and a dedicated "Public Lands Act".</p>
APPROVALS, ORDERS AND ENFORCEMENT - 3.3.15	
Recommendation	
<p>(1) Regulatory provisions be reviewed to ensure that the Act provides guidance on regulatory principles but contains flexibility and less prescription in regulation implementation, provision of statutory minimum standards or thresholds, and councils having discretionary "on-the-ground" functions.</p> <p>(2) Consideration be given to the notion of a risk based approval process where persons or corporations are given approval to conduct certain work rather than dealing with applications on a piecemeal basis.</p> <p>(3) Within this framework, the prescriptive processes of approvals and orders be streamlined and, subject to risk assessment, be placed into regulations.</p> <p>(4) Removal of as many approvals and orders as possible and placing in specialist legislation if they cannot be repealed.</p> <p>(5) The principles for dealing with approvals and orders be incorporated into a</p>	<p>Comments</p> <p>Council is supportive of these initiatives and reiterates it support for flexibility and use of minimum standards to ensure some level of consistency, the transferring of certain approvals to other more relevant legislation and welcomes a review of the penalties since their last review in 1993.</p>

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<p>council's IP&R framework through the Delivery and Operational Plans, including adoption of an Enforcement Policy and any LAP's and LOP's. Penalties for offences in the Act and regulations be increased to ensure they are proportionate to the nature of the offence, and that the ability to serve a penalty notice should be made an option for additional offences.</p> <p>(7) Councils be required to adopt an Enforcement Policy stating what factors will be considered in determining whether or not to take action, including the level of risk. The factors should be consistent across all councils.</p> <p>(8) Improving council's ability to recover costs for conducting work on private land.</p> <p>(9) Aligning council powers of entry with contemporary legislative standards.</p> <p>(10) Increasing the time limit for commencing summary proceedings from 6 to 12 months.</p>	
WATER MANAGEMENT - 3.3.1E	
Recommendation	
<p>The Taskforce supports changes proposed to water recycling provisions which will consolidate and simplify the legislative framework. Otherwise the Taskforce makes no recommendations regarding the structures for the delivery of water and sewerage in non-urban areas, noting that the Taskforce gave the issue consideration but is aware this is being dealt with by other reviews.</p>	<p>Comments</p> <p>Council notes that this matter is subject to other reviews occurring.</p>
TRIBUNALS AND COMMISSIONS - 3.3.1F	
Recommendation	
<p>The Taskforce notes:</p> <p>(1) It is expected the Local Government Pecuniary Interest and Disciplinary Tribunal will be consolidated into the new constituted NSW Civil and Administrative Tribunal;</p> <p>(2) The Independent Panel is examining the issue of structures and boundaries, how boundary changes might be facilitated, and possible change of method of operation of the Local Government Boundaries Commission and accordingly makes no comment pending the outcome of this review.</p> <p>(3) Consideration be given whether to merge the Local Government Remuneration Tribunal with the Statutory and Other Officers Remuneration Tribunal.</p>	<p>Comments</p> <p>Council notes the likely merger of the Local Government Pecuniary Interest and Disciplinary Tribunal with the NSW Civil and Administrative Tribunal, as well as the possible changes to the Boundaries Commission and Remuneration Tribunal.</p>

OTHER MATTERS - 3.3.18:	Comments
Recommendation	
<p>(1) In place of section 23A and 10B(5) that the Act empowers the Director General to issue mandatory codes on operational and governance matters relevant to local government.</p> <p>(2) A formal Oath of Office for councillors introduced as a mechanism for inducting councillors into their role and reinforcing the serious nature of the role and the chief responsibilities and duties the role entails.</p> <p>(3) The provisions of the Act governing council's expenses and facilities policy reviewed to ensure its streamlined and unnecessary red tape eliminated.</p> <p>(4) A review be undertaken of circumstances that do not invalidate council decisions and including consideration of the appropriateness of adding the following to those circumstances that do not invalidate council decisions – "a failure to comply with the consultation and engagement principles".</p> <p>(5) Conferring authority on councils to allocate, maintain and enforce property numbering.</p> <p>(6) Councils be provided with an effective means to regulate camping in vehicles on road and road related areas.</p> <p>(7) The following matters be reviewed depending on the outcomes of other reviews currently incomplete:</p> <p>(a) how councils are financed, particularly rating. The Taskforce consistently received feedback detailing issues with the provisions of the Act relating to how councils are financed.</p> <p>(b) community engagement to ensure consistency with the planning community participation proposals under new Planning Act if adopted.</p> <p>(c) Tribunals and Commissions, particularly role and functions of Boundaries Commission to ensure Act supports recommendations of the Independent Panel adopted by State Government.</p> <p>(d) roles and responsibilities of council officials. It is essential that the Act clearly defines the roles and responsibilities of the mayor, councillors and the general manager. The Taskforce recommends that these definitions are reviewed to ensure they reflect recommendations of the Independent Panel adopted by the State Government.</p>	<p>Council strongly supports all these initiatives and acknowledges that they are all matters requiring attention or review.</p>

Local Government Acts Taskforce –“Preliminary Ideas” Submission Form

<p>Name: Camden Council</p>	<p>Title: Governance Team</p>	<p>Contact Details: Senior Governance Officer, Telephone: 02 4645 5125; PO Box 183 Camden NSW 2570</p>
<p>Question</p> <p>i) What top 5 Principles should underpin the content of the new Local Government Act and the City of Sydney Act? Identify good examples of Principles.</p>	<p>Response</p> <ol style="list-style-type: none"> 1. The Local Government Act should be an enabling and flexible piece of legislation, to provide Councils with greater autonomy and accountability to the community. There should be greater emphasis on community involvement, consultation and feedback and less direct accountability to State Government. Ultimately, the new Act should enable Local Government, allowing it in a greater sense to stand as a separate identity to the State Government. 2. The new Act should allow for Local Government to strengthen its ties with surrounding councils and State Government to take advantage of integrated strategic planning and resource sharing to achieve greater effectiveness for the community. 3. The Act should allow for flexibility in terms of dealing with different local government areas and their specific size, needs and resources, changes in technology, methods of communication and logistics. For example, the need for Councillors to be present in a chamber to vote. 4. The Act itself should be simplified and have a logical sequence. The provisions in the Act need to be ordered in a document hierarchy, so that the mandatory sections form part of the Act itself, the mandatory prescriptive detail forms part of the Regulations, and further detail that Council may choose to adopt forms part of the Guidelines. It is also essential that the Act is reworded so that it is clear, unambiguous and written in plain English. 5. The Act should allow for Local Government to be technologically connected – taking into account advances in technology in the present and future when dealing with advertising, consultation with the community, methods of communication and delivering its services to the community. 	

Local Government Acts Taskforce –“Preliminary Ideas” Submission Form

	What is working well in the Act (strengths)?	Why?
<p>ii) What is currently working well in the Local Government Act and why, and should it be retained in the new Act?</p>	<p>1. The Charter in the current Act is well drafted and sets out useful guiding principles.</p> <p>2. The integrated planning and reporting reforms have gone a long way to achieve greater community involvement and consultation.</p> <p>3. The provisions relating to when an item can be considered by Council in a public excluded forum.</p>	<p>The Charter is succinct but requires greater emphasis throughout the Act. Currently, the Charter stands on its own and the provisions need to be referenced throughout the legislation.</p> <p>In amending the Act, it would be beneficial to build upon these provisions and make them less prescriptive. It is also acknowledged that the Act needs to provide greater strength to the outcomes of the integrated planning and reporting at State implementation level.</p> <p>This section is well drafted and the importance of open and transparent decision making justifies the prescriptiveness of this provision.</p>
<p>iii) Are there areas in the Local Government Act that should be removed to another Act or into Regulations, Codes or Guidelines? What are they and how should they be dealt with?</p>	<p>1. It is confusing to have various approvals, including s. 68 approvals in the Local Government Act and other related and sometimes overlapping approvals in the Environmental Planning & Assessment Act (“EP&A Act”). Specifically, the Local Approvals Policy provisions in the Local Government Act overlap with the EP&A matters. It is suggested that the Local Government Act be simplified to focus on how councils should function and governance matters. All other matters relating to planning, building and approvals should be incorporated into separate legislation to the Local Government Act.</p>	

Attachment 3

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Local Government Acts Taskforce –“Preliminary Ideas” Submission Form

<p>2. The majority of public land provisions may be better served in a Guideline format, or alternatively, moved to a dedicated "Public Lands Act" that can incorporate all of the anomalies relating to public land from various Acts.</p> <p>3. The provisions relating to tendering should be moved to a Guideline format.</p> <p>4. Generally, the Act itself should be simplified to deal with the essential matters relating to how councils function and governance matters. Much of the prescriptive detail in the current Act can be moved to the Regulations (still enforceable) and the discretionary information should be sourced in the Guidelines. This will involve a complete restructuring of the current Act but will achieve a much more simplified, streamlined and user friendly outcome.</p>	<p>Why not?</p> <p>This is often an unnecessary duplication and only holds up community progress.</p> <p>There are several governance requirements which are unnecessary and overly complex.</p> <p>The Code of Conduct process needs to be improved to enable quicker action and a more effective process to deal with repeat offenders.</p>
<p>iv) What is not working well in the Local Government Act (barriers or weaknesses)?</p>	<p>What is not working well in the Act (barriers/weaknesses)?</p> <ol style="list-style-type: none"> 1. The requirement to submit approvals to the Minister following Council resolution. 2. The requirement to advertise and seek public consultation, even on a very minor change to the Code of Meeting Practice. Another example is the adoption of the Payment of Expenses and Provision of Facilities to Mayor and Councillors Policy, and the requirement to advertise and submit to the Minister annually, even if only minor changes are made. 3. Code of Conduct Process.

