



Advocating for the people of Western Sydney

**RESPONSE TO THE INDEPENDENT LOCAL
GOVERNMENT REVIEW ON THE
*FUTURE DIRECTIONS DISCUSSION PAPER***

JUNE 2013

Western Sydney Regional Organisation of Councils Ltd

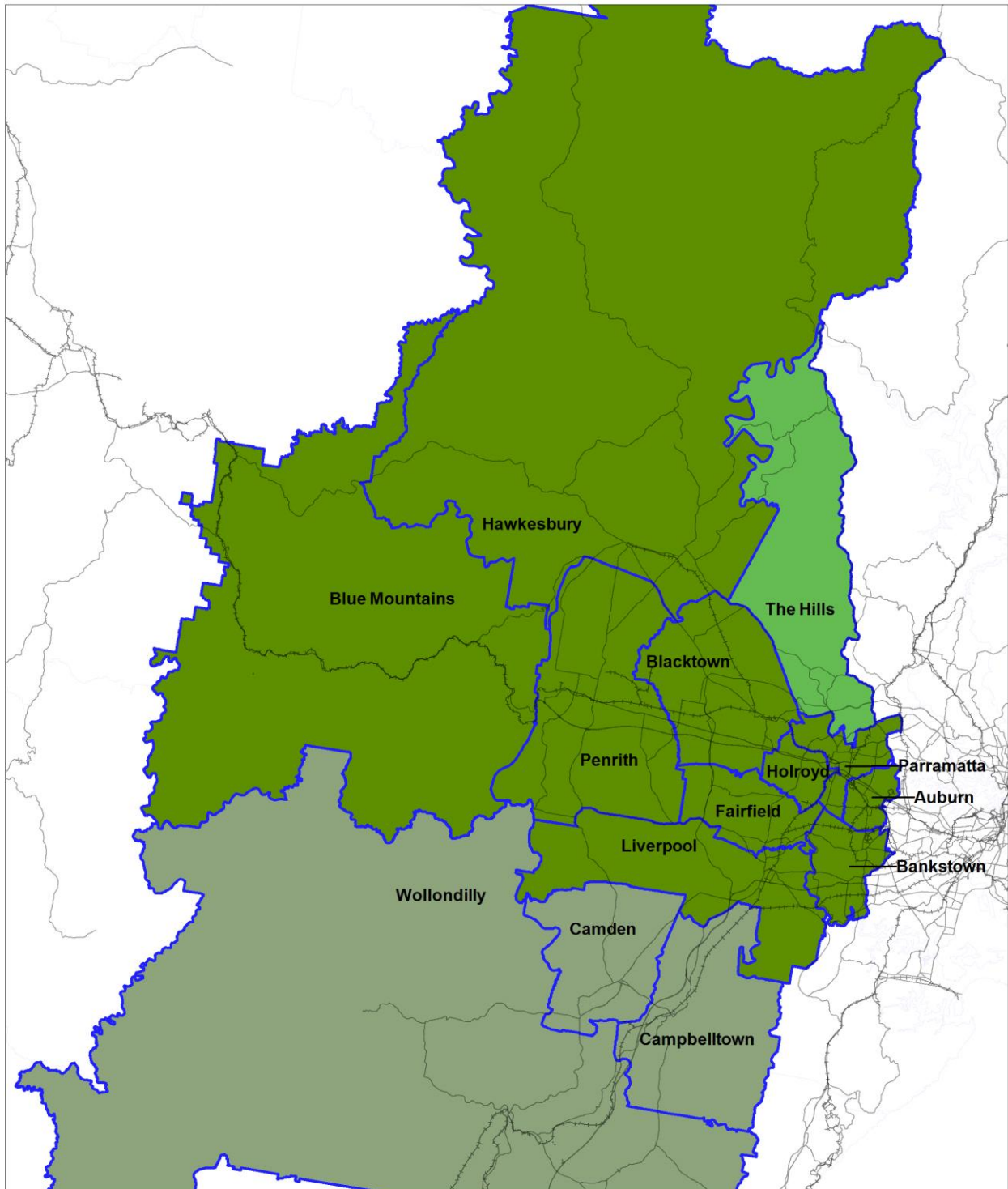
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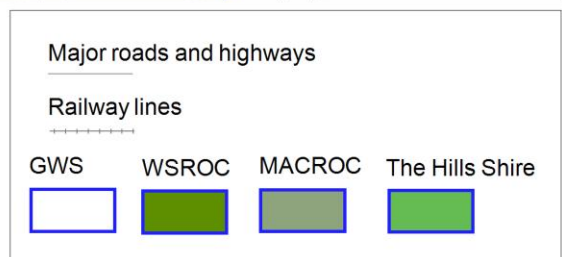
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GREATER WESTERN SYDNEY



