



Opportunities in Change

Implementing Local Government Reform



Opportunities in Change

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Seizing the Opportunities in Perth Local Government Reform: Back to the Big Picture?

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NSW Independent Local Government Review Panel

Politics and due process

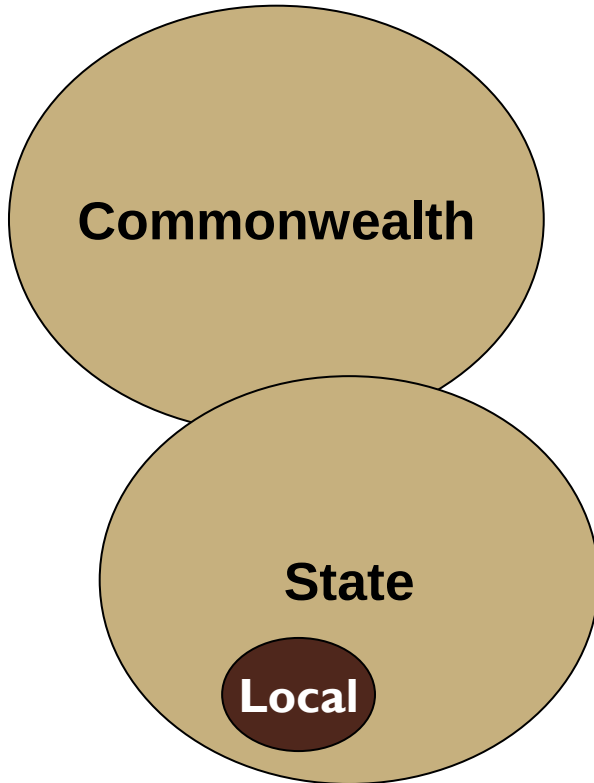
- Local government is a democratic, political institution
- But over recent decades reforms have been presented as primarily managerial:
 - **Separation of powers, strategic planning, efficiency etc**
- Major structural change brings politics to the fore:
 - **Voluntary mergers require political agreement**
 - **Forced mergers require political courage ('crash through') or extended 'due process' to withstand political (and legal) challenge**
- Perth process now >3 years + about 12 months to go PLUS settling-in period
 - **Decision not to revise process as proposed by Robson panel (MLGR)**
 - **'Phoney war' followed by statutory LGAB reviews**
- Sydney will be 4-5 years (if it happens; process unclear)

The very big picture

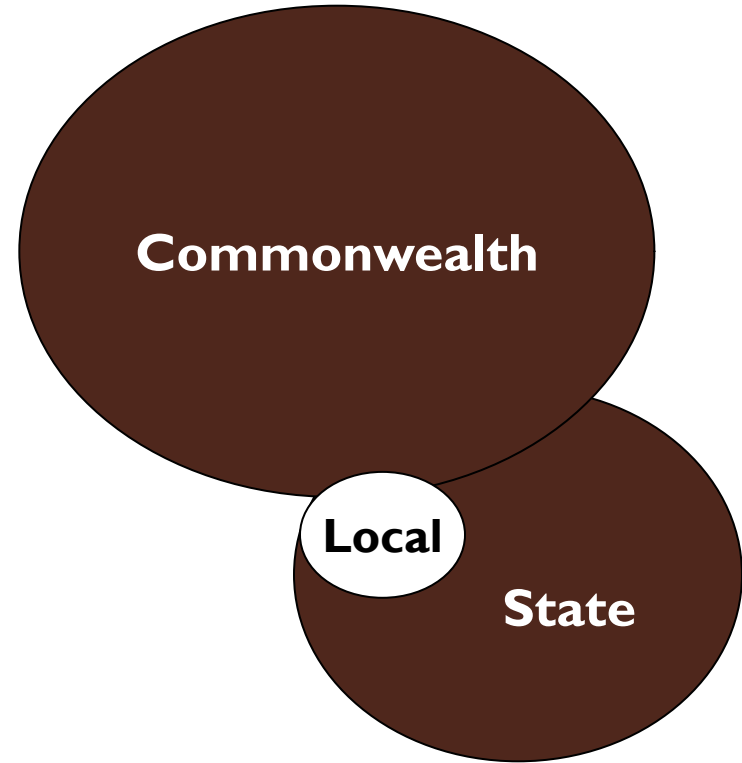
- Globalism, mega-cities and city-to-city relations
- Increasing importance of identity, place and community
- Review of the Federation:
 - **Will the governance of regions, places and communities be considered?**
 - **COAG's previous work on metropolitan strategic planning?**
 - **Local government's potential contribution?**
- Tax reform:
 - **Broad agreement on need for increased revenue**
 - **Time to revisit Henry's proposals re increasing land and property tax (LG rates are about 30%)**
 - **A fairer alternative (or complement) to a bigger GST?**

Federal futures?

Constitution



Current Reality



But will this last?