Local Government Acts Taskforce –“Preliminary Ideas” Submission Form

	<p>4. Barriers to resource sharing.</p> <p>5. The public land provisions.</p> <p>6. Advertising requirements for classification of public land.</p> <p>7. Ministerial consent for public land.</p>	<p>The current Act places barriers to resource sharing and strategic thinking with other closely positioned councils. There is also the opportunity to take advantage of greater integration with State Government, both strategically and operationally.</p> <p>The public land provisions require a complete overhaul. The requirements for Ministerial consent are too onerous and result in lengthy timeframes for often simple transactions (eg. where objections are received for a lease longer than 5 years). There is also the need to reconcile the provisions relating to public land with several other Acts including the Crown Lands Act, the Roads Act etc. The Crown Land provisions should also be read in conjunction with the Public Land provisions.</p> <p>The advertising requirement in relation to classification of land that has been dedicated to Council is unnecessary, particularly following a Council resolution.</p> <p>Classification of public land should be able to be dealt with via public consultation and Council resolution, rather than the additional step of Ministerial consent.</p>
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Attachment 3

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Local Government Acts Taskforce –“Preliminary Ideas” Submission Form

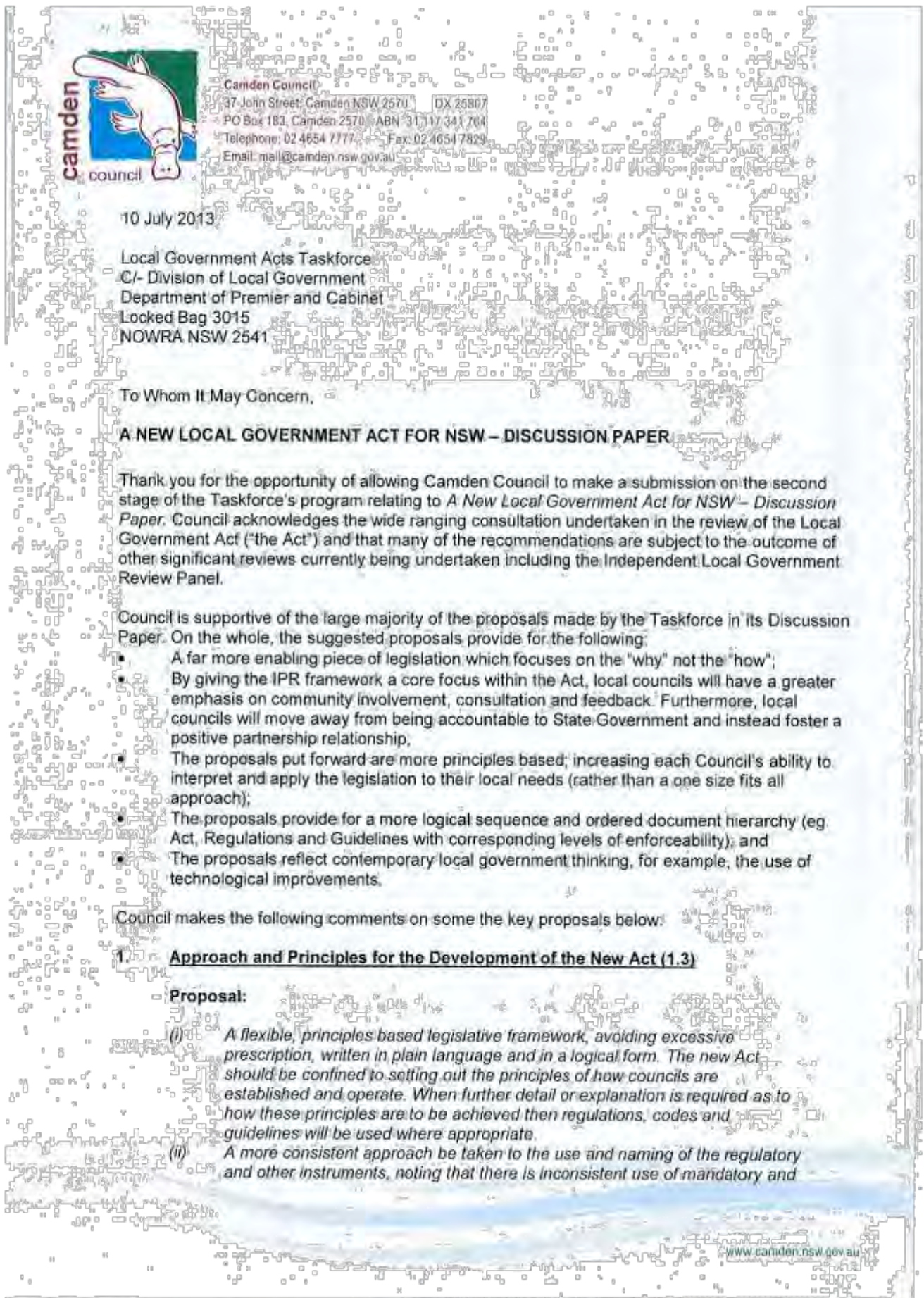
	<p>8. Restrictions relating to community land.</p> <p>9. Use of land dedicated to Council through s. 94 contributions.</p> <p>10. Differentiation between the governing body of elected members and the General Manager/Council Staff.</p> <p>11. Delegations and definition of "designated staff".</p> <p>12. Community outcomes.</p> <p>13. The system of "rate pegging".</p>	<p>The limitations placed on community land are very restrictive and often against the desire of the community. For example, a road crossing through community land should not require a reclassification to operational land, if it is in the community's interest to have the road in place.</p> <p>Greater flexibility should be provided to land dedicated to Council as a result of s. 94 contributions and should be directed by community consultation.</p> <p>Greater clarity should be provided on the role of the governing body of the elected members and the General Manager/Council staff, particularly on strategic and operational issues.</p> <p>Greater guidance should be provided on the meaning of "designated staff" that are required to complete Pecuniary Interest Returns. The current provision is open to a wide interpretation.</p> <p>The measures of community outcomes should be flexible for different councils and should also include social outcomes, as well as environmental and sustainable development objectives.</p> <p>This system requires attention in order to provide councils with autonomy and financial sustainability.</p>
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Local Government Acts Taskforce –“Preliminary Ideas” Submission Form

	14. Interaction with other Acts.	Clarification needs to be provided on what is the overriding legislation, particularly where inconsistencies occur across various Acts (eg. Government Information Public Access Act, Privacy Personal Information Protection Act, Environmental Planning and Assessment Act, and the Roads Act).
v) Should the City of Sydney Act be retained and if so, can it be improved?	Camden Council does not reference this legislation and therefore it is not appropriate to comment.	
Do you have any other suggestions or comments that might aid the Acts Review?	<p>Ultimately the new Act should go back to the initial purposes of the 1993 Act - to be an effective and efficient system of Local Government. The Act should be less about prescriptive rules and have greater emphasis on community consultation and accountability to the community.</p> <p>There is also a strong need for a clear delineation between the structure of the Act, the Regulations and the Guidelines. The Act should include the strategic framework, the Regulations should be the enforceable prescriptive detail, and the Guidelines should provide guidance to Council on a range of matters that is ultimately for the council to decide.</p>	

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Attachment 4





discretionary codes, section 23A guidelines, practice notes, discretionary guidelines and the like.