Based on 2006 Local Government Areas
Source: ABS 2006
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GENERAL COMMENTS

WSROC agrees with the need for major reform of the Local Government sector and its relationship with the State Government, and supports many of the Panel's recommendations, especially those aimed at improving the fiscal and financial positions of local councils. A point-by-point response to these follows.

However, WSROC is concerned about the potential consequences of the new systems and processes proposed for achieving these reforms. Specifically WSROC remains unconvinced by the case for amalgamations, particularly mandated ones. WSROC is also concerned that the Panel has not included Regional Organisations of Councils, (ROCs) in its plans, instead opting to construct a whole new system of county councils.

WSROC agrees with the need to foster regional collaboration but believes that councils should be able to choose whether to expand the role of their ROCs or establish a new county council. There is no need for a one size fits all approach here and properly legislated, resourced and mandated ROCs could be equally effective – in some cases such as in partnership with the Federal Government more so – than county councils.

WSROC does not see the need to replace ROCs with county councils and is concerned that this will eliminate one of the key roles that ROCs such as WSROC currently perform, which is advocacy and policy development at both State and National levels.

The current Metropolitan ROCs are more than just service providers and procurement co-ordinators. In the case of WSROC we undertake effective regional advocacy and work closely with state government agencies on preparing regional strategies (including planning, the OEH climate change, Employment taskforces and health services.) This goes well beyond a traditional advocacy role and makes us a key partner in devising and delivering regional solutions in partnership with State and Federal governments.

WSROC already has a well-established procurement division, now totalling around \$50 million a year and delivering our member councils significant cost savings on a range of essential items and services such as asphalt, stationery and mattress collections. WSROC is continually looking to expand this and is currently examining ways to move further into shared services and resource sharing.

And two years ago WSROC took the initiative in developing a regional strategic plan with by commissioning ARUP to prepare our Future Directions discussion paper. This was intended to be the first step in the process of developing a major Strategic Integrated Regional Plan – similar to those prepared by Adelaide City and South East Queensland. However, to do this properly requires more money than either WSROC or our member councils can afford. This lack of funding would equally impede county councils, if not more so.

Furthermore WSROC's advocacy activities extend beyond just working with the State Government, giving our member councils an important voice to the Federal Government and its agencies in developing policies at the national level. Under the legislative structure of a county council, the State Government dictates the purposes that it will carry out, which would limit and restrict the range of issues and partnerships it can engage with.

It is important that local councils are still able to negotiate at the national level through their ROCs on issues which are important to their regions and communities. In the case of WSROC we have played a key role working with the Federal Government on issues important to Western Sydney such as the National Population Strategy, National Food Plan, Carbon Energy Efficiency Program, Regional Development and others.

Rather than establishing new bodies, WSROC believes the role and legislatively recognised position of ROCs should be strengthened and mandated to allow them to provide the expanded services required.

WSROC acknowledges this may not suit some ROCs and there may be rural and remote areas and tasks for which a county council is more suited but in the Sydney Metropolitan area where ROCs are well-established and operate efficiently with the strong support of their member councils, they should be the primary body for regional strategic planning, advocacy and shared services and resources.

Metropolitan councils should be able to choose the form of their advocacy and shared services organisations best suited to their needs. ROCs should be given statutory powers as part of the Local Government Act Review, to enable them to enter directly into contracts on behalf of their councils (by an amendment to Section 377(1) of the Act). The issue of fluctuating membership could be simply addressed by mandating membership of a ROC.

We note the State Government wants to strengthen the capacity of local governments to act as genuine partners in service provision. WSROC has the proven skills, experience and track record to carry out this role : the main thing that limits our capacity is funding. Providing the level of regional services and regional strategic planning that the State Government is seeking requires significant resources – well beyond the capacity of councils to fund, especially if they are expected to do so alongside their regular activities and in a continuing fiscal regime of rate-pegging.