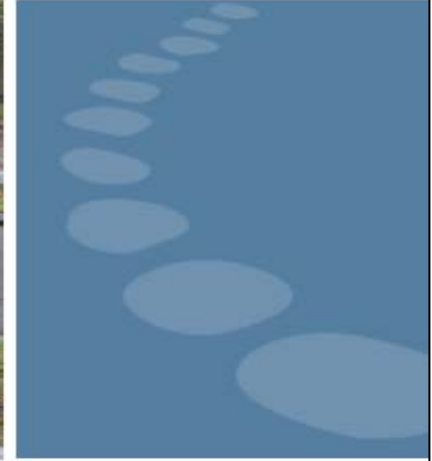
LG strengths and weaknesses

- **Integrated planning and place focus**
- **Informed localism and regionalism**
- **Responsive to communities**
- **Financial autonomy**
- **Service delivery**
- **Capacity for innovation**

- **Silos and wish-lists**
- **Fragmented parochialism**
- **Disengaged communities**
- **Mendicant mentality**
- **Governance failures**
- **Compliance culture**

Unused revenue capacity

- Local government's own source revenue has grown much more slowly than State or Federal over past 40 years
 - **Councils succumb to (or create) pressure to hold down rates**
 - **Increased reliance on fees and charges**
 - **Federal grants**
- Productivity Commission 2007:
 - **All councils have some potential to raise additional revenue *within affordability criteria***
 - **Scope for self-sufficiency (at current service levels):**
 - **Capital cities** **100%**
 - **Urban developed** **73%**
 - **Urban fringe** **74%**
 - **Urban regional** **50%**



REVITALISING LOCAL GOVERNMENT

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

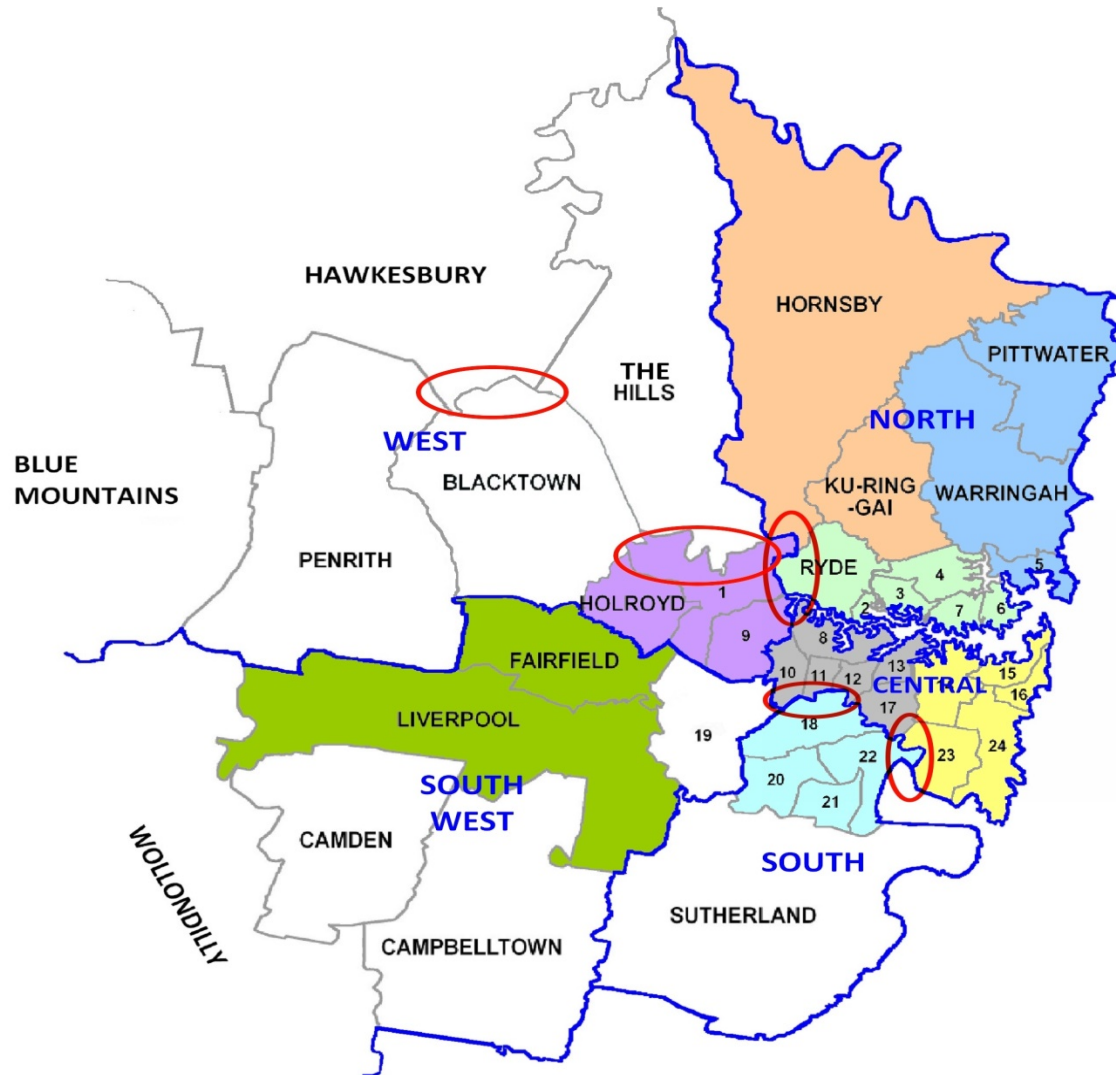
The NSW review

- *Destination 2036* forum and Action Plan 2011-12
- Independent Local Government Review Panel
 - Established April 2012
 - Reported October 2013 (*'Revitalising Local Government'*)
 - Focus on *strengthening* local government, including financial sustainability (but not necessarily savings)
 - Emphasised need for wide-ranging *package* of reforms
 - Parallel review of Local Government Act (Task Force)
- NSW Government's response September 2014
 - *'Fit for the Future'* – strong focus on voluntary mergers
 - Most ILGRP recommendations accepted to some degree – but sense of *package* lost?