Comment:

- Support proposal for a flexible, plain language piece of legislation in a logical form.
- Support the Act being based on principles and the Regulations and Guidelines to provide for the prescription when required.
- If the use of Regulations and Guidelines is to be maintained, the key to useability is to ensure that all documents are treated consistently in terms of enforceability and where possible, referenced to each other.
- By simplifying the provisions of the Act, the Taskforce should be cautious not to create burdensome and overly complex Regulations and Guidelines.

2. Purposes of the Local Government Act (3.1.1)

Proposal:

The purpose of this Act is to provide

- (1) *A legal framework for the NSW system of local government in accordance with section 51 of the Constitution Act 1902 (NSW);*
- (2) *The nature and extent of the responsibilities and powers of local government;*
- (3) *A system of local government that is accountable, effective, efficient and sustainable.*

Comment:

- Support the proposed purposes of the Act – the purposes are clear, concise and logical.

3. Role and Principles of Local Government (3.1.2)

Proposal:

The Taskforce proposes the inclusion of a new Role of Local Government and a set of Principles for Local Government that will replace the Charter in the new Act as follows:

Role of Local Government:

The role of local government is to lead local communities to achieve social, economic and environmental well-being through:

- (i) *Utilising integrated strategic planning;*
- (ii) *Working in partnership with the community, other councils, State and Commonwealth governments to achieve outcomes based on community priority as established through Integrated Planning and Reporting;*
- (iii) *Providing and procuring effective, efficient and economic infrastructure, services and regulation; and*
- (iv) *Exercising democratic local leadership and inclusive decision-making.*

Principles of Local Government:

Principles to be observed by local government are to:



- (i) Provide community-based representative democracy with open, unbiased and accountable government;
- (ii) Engage with and respond to the needs and interests of individuals and diverse community groups;
- (iii) Facilitate sustainable, responsible management, development protection and conservation of the natural and built environment;
- (iv) Diligently address risk and long term sustainability;
- (v) Achieve and maintain best practice public governance and administration, and to act fairly, responsibly, ethically, and in the public interest, and
- (vi) Optimise technology, and foster innovation and flexibility.

Comment:

- Support the proposed Role and Principles of Local Government.
- Notes that the Principles could also include a reference to delivery of services.
- Considers that instead of replacing the Charter, the proposed Role and Principles could be read in conjunction with a modernised (re-written) version of the Charter.
- The Taskforce's proposal is far more general in nature than the existing Charter and arguably of less use as a reference point in guiding the day to day conduct of councils. Council is of the view that the two could co-exist in the new Act.

4. Integrated Planning and Reporting (3.2.1)

Proposal:

The Taskforce propose that:

- (i) IPR be elevated to form a central "plank" of the new Act as the primary strategic tool to enable councils to fulfil their leadership role and deliver infrastructure, services and regulation based on community priorities identified by working in partnership with the community, other councils and the State Government;
- (ii) Other provisions of the Act be drafted so as to better support IPR including accountability to the community, financial sustainability and partnership with the State and others to deliver community outcomes;
- (iii) Where possible relevant provisions from other sections of the Act be incorporated into IPR to reduce duplication. For example, capital planning and expenditure approval provisions could be moved to the IPR resourcing, strategy provisions, and community consultation processes should reflect IPR community engagement principles and need not be repeated throughout the Act;
- (iv) The IPR provisions be simplified to increase flexibility for council to deliver IPR in a way that is locally appropriate.

Comment:

- Supports Integrated Planning and Reporting ("IPR") being the core focus of the new Act – fostering a partnership with the community, other councils and the State Government.
- Consolidation and removal of duplication supported.
- In order for Council to deliver IPR in a way that is locally appropriate and to operate at its optimum, State Government must be supportive and



cooperative to this approach. It may be advisable to enshrine minimum legislative responsibilities in Regulations and Guidelines to ensure that the Taskforce's goals in relation to IPR are realised.

- The current Act treats councils as individual entities and does not recognise and support the role of councils in regional and State planning. In order to achieve the best outcome for the community and Council, IPR regulations should be applied across local and State levels of Government consistently.

6. Community Consultation and Engagement (3.2.2)

Proposal:

The Taskforce proposes the following set of principles to guide councils regarding how consultation and engagement might occur:

- Commitment to ensuring fairness in the distribution of resources (equity), rights are recognised and promoted (rights), people have fairer access to the economic resources and services essential to meet their basic needs and to improve their quality of life (access), and people have better opportunities to get involved (participation).
- Ensuring that persons who may be affected by, or have an interest in, a decision or matter should be provided with access to relevant information concerning the purpose of the consultation and the scope of the decision(s) to be taken.
- Ensuring that interested persons have adequate time and reasonable opportunity to present their views to the council in an appropriate manner and format.
- Ensuring that the views presented to the council will be given due consideration.
- Ensuring that council, in exercising its discretion as to how consultation will proceed in any particular circumstance, has regard to the reasonable expectations of the community, the nature and significance of the decision or matter, and the costs and benefits of the consultation process.
- Arranging for special consultative procedures in particular instances.

Comment:

- Council is supportive of developing its own Community Engagement Strategy, to determine who, how and what to consult with/on as part of the IPR framework. This will also reinforce local council's ability to deal with "local" issues.
- Flexibility in terms of community consultation and engagement is encouraged, including the removal of a stringent regulatory system and the implementation of a set of guiding principles for consultation and engagement. This method will ensure that local issues are addressed and local government will have a greater sense of autonomy.

6. Technology (3.2.3)

Proposal:

The Taskforce proposes that:

- (i) As a general principle the Act should support the optimal and innovative use of technology by councils to promote efficiency and enhance accessibility for the benefit of constituents.



(ii)

The Act allow each Council to determine the most appropriate use of technology taking into account the principles for local government and community engagement through the IPR framework discussed above.

Comment:

- Support the use of advances in technology, however note that there should be minimum levels maintained so as not to exclude community participation by a change in use of technology;
- Before implementing changes in technology for delivery of services, Councils must be satisfied of potential risks including leaks of confidential information, data sharing, storage, protection of personal information etc.

7.

Elections (3.3.1)**Proposal:**

The Taskforce proposes:

- (i) *Use of postal voting at all council elections as a means of increasing efficiency and voter participation and reducing council election costs.*
- (ii) *The following possible improvements to electoral provisions:*
 - *The most appropriate voting system – exhaustive preferential, optional preferential, proportional, or first past the post;*
 - *The option of utilising electronic voting in the future;*
 - *Mechanisms for removing the need for by-elections, when a vacancy occurs either in the first year following an ordinary election or up to 18 months prior to an ordinary election;*
 - *Half term elections for councillors, similar to Senate elections;*
 - *The ward system being abolished;*
 - *Improving the adequacy of and access to candidate information prior to elections; and*
 - *The enrolment process and maintenance of the non-residential roll, particularly in the City of Sydney.*

Comment:

- Council would prefer to see the content relating to elections being transferred to a dedicated "Elections Act" which would deal with Federal, State and Local Government election matters.
- Supports the use of postal voting at all council elections as a means of increasing efficiency, voter participation and reducing council election costs.
- Support consideration of the most appropriate voting system – exhaustive preferential, optional preferential, proportional, or first past the post.
- Support investigation into the use of electronic voting for the future.
- Support initiatives for reducing the need for by-elections where a vacancy occurs in the first year following an ordinary election or up to 18 months prior to an ordinary election.
- Council does not support the abolition of the ward system in its entirety. It is suggested that this be a decision for each Council to determine based upon its geographical nature, number of Councillors, Councillor/community population ratio and potential growth rates for the area.



- Support mechanisms to improve the adequacy of and access to candidate information prior to elections, including minimum levels of information to be provided in order to ensure a democratic process throughout the election period.

8. Meetings (3.3.2)

Proposal:

The Taskforce proposes:

- (i) The provisions relating to council meetings be:
- Reviewed, modernised and any unnecessary prescription and red tape removed;
 - Designed to facilitate councils utilising current and emerging technologies in the conduct of meetings and facilitating public access; and
 - Consolidated into a generic mandatory Code of Meeting Practice that may if necessary be supplemented to meet local requirements, provided the amendments are not inconsistent with the provisions of the Act and standard Code of Meeting Practice.

Comment:

- Supportive of the proposals including a generic mandatory Code of Meeting Practice which will incorporate the range of provisions in the current Act, Regulations, Model Code of Conduct for Local Councils in NSW, the Guidelines and Council's Code of Meeting Practice. This will ensure consistency and a standard level of service across local government.