So if the ultimate goals of the Government and the Panel's review are to be achieved, there is going to have to be a substantial injection of funds from the State Government. Arguably this is still less than would be required under the proposed county council model. Given that the ROCs are already established and are carrying out these activities within the confines of their own financial resources, it makes sense for the State Government to direct funds to the ROCs to allow them to expand and build on their existing roles, rather than having to pay the extra costs of creating and setting up new organisations from scratch.

COMMENTS ON EXECUTIVE SUMMARY

The Goal for Local Government

WSROC supports the broad nature of the stated Goal for Local Government:

“A more sustainable system of democratic local government that has added capacity to address the needs of local and regional communities and to be a valued partner of State and Federal government.”

However we are concerned that there is very little detail in exactly how and why this justifies and shapes the large scale structural and operational changes proposed. Specifically, more detail is needed on how the key proposals – amalgamations, establishing county councils, and popularly elected mayors are going to contribute to achieving these goals.

The TCorp Report

Many councils have raised serious concerns about the methodology used by TCorp to assess their financial position, the lack of transparency in how the ratings were reached and the fact that there was no standard assessment of figures as different councils have different ways of measuring things such as depreciation of assets and expenses and calculation of liabilities. They are also concerned that the criteria for determining financial viability were too narrow and failed to take into account other mitigating and external factors (such as positive longer term outlooks) which would have greatly altered the final rating.

While WSROC agrees that “this is no time for heads in the sand”, it questions the assertion that there is “apparently little awareness of just how serious the situation has become”. WSROC member councils are very focussed on matters of financial and economic viability and have a very realistic assessment of the challenges they face.

WSROC supports these concerns and believes that future assessments of a council’s financial viability should be carried out through a comprehensive, more standardised and transparent set of measurements which can be applied effectively across the board to each council to get a more detailed and realistic picture of their financial viability.

Specific Goals

| Sustainability and Finance | |
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| Develop a standard set of sustainability benchmarks; require all councils to appoint a qualified Chief Financial Officer; strengthen the guidelines for councils’ 4-year Delivery Programs; and place local government audits under the oversight of the Auditor General. | Supported. |
| Improve the rating system and streamline rate-pegging to enable councils to generate essential additional revenue. | This is a second-best option as rate pegging should be abolished. However, if it is to continue, this proposal is supported. |
| Progressively re-distribute grant funding to provide greater assistance to rural-remote councils with limited rating potential. | Partially supported. However additional subsidies should be retained for metropolitan councils, such as Auburn, Bankstown and Fairfield who have higher numbers of disadvantaged and low socio-economic groups, and for outer fringe growth area councils with greater infrastructure needs. |
| Establish a State-wide Local Government | Supported. |

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| Finance Agency to bring down interest costs and assist councils make better use of borrowings. | |
| Infrastructure | |
| Maintain the Local Infrastructure Renewal Scheme (LIRS) for at least 5 years, with a focus on councils facing the most severe problems. | Supported. |
| Create a Strategic Projects Fund for roads and bridges to help reduce the infrastructure backlog. | Supported. |
| Investigate the Queensland model of Regional Roads Groups, as well as options for cost savings through strategic procurement initiatives. | WSROC supports the significant cost savings that can be achieved through regional and strategic procurement initiatives, and already runs a very successful regional procurement program which achieves significant cost savings for our member councils. WSROC's established role and experience in regional service delivery should be utilised. |
| Require asset and financial management assessments of councils seeking special assistance. | Supported. |
| Productivity and Improvement | |
| Introduce a requirement for regular 'best value' service reviews. | Supported. |
| Develop a consistent data collection and performance measurement system for NSW councils, and strengthen internal and performance audit processes. | Supported. |
| Commission a review by IPART of the regulatory and compliance burden on NSW local government. | Supported. |
| Better Governance | |
| Mandate ongoing professional development for councillors. | The idea of professional development for councillors is strongly supported in principle. However, the approach must not be too prescriptive or too onerous. Professional development should be tailored to the needs, experience and skills of individual councillors. WSROC supports incentives for councillors to undertake professional development such as formal recognition of |