ILGRP metro objectives

- 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
- Support implementation of the Metropolitan Strategy



- 1 PARRAMATTA
- 2 HUNTERS HILL
- 3 LANE COVE
- 4 WILLOUGHBY
- 5 MANLY
- 6 MOSMAN
- 7 NORTH SYDNEY
- 8 CANADA BAY
- 9 AUBURN
- 10 STRATFIELD
- 11 BURWOOD
- 12 ASHFIELD
- 13 LEICHHARDT
- 14 SYDNEY
- 15 WOOLLAHRA
- 16 WAVERLEY
- 17 MARRICKVILLE
- 18 CANTERBURY
- 19 BANKSTOWN
- 20 HURSTVILLE
- 21 KOGARAH
- 22 ROCKDALE
- 23 BOTANY BAY
- 24 RANDWICK



‘Strategic Capacity’

Relevance

- Role in system of government
- Wider agendas
- Places and communities
- Innovation

Resources

- Finance/asset management
- Rates
- Skills (inc strategy, policy, IGR)
- New ways of

Credibility

- Political governance
- Mayors
- Benchmarking
- Leadership by larger councils
- Valued partner



Perth MLGR: challenges

Finding the most appropriate local government structures and governance models for metropolitan Perth

A city enhanced by development not struggling to keep pace

- Facilitating the continued supply of affordable housing
- Managing demographic change
- Responding to the effects of environmental change
- Reducing urban congestion
- Contributing to the provision of an adequate transport system
- Maintaining ageing assets
- Co-ordinating the effective provision of critical infrastructure
- Adapting to the changing use of technology

Perth MLGR: findings

- Great variation in the size and capacity of local governments:
 - **Some issues are beyond the current capacity of local government and a more strategic response is required**
- Significant level of duplication and wasted resources
 - **Huge potential to mobilise public resources for more efficient purposes**
- Structure has limited ability to address region-wide issues
 - **Inconsistencies in processes and approaches result in difficulties for business, lost opportunities for communities**
 - **Local planning is uncoordinated and lacks strategic focus**
- Relationship between State and local government is deficient in many areas
 - **Many issues of metropolitan governance require cooperation and support between agencies, and a joint commitment to reach outcomes**

Perth MLGR: proposals

- *“The Panel sees a stronger, more effective and enhanced local government sector in metropolitan Perth as the outcome of this Review”*
 - **12 councils arranged to facilitate metro strategy**
- New Commission to effect reform AND enhance State-local relations
 - **State-local agreement**
- Governance changes;
 - **Compulsory voting**
 - **Directly elected mayors**
 - **Revamp mayor-council-CEO relations**
 - **Training, remuneration and leadership development for elected members**
- Scope for savings but this is not the central issue

Local government response?

- Appears overwhelmingly reactive:
 - **Local focus impedes agreement on strategic change**
 - **Pressure to move from 12 towards 20**
- Process focused:
 - **Multiple proposals to LGAB**
 - **Some 'hostile takeovers', some 'friendly' mergers**
 - **Some looking for reasons to avoid mergers**
 - **Concern with legalities**
 - **Arguments over costs**
- Has the sector as a whole failed to grasp its own potential and hence scope for gains?
 - **Gaps in leadership framework?**
 - **Gaps in skills base to make use of (sub) regional mechanisms?**

State response?

- City of Perth Act “to ensure Perth has the status it deserves as Australia’s west coast capital and an increasingly important city in the Asia region”
- Brief reference to increasing local government capacity to partner with government and business in major projects
- Otherwise focus seems to be on services (meeting community needs), infrastructure, efficiency, savings, financial sustainability
- LGAB acknowledged MLGR approach but:
 - **Required to work in accordance with criteria in Act and review individual proposals ‘on their merits’**
 - **Scope and application of broader strategic agenda is unclear**
- ‘Whole of government’ framework lacking?

Back to the big picture?

- Finishing the current process:
 - Is 9-10 months long enough for really effective transition planning?
 - Will complex boundary changes, City of Perth and the western suburbs councils prolong the agony?
 - What about governance and management reform?
 - Will there be energy left for a strategic agenda?
- What do the parties really want?
 - Is the potential of the new councils understood (eg skills, revenue?)
 - Are they *consistently* big enough to become true partners at the metro scale?
 - Will they be allowed to spread their wings?
 - Will the State reorganise its own arrangements for metro management?
- ***Sydney will be watching!!***