9. Appointment and Management of Staff (3.3.3)

Proposal:

The Taskforce proposes:

- (i) The strategic responsibilities of the council be clearly separated from the operational responsibilities of the general manager in determining the council's structure and be aligned with IPR by:
- The general manager being responsible for determining the organisation structure and for recruiting appropriately qualified staff necessary to fulfil each role within the structure;
 - The council being responsible for determining those services and priorities required and to provide the resources necessary to achieve the Council's Delivery Program; and
 - The general manager being responsible for the employment of all staff and there be no requirement for the general manager to consult with the council in relation to appointment and dismissal of senior staff.
- (ii) All positions meeting the criteria as a senior staff position be treated as such, appointed under the prescribed standard contract for senior staff, identified as a senior staff position within the organisation structure, and the remuneration be reported in the council's annual report.
- (iii) In-line with the principle of reducing prescription:
- Each council to determine how it deals with regulatory responsibilities that fall outside of the Local Government Act, rather than prescribe the appointment of a Public Officer, and



- The EEO provisions be incorporated with the IPR processes and procedures.

(iv) The current prescription in the Act relating to the advertising of staff positions and staff appointments be transferred to regulation or to the relevant industrial award.

Comment:

- Support the delineation between the role of the Council and the General Manager but note that the Independent Review Panel is looking into the broader roles of Mayors and General Managers in a more holistic sense.
- Support the proposals including a definition of "senior staff" in the Act.

10. Code of Conduct (3.3.6)

Proposal:

The Taskforce is not proposing any changes to the conduct provisions of the Act.

Comment:

Council recognises the recent improvements made to the Code of Conduct framework and does not recommend any further reform at this stage.

11. Pecuniary Interest (3.3.7)

Proposal:

The Taskforce proposes that:

- (i) The pecuniary interest provisions be reviewed to ensure they are written in plain language, easily understood and any unnecessary red tape removed.
- (ii) Consideration be given to utilising available technology to assist with the submission and maintenance of pecuniary interest disclosures and to facilitate appropriate access to this information.

Comment:

Whilst Council is of the view that the current provisions work reasonably well, it would be beneficial to include a definition of "designated person" and a simplified form for declaring Pecuniary Interests in the new Act.

12. Delegations (3.3.8)

Proposal:

The Taskforce proposes that the provisions in the Act relating to delegations be reviewed to ensure that they are streamlined, written in plain language and are reflective of the roles and responsibilities of the council and the general manager to facilitate the efficient, effective and accountable operation of local government.

Comment:

Support the proposals. Council considers that these provisions operate reasonably well.



Financial Governance (3.3.9)

Proposal:

The Taskforce proposes:

- (i) There be greater scope for a focus on principles and the definition of financial systems/minimum standards within a new legislative framework and for assimilation with the mechanisms of IPR in line with frameworks proposed for other parts of the legislation.
- (ii) There be a rebalancing of the regulatory focus of the legislative framework towards systems and risk management rather than process prescription.
- (iii) To await the Independent Panel work on many of the issues associated with fiscal responsibility including rating issues, asset and financial planning, rates and charges, management of expenditure, and audit practices before recommending legislative positions on these matters.

Comment:

- A focus on principles and the definition of financial systems/minimum standards is supported.
- The Council awaits the response from the Independent Local Government Review Panel on the issue of rate pegging, asset and financial planning, rates and charges, management of expenditure and audit practices.

14. Procurement (3.3.10)

Proposal:

The Taskforce proposes:

- (i) The adoption of a more principles-based enabling approach to procurement combined with a medium level of regulation designed to ensure support of the principles of value for money, efficiency and effectiveness, probity and equity, and effective competition.
- (ii) In relation to the current tendering threshold of \$150,000 rather than the legislation setting a dollar value threshold a more flexible principles-based approach to be taken to councils setting the threshold based on risk assessment of the proposed procurement.
- (iii) The delegations section of the Act be reviewed to facilitate councils entering into collaborative procurement arrangements such as via ROCs and allowing councils to delegate procurement to general managers with a "report back" mechanism.
- (iv) Any regulation of council procurement support councils utilising available technologies that can assist with efficient, effective and economic procurement processes that are accessible to all relevant stakeholders and are fair, open and transparent.

Comment:

- Council expresses concern about the removal of a monetary threshold in tendering. Council either supports the use of a mandatory higher threshold or if the legislative threshold is abolished, that there is a rigorous system of procurement to identify sensitive or significant projects. The removal of a monetary threshold and the option of a more principles-based enabling approach with medium levels of regulation will require a series of mitigation measures to prevent against an increased risk of corruption and fraudulent

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dealings. Council is keen to understand the details of how the Taskforce proposes to implement this.

- The use of collaborative procurement arrangements with other councils and State Government is welcomed.
- The proposal to delegate procurement decisions to the General Manager with a report back mechanism is supported, provided that all Councils abide by a model Tendering Framework which stipulates the minimum process requirements throughout the tender process – for example, determining the selection criteria, review of the decision to tender, and undertaking internal probity checks.

15. Capital Expenditure and Public Private Partnerships (3.3.11 and 3.3.12)

Proposal:

The Taskforce proposes:

- (i) That a capital expenditure and monitoring framework be developed to enable the appropriate management of risk by councils. This framework should be tailored to risk levels, including significance of the project (including materiality and whole of life costs) and not based on arbitrary monetary thresholds or procurement vehicles.

The Taskforce proposes that PPP projects continue to be subject to regulation and aspects that could be streamlined or simplified be identified and mechanisms for ensuring PPPs be considered for inclusion in the IPR framework.

Comment:

Support both proposals – both processes will be streamlined and based on risk assessment.

16. Acquisition of Land (3.3.13)

Proposal:

The Taskforce proposes:

- (i) No change at this time to the acquisition of land provisions as they remain essential to council's continued service and infrastructure delivery, are generally working well and there are no strong reasons to support change.
- (ii) Council plans for the acquisition of land be linked with the IPR processes, and in particular the expressed opinion of the community in the community strategic plan on the need for additional public land or the sale of public land, be included in Delivery Program provisions.

Comment:

- In regards to the acquisition of land by Council, on the whole, the current provisions of the Act are satisfactory. However, there are certain restrictions imposed on public land dedicated to Council through s. 94 contributions. Currently, land that may be better utilised as operational or sold in order to achieve the best outcome for Council and the relevant community cannot be realised.
- Council is cautious to place the plan for the acquisition and sale of public land solely in the hands of the IPR process. Some areas of public land, particularly certain parcels of community land, are of such a nature and positive



contribution to the community that it should be reserved for future generations of the area. The decision on whether to acquire or sell public land under the new Act must require a consultative and robust process.

17. Public land (3.3.14)

Proposal:

The Taskforce proposes:

- (i) *The current processes for council land management, being complex and inconsistent with the Crown Lands regime, be simplified and complementary.*
- (ii) *The Local Government Act:*
- *Require councils to strategically manage council-owned public land as assets through the IPR framework;*
 - *Balance reasonable protections for public land use and disposal where the land is identified as having significant value or importance;*
 - *End the classification regime of public land as either community or operational land and instead, require the council resolution at the time of acquiring or purchasing land to specify the proposed use or uses;*
 - *Provide that a proposed change in the use or disposal of public land, including consultation mechanisms, should be dealt with through the council's asset management planning and delivery program;*
 - *Retain the requirement for a public hearing to be held by an independent person where it is proposed to change the use or dispose of public land identified as having significant value or importance. The results should be reported to and considered by the council before a decision is made and proposals should be addressed through council's community engagement strategy;*
 - *Recognise the LEP zoning processes and restrictions applying to council owned public land;*
 - *Review the prescribed uses to which public land may be applied to accommodate other uses appropriate to the current and future needs of the community;*
 - *Cease the need for separate plans of management for public land to be prepared and maintained, and in lieu, utilise the asset management planning and delivery program;*
 - *Cease the need for a separate report to be obtained from the Department of Planning and Infrastructure where proposed leases and licences of public land are referred to the Minister for Local Government for consideration.*

Comment:

- *Alignment with the Crown Lands regime is supported, however a dedicated 'Public Lands Act' which combines both public and crown land into the one piece of legislation is the preferred option.*
- *Council supports the removal of the burdensome and unnecessary operational/community land classifications and encourages the much simpler process of specifying the proposed use or uses of land by council resolution. It is however acknowledged that guidance should be provided on what constitutes land which has 'significant value or importance'.*



Council supports the removal of separate plans of management for public land to be prepared and maintained, and in lieu, utilise the asset management planning and delivery program.

Council supports the removal of the requirement to obtain a separate report to be obtained from the Department of Planning and Infrastructure where proposed leases and licences of public land are referred to the Minister for Local Government for consideration. Whilst this proposal is supported, it is unclear if and in what circumstances public land matters will still be referred to the Minister. It is Council's view that classification of public land and lease and licensing issues should be dealt with via public consultation and council resolution, rather than referring it to the Minister for consent.