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| | <p>these skills as qualifications. Further, the cost for such professional development should be borne by the DLG otherwise it would impose yet another cost and compliance burden on local councils.</p> |
| <p>Strengthen the authority and responsibilities of mayors and require popular election of mayors in all councils with a population of 20,000 or more.</p> | <p>WSROCs member councils are divided as to the merits of popularly elected mayors vs council appointed mayors but all agree that the significant demands of the role should be recognised in the form of better remuneration to allow Mayors to work full time in the role. WSROC supports the right of individual councils to decide which model of Mayor they prefer, but agrees that all Mayors should serve a minimum term of two years.</p> <p>However it is worth noting that mandating the popular election of mayors (in councils over 20,000) would introduce a presidential system of government, in contrast to both the State and Federal systems of leadership, and raises potentially serious functionality problems in having a Mayor who is not supported by their council. More detail is needed to define how popular election of the Mayor would result in better democratic outcomes.</p> |
| <p>Provide additional governance options for larger councils, including a mix of ward and 'at large' councillors and a 'civic cabinet' model.</p> | <p>Supported in principal subject to more detail.</p> |
| <p>Take steps to improve Council-Mayor-General Manager relations.</p> | <p>This is among the most complex of relationships, and is key to a Council's successful operation yet very little is said about it in the Local Government Act. WSROC believes that the roles and responsibilities of both Mayors and GMs need to be clearly defined to promote certainty and confidence to ensure an effective working relationship. The roles and responsibilities should be enshrined in the Local Government Act.</p> |
| <p>Structural Reform</p> | |
| <p>Establish a network of around 20 'new look',</p> | <p>There may be additional reasons for</p> |

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| multi-purpose County Councils to undertake regional-level functions outside the Sydney metropolitan area. | establishing county councils outside the Metropolitan area, however WSROC believes this should be done in close consultation with existing ROCs. |
| Introduce the option of Local Boards to service small communities and to ensure local identity and representation in very large urban councils. | Supported in principal, however more detail is required on how these will operate with the larger Council and what level of representation and influence they will have in decision making. |
| Encourage voluntary amalgamations of smaller rural councils to improve their sustainability, and convert small (in population) councils (generally less than 5,000) to Local Boards. | N/A |
| Promote a series of voluntary amalgamations in the Lower Hunter and Central Coast regions, including Newcastle-Lake Macquarie and Gosford-Wyong. | N/A |
| Seek to reduce the number of councils in the Sydney basin to around 15, and create major new cities of Sydney, Parramatta and Liverpool, each with populations of 600-800,000. | See detailed response below. |
| Introduce a package of incentives for voluntary mergers that offers a higher level of support to 'early movers'. | Supported. |
| Western NSW | |
| Establish a Western Region Authority to provide a new governance and service delivery system for the far west of NSW, based on a partnership between local, State and federal governments and Aboriginal communities. | N/A |
| Implementation | |
| Appoint a Local Government Development Board for a maximum period of 4 years with a brief to drive and support a concerted program of reform. | Supported – but would like to see ROC representation and would recommend an option for extension if required. |
| Build on the new State-Local Government agreement to secure increased collaboration and joint planning between councils and State agencies, | More details required. WSROC is deeply concerned that this agreement was signed between the State Government and the LGNSW without due consultation with |

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| | individual councils and ROCs. |
| Strengthen recognition of elected local government in the NSW Constitution, | Supported. WSROC would also like to see a recommendation that local government is formally recognised in the Commonwealth Constitution as well. |
| Focus Local Government NSW (the new single association of councils) and the Division of Local Government on sector improvement. | WSROC strongly opposes LGNSW being regarded as the sole spokesperson for Local Government as there is some question as to the extent of their consultation with members and their tendency to actively exclude other local Government entities such as ROCs. WSROC urges the State Government to include ROCs and other groups of councils in the discussions in order to achieve these reforms and improvements. |

Section 2: Creating a sustainable system

Preferred Options for Consultation

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| Add multi-purpose, 'new look' County Councils and in some areas new Local Boards to the system of local government structures | Not supported – see below. |
| Accept the need for some amalgamations to facilitate better, stronger local government in the interests of local communities | Supported in principle as long as amalgamations are voluntary and undertaken with due and proper consultation with local communities |

'New look' County Councils

WSROC is opposed to establishing a network of County Councils to replace the existing Regional Organisations of Councils within Metropolitan areas.

The proposal for 'new look' county councils to carry out high level strategic planning and regional services is of great concern to WSROC which already fulfils this role in Western Sydney.