18. Approvals, Orders and Enforcement (3.3.15)

Proposal:

The Taskforce proposes:

- (i) Regulatory provisions be reviewed to ensure that the Act provides guidance on regulatory principles but contains flexibility and less prescription in their implementation, with statutory minimum standards or thresholds the council must meet, and councils discretionary "on the ground" functions.
- (ii) Within this framework, the prescriptive processes of approvals and orders be streamlined and subject to risk assessment, be placed into regulations where possible, allowing the Act to focus on high priority areas and principles.
- (iii) Certain approvals be repealed or transferred to other legislation, such as the installation of manufactured homes and the operation of caravan parks and camping grounds. Installation of domestic oil and solid fuel heating appliances should be transferred to the Environmental Planning and Assessment Act, approvals for filming activities on public land be deleted or transferred to other legislation, approvals of amusement devices be transferred to health and safety legislation, and approvals for engaging in activities on public roads be transferred to roads and transport legislation.
- (iv) Given the maximum penalties have not increased since 1993, penalties for offences in the Act and Regulation be reviewed to ensure they are proportionate to the seriousness and nature of the offence, and act as a deterrent to re-offending.
- (v) To have regard to the findings and recommendations of the reports by IPART as they affect local government that are due by mid 2013.

The Taskforce invites comments as to whether there are currently activities requiring approval that are low-risk or redundant and therefore can be removed from the legislation.

Comment:

- Support flexibility and use of minimum standards to ensure some level of consistency.
- Support the transferring of certain approvals to other more relevant legislation. This will ensure that the Act remains well defined and in a logical sequence.
- Support the review of penalties since the last review in 1993.

The Discussion Paper goes a long way to address the current issues with the present Act and recommend reform which is enabling, flexible and responsive to the community.



Camden Council is very supportive of the proposals, with the small exceptions raised above and matters requiring additional information (including how the Taskforce proposes to implement the proposals in practice). Council looks forward to the third stage of the Taskforce's program and welcomes this revised approach to Local Government.

Should you have any queries, please do not hesitate to contact the undersigned in the first instance.

Yours sincerely

Ron Moore
GENERAL MANAGER

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Attachment 1

Monthly Report

Camden Council

February 2014

Investment Exposure

Council is at maximum capacity limits with ME Bank. Council should continue to diversify the investment portfolio across the investment credit spectrum. There is significant capacity with ING Bank Australia (rated "A-" or "A-1").

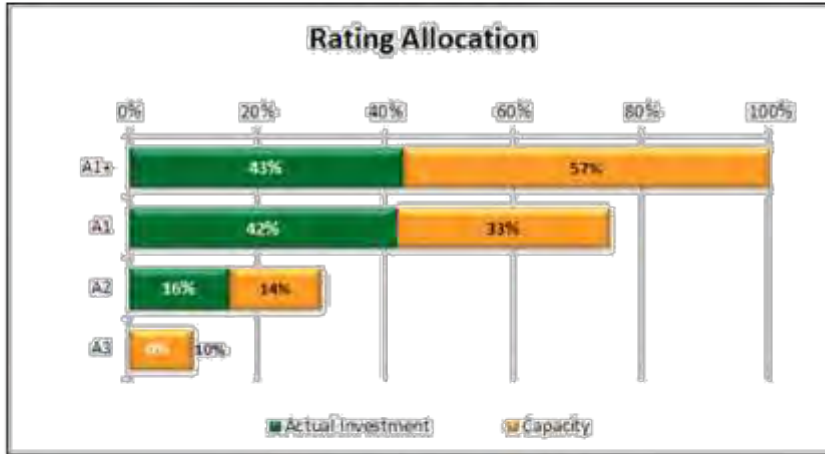
ADI	Exposure \$M	Rating	Policy Limit	Actual	Capacity
Westpac	\$7.20M	A1+	25%	11%	\$9.69M
AMP	\$5.00M	A1	15%	7%	\$5.14M
Suncorp	\$4.00M	A1	15%	6%	\$6.14M
CUA	\$2.00M	A2	10%	3%	\$4.76M
ING	\$3.00M	A1	15%	4%	\$7.14M
CBA	\$4.12M	A1+	25%	6%	\$12.77M
Rabobank	\$1.00M	A1+	25%	2%	\$15.54M
Macquarie	\$2.00M	A1	15%	3%	\$8.14M
NAB	\$16.00M	A1+	25%	24%	\$0.89M
Bendigo-Adelaide	\$1.00M	A1	15%	1%	\$9.14M
Rural	\$4.50M	A1	15%	7%	\$5.64M
BoQ	\$9.00M	A1	15%	13%	\$1.14M
Heritage	\$2.00M	A2	10%	3%	\$4.76M
ME Bank	\$6.75M	A2	10%	10%	\$0.01M
Total	\$67.57M			100%	

Apart from investments with the regional ADIs, the investment portfolio is predominately directed to the higher rated entities with NAB and Westpac.



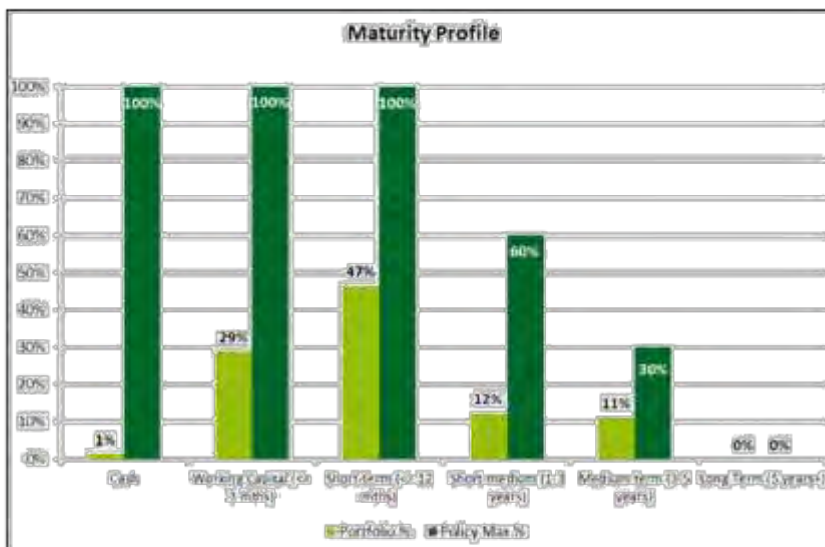
Credit Quality

A-1+ (the domestic majors) and A-1 (the high rated regionals) rated ADIs are the largest share of Council's investments. All of these comply with the Policy.



Term to Maturity

The portfolio remains highly liquid with 1% of investments at-call and a further 29% of assets maturing within 3 months. There is substantial capacity to invest in terms greater than 1 year. In consultation with its investment advisors, Council has strategically begun lengthening its deposit portfolio to diversify across various maturities up to 5 years.



In the current low interest rate environment, as existing deposits mature, they will generally be reinvested at much lower rates than preceding years. A spread of maturities up to 5 years would help income pressures over current and future financial years.

2013-14 Budget

Current Budget Rate		3.75%
Source of Funds Invested	February	
Section 94 Developer Contributions	\$28,652,900	
Restricted Grant Income	\$1,646,700	
Externally Restricted Reserves	\$8,437,300	
Internally Restricted Reserves	\$22,321,200	
General Fund	\$6,511,900	
Total Funds Invested	\$67,570,000	
Council's investment portfolio has increased by \$2.16 million since the January reporting period. The increase is primarily a result of the receipt of third instalment payments for rates and annual charges.		

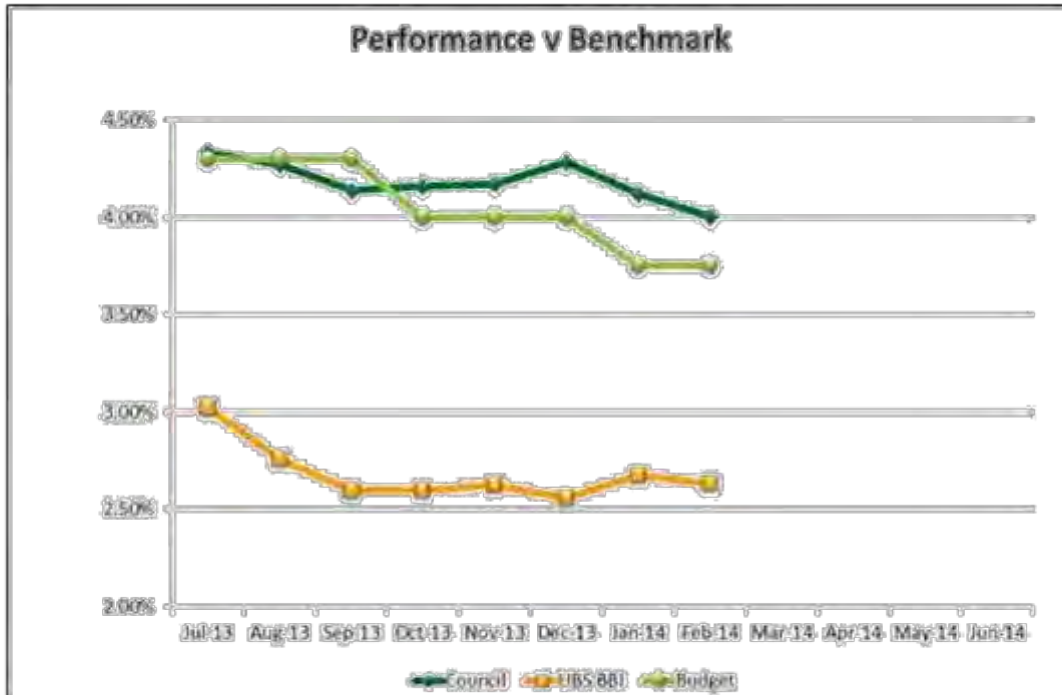
INTEREST RECEIVED DURING 2013/14 FINANCIAL YEAR				
	February	Cumulative	Projected Interest	Original Budget
General Fund	\$88,169	\$744,949	\$1,025,100	\$981,800
Restricted	\$113,379	\$949,603	\$1,293,100	\$751,800
Total	\$201,548	\$1,694,552	\$2,318,200	\$1,733,600

Interest Summary

The portfolio's interest summary as at 28 February 2014 is as follows:

NUMBER OF INVESTMENTS	60
AVERAGE DAYS TO MATURITY	351
AVERAGE PERCENTAGE	4.03% p.a.
WEIGHTED PORTFOLIO RETURN	4.03% p.a.
CBA CALL ACCOUNT ^a	2.70% p.a.
HIGHEST RATE	5.95% p.a.
LOWEST RATE	3.34% p.a.
BUDGET RATE	3.75% p.a.
AVERAGE BBSW (30 Day)	2.61% p.a.
AVERAGE BBSW (90 Day)	2.63% p.a.
AVERAGE BBSW (180 Day)	2.66% p.a.
UBS BANK BILL INDEX	2.63% p.a.

*Note: CBA call account is not included in the investment performance calculations



Outperformance over benchmark (UBS Bank Bill Index) continues to be attributed to the longer-dated deposits in the portfolio (particularly early investments placed above 4.5%). As existing deposits mature, performance will inevitably fall as deposits will be reinvested at much lower prevailing rates.

The revised budgeted return of 3.75% is likely to be achieved over the 2013/14 financial year with the adoption of a longer term strategy.

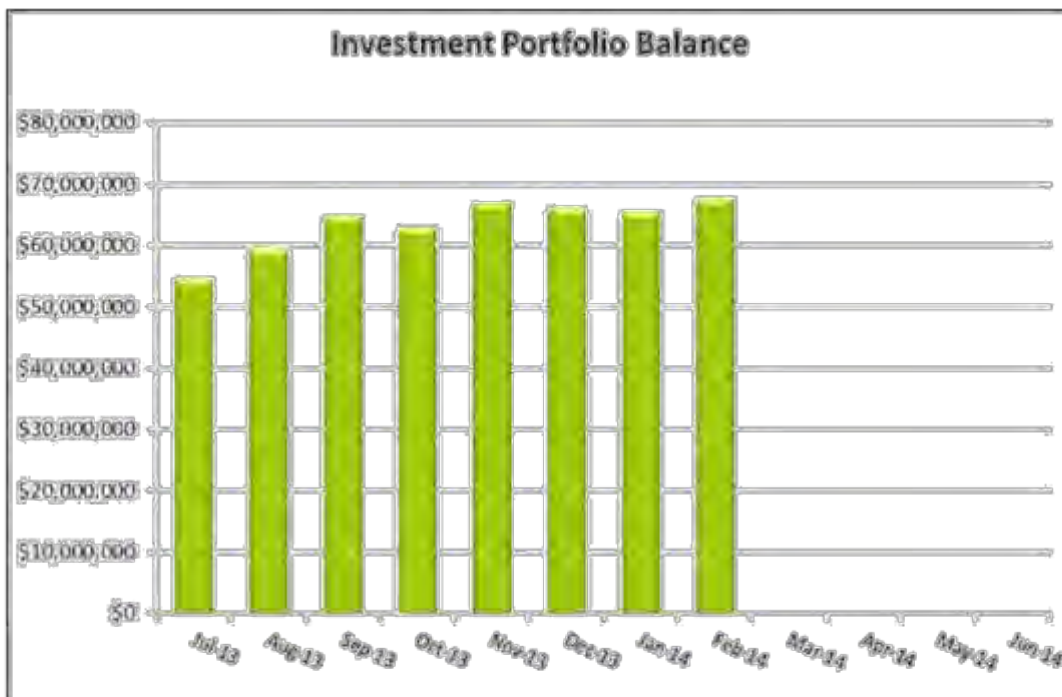
Appendix A – List of Investments

Camden Council Investment Portfolio as at 28 February 2014						
Institution	Type	Amount	Interest Rate	Date Invested	Maturity Date	Interest Accrued as at 28/02/2014
CUA	TD	\$1,000,000.00	5.95%	3/05/2013	1/05/2014	\$49,230.14
CUA	TD	\$1,000,000.00	5.95%	10/05/2013	8/05/2014	\$48,089.64
Suncorp Metway	TD	\$1,000,000.00	5.14%	29/07/2013	31/07/2014	\$30,276.71
NAB	TD	\$600,000.00	4.50%	7/02/2014	5/02/2015	(\$1,356.16)
Westpac	TD	\$700,000.00	4.35%	1/05/2013	7/05/2015	\$25,361.10
Westpac	TD	\$2,000,000.00	4.35%	6/05/2013	14/05/2015	\$73,268.49
Westpac	TD	\$500,000.00	4.35%	17/05/2013	21/05/2015	\$17,161.64
Westpac	TD	\$500,000.00	4.35%	17/05/2013	19/05/2016	\$17,350.68
ME Bank	TD	\$1,500,000.00	4.20%	25/07/2013	24/04/2014	\$37,800.00
ME Bank	TD	\$750,000.00	4.15%	30/07/2013	31/07/2014	\$18,248.63
CBA	TD	\$1,200,000.00	4.00%	2/08/2013	2/08/2014	\$27,247.95
NAB	TD	\$1,000,000.00	3.91%	27/08/2013	24/07/2014	\$22,067.40
BOQ	TD	\$2,500,000.00	5.05%	4/11/2013	1/11/2018	\$40,469.16
BOQ	TD	\$1,500,000.00	4.30%	7/11/2013	2/11/2016	\$21,082.19
NAB	TD	\$500,000.00	3.70%	7/11/2013	6/03/2014	(\$5,778.08)
NAB	TD	\$1,000,000.00	3.72%	7/11/2013	20/03/2014	\$1,618.63
AMP	TD	\$1,000,000.00	3.80%	13/11/2013	13/11/2014	\$11,543.84
Rural Bank	TD	\$1,000,000.00	3.86%	15/11/2013	13/03/2014	\$11,209.86
NAB	TD	\$1,500,000.00	3.68%	21/11/2013	27/03/2014	\$45,123.29
BOQ	TD	\$1,000,000.00	3.10%	25/11/2013	22/11/2018	\$13,413.20
ING Bank	TD	\$1,000,000.00	4.63%	28/11/2013	23/11/2017	\$11,796.99
BOQ	TD	\$1,000,000.00	4.88%	28/11/2013	23/11/2017	\$12,357.53
AMP	TD	\$2,000,000.00	3.80%	28/11/2013	28/11/2014	\$19,164.38
BOQ	TD	\$1,000,000.00	4.50%	28/11/2013	24/11/2016	\$11,465.75
ME Bank	TD	\$1,000,000.00	3.90%	2/12/2013	20/11/2014	\$9,509.59
CBA	TD	\$1,000,000.00	4.60%	2/12/2013	2/12/2013	\$9,753.42
CBA	TD	\$1,000,000.00	3.90%	30/11/2013	30/01/2014	\$9,473.97
NAB	TD	\$1,000,000.00	3.67%	5/12/2013	10/04/2014	\$6,647.12
AMP	TD	\$1,000,000.00	3.80%	5/12/2013	4/12/2014	\$6,953.47
NAB	TD	\$1,500,000.00	3.67%	9/12/2013	17/04/2014	\$12,367.40
Suncorp Metway	TD	\$1,500,000.00	3.65%	12/12/2013	15/05/2014	\$11,850.05
Suncorp Metway	TD	\$1,000,000.00	3.65%	12/12/2013	10/04/2014	\$7,900.00
Suncorp Metway	TD	\$500,000.00	3.65%	12/12/2013	22/05/2014	\$3,950.00
ME Bank	TD	\$1,500,000.00	3.90%	12/12/2013	18/12/2014	\$12,661.63
AMP Bank	TD	\$1,000,000.00	3.80%	12/12/2013	11/12/2014	\$8,224.66
Macquarie Bank	TD	\$1,000,000.00	3.90%	19/12/2013	19/12/2014	\$7,693.15
Westpac	TD	\$1,000,000.00	3.61%	19/12/2013	19/12/2014	\$7,121.10
NAB	TD	\$1,000,000.00	3.74%	24/12/2013	12/06/2014	\$6,865.21
NAB	TD	\$1,500,000.00	3.75%	2/01/2014	19/06/2014	\$8,518.36
NAB	TD	\$1,000,000.00	3.34%	9/01/2014	6/03/2014	\$4,666.85