The role outlined for county councils as defined in the Panel's Future Directions report potentially usurps the existing roles of ROCs who already carry out, effective advocacy, expanding regional procurement and collaboration with the State Government in high level strategic planning. At the Destination 2036 conference, there was a lot of discussion about the potential to utilise and expand the ROCs to achieve these goals however WSROC is concerned to note that in the subsequent months there seems to have been a shift away from utilising the established ROCs and instead starting from scratch setting up new organisations to carry out this role.

In addition, there seems to be insufficient detail as to how the county council model will operate alongside existing councils. The Panel has said they will not be introducing another tier of Government but it is unclear how the county council model would fit into the current system without creating another tier.

Further, the proposal that local boards would be “a new type of elected community based local government unit” (p8) raises serious concerns about another layer of democracy and another tier of government, in perception if not in reality.

The ROCs are already established in the current system and are the appropriate vehicle to achieve the Government’s objectives without creating new organisations.

WSROC acknowledges that under the current system ROCs are vulnerable to fluctuating membership and are restricted in their purchasing and services activities because they are not fully authorised under the Act. However, both these weaknesses could be easily remedied with minor legislative adjustments – ROCs should be prescribed as statutory authorities and their role expanded to better allow them to promote resource sharing and provide regional services to their member councils. Membership of a ROC should be mandatory for all councils, and better aligned with demographic or geographic similarities.

We note the Panel’s comments that the county council model will only be introduced in Metropolitan areas if the suggested amalgamations of specific councils fail to occur under the voluntary system. However the long range forecast suggests the Panel expects to have several of these in place in the Metropolitan area regardless of the outcome of the amalgamations.

WSROC believes the issue of amalgamations should be a matter for individual councils. However, currently the areas targeted for amalgamation do not align with the State Government’s regional plans, or sub regional strategies.

We note that as the Panel has stated that “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 Government ...” it would make sense if the proposed mergers were aligned to the sub-regions as defined in the Metro strategy, and those included in the Planning reform process.

Section 3. Keep the Local in local government

WSROC acknowledges that the Panel has commissioned a study to help formulate more detailed recommendations on how Local Boards would be established and operate.

WSROC supports the Panel’s recognition of the importance of ensuring that local communities are still given a say, even in larger organisations, and welcomes the suggestions for achieving this, including place management, ward representation, and using new technologies to engage the community. WSROC has a strong background in engaging our local communities at the suburban level and would be able to assist our councils to achieve this. However we await the Panel’s study of the options, including how the local boards will be able to interact with the larger local government bodies, without creating another, lesser, level of local government.

Section 4. Confront financial realities

Preferred Options for Consultation

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| <p>T-Corp, the Division of Local Government and Local Government NSW should conduct a series of seminars with councils to explain the TCorp findings and their implications.</p> | <p>Supported - The T-Corp report created a great deal of confusion and consternation among WSROCs member councils who were concerned that the assessments of their financial status were not a true reflection of their situation. Questions were raised as to the methodology and the lack of consistency in the collection of data across the board which gave rise to the impressions that some councils were in more trouble than was actually the case. For this reason, WSROC supports the idea of seminars as a matter of priority to allow councils to fully understand T-Corp's processes and discuss their circumstances directly.</p> |
| <p>Adopt the TCorp recommendations and adjust policy-settings accordingly.</p> | <p>WSROC urges that the adoption of the T-Corps recommendations be delayed until after the seminars so that individual councils can be confident that the findings are a true reflection of their financial situation and that all councils have been assessed according to standard and uniform criteria.</p> |

Cost Shifting

Further TCorp analysis of local government finances should also include the issue of cost shifting and specifically measures to reduce its impact. The recent LGSA Report estimated the impact of cost shifting on local government at around \$500 million in the 2010-2011 year, equivalent to 5.75 % of their total revenue.

As discussed in our previous submission, the breakdown shows the impact on a number of western Sydney councils (NSW LGA The Impact of Cost Shifting on NSW Local Government: A Survey of Councils 2010-2011).