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Camden Council Investment Portfolio as at 28 February 2014						
Institution	Type	Amount	Interest Rate	Date Invested	Maturity Date	Interest Accrued as at 28/02/2014
Rural Bank	TD	\$1,000,000.00	3.50%	9/01/2014	29/05/2014	\$4,890.41
ME Bank	TD	\$1,000,000.00	3.70%	9/01/2014	22/05/2014	\$5,169.86
ME Bank	TD	\$1,000,000.00	3.70%	9/01/2014	5/06/2014	\$5,169.86
NAB	TD	\$2,000,000.00	3.70%	9/01/2014	26/06/2014	\$10,339.73
NAB	TD	\$1,000,000.00	3.68%	16/01/2014	26/06/2014	\$4,308.49
Bendigo Adelaide B	TD	\$1,000,000.00	3.60%	16/01/2014	3/07/2014	\$4,339.73
Macquarie Bank	TD	\$1,000,000.00	4.15%	20/01/2014	20/01/2016	\$4,547.95
ING Bank	TD	\$1,000,000.00	3.55%	23/01/2014	10/07/2014	\$3,598.63
Westpac	TD	\$1,000,000.00	3.58%	29/01/2014	14/05/2014	\$3,040.55
Westpac	TD	\$1,500,000.00	3.58%	29/01/2014	21/05/2014	\$4,560.82
Heritage Bank	TD	\$500,000.00	3.65%	30/01/2014	2/04/2014	\$1,500.00
Heritage Bank	TD	\$500,000.00	3.65%	30/01/2014	8/04/2014	\$1,500.00
Heritage Bank	TD	\$1,000,000.00	3.80%	31/01/2014	16/07/2014	\$3,619.18
ING Bank	TD	\$1,000,000.00	3.66%	7/02/2014	6/08/2014	\$2,206.03
BOQ	TD	\$1,000,000.00	3.70%	13/02/2014	13/08/2014	\$1,621.92
NAB	TD	\$500,000.00	3.70%	20/02/2014	20/08/2014	\$456.16
Rural Bank	TD	\$1,000,000.00	3.55%	21/02/2014	20/08/2014	\$,776.08
Rural Bank	TD	\$1,500,000.00	3.55%	25/02/2014	27/08/2014	\$583.56
BOQ	TD	\$1,000,000.00	4.65%	27/02/2014	22/02/2018	\$254.79
Rabobank	TD	\$1,000,000.00	5.00%	28/02/2014	28/02/2019	\$136.99
# TD Investments	60	\$66,850,000.00	4.01%			\$761,879.99
CBA	Call Account	\$920,000.00	2.70%			
		\$67,570,000.00				



Appendix B – Ratings Definitions

Standard & Poor's Ratings Description

Standard & Poor's (S&P) is a professional organisation that provides analytical services. An S&P rating is an opinion of the general credit worthiness of an obligor with respect to particular debt security or other financial obligation – based on relevant risk factors.

Credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment
- Nature and provisions of the obligation
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganisation or other laws affecting creditors' rights
- The issue rating definitions are expressed in terms of default risk.

S&P Short-Term Obligation Ratings are:

- **A-1:** This is the highest short-term category used by S&P. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.
- **A-2:** A short-term obligation rated A-2 is somewhat more susceptible to the adverse changes in circumstances and economic conditions than obligations in higher rating categories. However the obligor's capacity to meet its financial commitment on the obligation is satisfactory.
- **A-3:** A short-term obligation rated A-3 exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

S&P Long-Term Obligations Ratings are:

- **AAA:** An obligation/obligor rated AAA has the highest rating assigned by S&P. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.
- **AA:** An obligation/obligor rated AA differs from the highest rated obligations only in small degree. The obligor's capacity to meet its financial commitment on the obligations is very strong.
- **A:** An obligation/obligor rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations/obligors in higher rated categories. However the obligor's capacity to meet its financial commitment on the obligation is strong.
- **BBB:** A short-term obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.
- **Unrated:** Financial Institutions do not necessarily require a credit rating from the various ratings agencies such as Standard & Poor's and these institutions are classed as "Unrated". Most Credit Unions and Building societies fall into this category. These institutions nonetheless must adhere to the capital maintenance requirements of the Australian Prudential Regulatory Authority (APRA) in line with all authorised Deposit Taking Institutions (Banks, Building societies and Credit Unions).
- **Plus (+) or Minus(-):** The ratings from "AA" to "BBB" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories

Fitch and Moody's have similar classifications.

Appendix C – Recently Invested ADIs

Rural Bank

Historically, the Bank was formed as Elders Rural Bank and received its banking licence in 2000. In August 2009, Elders Rural Bank Limited changed its name to Rural Bank Limited and, in December 2010, Rural Bank became a fully-owned subsidiary of the Bendigo and Adelaide Bank Group.

In December 2010, Bendigo and Adelaide Bank announced that it would increase its shareholding in Rural Bank from 60% to 100% for \$165m, or approximately 1.2 times book value. As such, Rural Bank takes on its parent's company's long-term credit rating of A- by S&P.

Over the years, the bank's business model has expanded, but its core business has not changed. They specialise in lending to the agricultural sector in rural and regional centres across the country. Rural Bank's products and services are now available at more than 400 locations nationally.

Financial Results

As at 30 June 2013, Rural Bank's Tier 1 Capital Ratio stood at 10.73% and its Total Capital Ratio at 12.13%, well above Basel III minimum capital requirements.

At a group level, Bendigo-Adelaide Bank Ltd announced a statutory profit after tax of \$352.3 million for the 12 months ending 30 June 2013, an 80.7% increase on the corresponding period. The cash earnings result is \$348.0 million for the 12 months ending 30 June 2013, a 7.7% increase on the prior corresponding period. Retail deposits were \$42.2 billion (June 2012 was \$40.7 billion), an increase of 3.9%.

Heritage Bank

In 1981 Toowoomba Permanent Building Society (est. 1875) and the Darling Downs Building Society (est. 1897) merged and became Heritage Building Society. In December 2011, Heritage Building Society officially changed its name to Heritage Bank.

Heritage Bank is Australia's largest mutual bank with \$8.5 billion in total assets. It is owned by customers, not shareholders. Heritage does not pay dividends so all profits are reinvested in the business. Heritage now has 61 branches in southern Queensland and 39 mini branch outlets. They offer a full suite of banking products, including savings and transaction accounts, term deposits, home loans, personal loans, business banking, credit and debit cards, retirement savings accounts, financial planning, insurance and foreign currency and travel finance products.

Financial Results

The operating profit of the Group for FY13 after income tax was \$37.052 million, an 18.5% increase compared to the previous year (FY12 was \$31.272 million). The Group reported a 3.5% increase in total consolidated assets to a total of \$8.507 billion for FY13 (up from \$8.221 billion in FY12).

As at 30 September 2013, Heritage Bank's Tier 1 Capital Ratio stood at 11.51% and its Total Capital Ratio at 13.26%, well above Basel III minimum capital requirements.

Rabobank Australia

With over 110 years of history, the Rabobank Group is a leading provider of financial services around the world and has a strong historical presence for the global food and agriculture industry. Headquartered in Utrecht, the Netherlands, Rabobank is a cooperative bank with over AUD\$926.4 billion in assets (€732 billion)¹, approximately 10 million clients, more than 59,000 employees, and a presence in 48 countries. Rabobank is one of the 30 largest financial institutions in the world based on Tier 1 Capital.

Rabobank established an office in Australia in 1990 and acquired the Primary Industry Bank of Australia (PIBA) operating in Australia and New Zealand in 1994. With headquarters in Sydney, Rabobank has 61 branches throughout Australia and 32 branches in New Zealand. As at December 2011, the Group employed more than 1,000 people in Australia and New Zealand, with more than half based in regional locations.

Financial Results

The latest Prudential Standards of Rabobank Australia Ltd as at 30 September 2013 is summarised as follows:

- Cash and liquid assets up to \$259.8m (Q3 2013) from \$124.9m (Q2 2013)
- Impaired loans down to \$292.6m (Q3 2013) from \$313.3m (Q2 2013)
- Tier one capital ratio of 10.28%, well in excess of Basel III regulatory requirements

¹ As a comparison, CBA has approximately AUD\$750 billion in total assets and 45,000 employees

PRIORITIES BY SPORTING CODE

Sporting Code	Top priorities	Comment
Aquatic sports	The Camden Recreation Demand Study identified: - aquatic centre at Oran Park - outdoor 50m and indoor 25m pool.	The provision of an aquatic centre is included in the Oran Park VPA. The detailed design of the Oran Park aquatic centre is yet to commence.
Archery	1. Amenities and storage 2. Drainage of low laying areas which limit access to archery range	A new amenities building has recently been constructed at Cut Hill reserve, with drainage issues addressed.
Athletics	Dedicated ground to enable training and competition all year round.	Narellan Sports precinct has been identified as a potential site with detailed concept plans currently being developed.
Australian Rules (AFL)	1. Spectator Seating at Fairfax Reserve 2. Floodlights at Kirkham 3. Full sized ground in new release area	The club have been successful in obtaining a grant for seating at Fairfax reserve. Additional floodlights are currently being installed at Kirkham to enable training. Discussions have been held on potential sites such as Fergusons land, which can accommodate a full sized ground as well as additional ground to enable senior and junior competition and training at one site.
Baseball	1. Expansion – additional diamonds 2. Competition standard floodlights 3. Amenities with canteen 4. seating	The current site at Catherine Field does not have the capacity to expand – however the development of additional sportsgrounds at Gregory Hills could adequately accommodate the needs of baseball in the near future.
Cricket	1. Amenities at Cut Hill 2. Additional wickets when new fields are being constructed 3. Development of Fergusons land to provide 3 full sized cricket fields that would complement the existing fields at Onslow providing 5 wickets at one location.	Cut Hill amenities constructed. Additional wickets to be included in new sites, and also provision of additional wickets have been included in the Council List of unfunded items. Ongoing consideration is

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Attachment 1

Sporting Code	Top priorities	Comment
		being given to vehicle access to Fergusons land and how it can be achieved in a cost effective manner.
Croquet	Secure a site for the conduct of croquet activities.	Initial discussions held with developer on use of a site in Cobbitty. However, should this not progress an alternate site is to be determined.
Cycling	<ol style="list-style-type: none"> 1. Learners facility 2. BMX – spectator seating and new site 3. Criterion racing – dedicated site or complimentary to other facilities 4. Mountain Bikes additional facilities 	<p>A review of the existing tennis courts sites will also consider an appropriate location option for a learners facility.</p> <p>The Kirkham Park master plan will be considering spectator facility opportunities. Potential new site for a dedicated BMX / mountain bikes facility can be explored for sites such as Rossmore Reserve or John Oxley Reserve.</p> <p>Consideration for a criterion circuits will be given in the design of new sporting field areas including Fergusons land, Narellan Sports Hub and new release areas of Marylands and Spring Farm.</p>
Equestrian	<ol style="list-style-type: none"> 1. Review of Plan of Management of BEP 2. Implementation of landscape plan of Rossmore Reserve 	The Community Committee Support Officer has been employed to assist with the review of the POM to provide a strategic direction for the BEP.
Hockey	<ol style="list-style-type: none"> 1. Indoor Sport hall 2. 4th outdoor synthetic field 	The current hockey complex adjoins the site identified for a dedicated athletics facility and district netball complex. The proposed indoor sports hall will be considered in the site planning and considerations.
Indoor Sports	<ol style="list-style-type: none"> 1. Extension to Mount Annan Leisure Centre – gymnastics facility 2. PCYC with 2 indoor sports courts in Elderslie 	Initial detail planning has commenced. The extension to MALC to be subject of a separate Council workshop. Detailed design for the Oran

Sporting Code	Top priorities	Comment
	3. 4 court complex in Oran Park	Park facilities has not as yet commenced.
Netball	1. Relocation to a site where 44 courts can be developed as well as associated amenities, floodlights and parking.	A site has been identified in Narellan in conjunction with a dedicated athletics facility. The initial concept plans have been developed and will be subject of a detailed briefing to Council.
Rugby League	1. Additional floodlights at Kirkham park 2. Additional fields at Kirkham Park and Narellan Park	Additional floodlights have been designed for lower Kirkham fields and due to be installed by end of March 2014. Planning and site footprints are being considered for additional fields.
Rugby Union	One additional full sized field in the long term	Adequate land is available for extension to existing field.
Soccer	1. Floodlights for Liquidamber Reserve. 2. Redevelopment of Liquidamber reserve and Harrington Park Reserve to improve drainage. 3. Review of tennis court usage on Liquidamber Reserve to determine any opportunities to enhance soccer facilities. 4. Floodlights on Ron Dine fields 3 and 4. 5. Review use of Birriwa Reserve given the size and scope of infrastructure.	Floodlights for Liquidamber Reserve have been ordered to be installed by end of March 2014. The redevelopment of Liquidamber Reserve has commenced. Harrington Park reconstruction is scheduled for the last quarter in 2014. A review of tennis courts is scheduled for the 2014/15 workplan. The provision of floodlights at Ron Dine Reserve will be considered by the Club who lease the grounds and may be subject of grant applications.
Softball	1. Spectator Seating 2. Additional floodlights	Additional spectator seating has been submitted for development approval and is the subject of grant applications.
Tennis	1. Review management systems currently in place to determine the best and highest use for sites with limited use and or	The current lease on the tennis courts (other than Onslow and Camden South) has expired. It is proposed

ORD14

Attachment 1

Sporting Code	Top priorities	Comment
	<p>scope expansion.</p> <p>2. Development of an 8 or 10 court complex to enable competition tournaments to be held.</p>	<p>that a call for expressions of interest will be undertaken in the next month to determine which courts are not considered viable, and assess capability for alternate uses where appropriate.</p> <p>Discussions have been held with South Camden Tennis regarding formalising their tenure at the South Camden complex through the EOI process for tennis court management.</p> <p>Initial planning has commenced for the development of a 10 court complex in Oran Park.</p> <p>Discussions have been held with Camden Districts Tennis Association regarding limitations of the Onslow site and potential relocation to Kirkham when netball is relocated.</p>
Touch Football	Additional time for activities required on sites with a cluster of grounds with a preferred cluster of three.	Future sportsground sites are being designed to be a minimum cluster of two or more where feasible.



Camden Cricket Club

PO Box 195
Camden NSW 2570

The General Manager
Camden Council
PO Box 183
Camden NSW 2570

13th March 2014

Re: Use of 42 Exeter Street Camden (Ferguson Land) by Camden Cricket Club

Dear Mr. Moore,

Further to our recent meeting on 28 February, the Camden Cricket Club wishes to formally request that Council quarantine the land known as Ferguson Land for use by the Camden Cricket Club for a fixed period of five (5) years. This resolution by Council will enable the Camden Cricket Club to work in partnership with Cricket NSW, Council and other bodies to secure funding and the required approvals for the development of the site.

The need for additional cricket grounds in the District is well established, however some commitment is required by Council in order to allocate resources in seeking to progress a Development Application for the land. It is understood that a multi-use facility will be appropriate on this land however this approach allows for Camden Cricket Club to take a lead role in the management of this project in the initial stages.

This timeframe is considered satisfactory for the Club to access required funding, forge appropriate partnerships and obtain the relevant planning and environmental approvals for the site and associated crossing.

Thank you again for your time and willingness to put this request to the next possible Council meeting for consideration.

Yours Sincerely,

Greg Little
Secretary Camden Cricket Club
CC - Mayer Lara.Synkowiak



www.camdenccricket.com.au