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| Bankstown | \$15.3m | 11.97% of revenue |
| Blacktown | \$10.4m | 4.76% |
| Blue Mountains | \$6.0m | 6.91% |
| Fairfield | \$ 8.1m | 5.92% |
| Hawkesbury | \$4.7m | 8.43% |
| Liverpool | \$7.3m | 4.82% |
| Parramatta | \$8.7m | 5.44% |
| Penrith | \$9.4m | 5.71% |

Cost shifting originates from a number of sources : services not previously provided by Local Government, now required by legislation ; extra responsibilities placed on Local Government; requirements to undertake increased compliance activity without adequate compensation; costs associated with the transfer of infrastructure from other levels of government; fees and charges not being indexed; increasing consumer expectations; more rapid population growth; expectations to continue pilot projects after the cessation of state or federal funding, etc.

ALGA's submission to the 2013-14 Federal Budget outlines steps to address cost shifting by the Commonwealth and State governments and these need to be included in options for further consideration.

Section 5. Ensure Fiscal responsibility

Preferred Options for Consultation

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| Develop a standard set of sustainability benchmarks. | Supported. |
| Address the underlying capacity issues in small councils. | Supported. |
| Require councils to appoint a qualified Chief Financial Officer | Supported. |
| Adopt guidelines for Delivery Programs along the lines suggested in Box 4 | Most of these measures are supported, but WSROC urges caution in the encouragement of councils to borrow, albeit with the proviso "wherever appropriate and financially responsible". A number of WSROC councils have worked hard to reduce or eliminate debt and its associated burdensome servicing costs and are reluctant to return down this path. |
| Place local government audits under the oversight of the Auditor General. | Supported. |

Section 6. Bolster the revenue base

Preferred Options for Consultation

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| Improvements to the rating system and practices as set out in Box 5. | Supported. |
| Streamlining of rate-pegging as proposed in Box 6. | Supported, although as stated above, WSROC contends that the Panel could go further and abolish rate-pegging completely. NSW is the only State which imposes this system and it sends a message to councils |

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| | and their communities that the State Government does not trust councils to manage their finances properly. Given the improved auditing and financial capacity building proposed elsewhere in the report it would be appropriate to recognise that councils can be fiscally responsible. |
| Progressive re-distribution of grant funding to provide greater assistance to those councils with limited rating bases, provided they are taking all possible steps to help themselves. | Supported, providing the additional subsidies to councils with high numbers of disadvantaged and low socio-economic communities are maintained. |
| Establishment of a State-wide Local Government Finance Agency. | Supported. |
| Ongoing examination of supplementary revenue options. | Supported in principle, although more detail is required regarding those options. |

Section 7. Tackle the infrastructure backlog

Preferred Options for Consultation

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| Maintain the Local Infrastructure Renewal Scheme (LIRS) for at least 5 years, with a focus on councils facing the most severe infrastructure problems | Supported. |
| Pool a proportion of funds from the roads component of federal Financial Assistance Grants and the 'Roads to Recovery' program to establish a Strategic Projects Fund for roads and bridges | Conditionally supported but more details are required about how this would work. The suggestion of augmentation by a state contribution is supported. |
| Investigate the Queensland model of Regional Roads Groups, as well as options to achieve infrastructure cost savings through strategic procurement initiatives. | Supported noting that properly mandated and legislated ROCs could also be equipped to carry out this task. |
| Introduce mandatory asset and financial management reviews of councils seeking special assistance. | Supported. |
| Expand training in asset management and associated financial planning for councillors and staff. | Supported. |

Section 8. Promote innovation, Productivity and Competitiveness

Preferred Options for Consultation

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| A new sector-wide program to promote, capture and disseminate innovation and best practice. | Supported. |
| Amend the IPR Guidelines to introduce a requirement for regular service reviews based on 'best value' principles. | Supported. |
| Prepare a NSW Local Government Workforce Strategy. | Supported. |
| Explore areas in which the Local Government Award can continue to evolve to support an efficient and productive sector able to address future challenges. | Supported, with the proviso that the process is as transparent and collaborative as possible. |

Section 9. Advance Improvement and Accountability

Preferred Options for Consultation

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| Development of consistent data collection and performance measurement systems for NSW councils along similar lines to the current Victorian initiative, and in accordance with the Destination 2036 Action Plan. | Supported. |
| A review by IPART of the regulatory and compliance burden imposed by State agencies on NSW local government. | Supported. |
| Strengthening of internal and performance audit processes as proposed in Box 8. | Supported on the condition that costs for small councils particularly, are subsidised. Otherwise this will be another example of an increased State-imposed compliance burden discussed in the previous section. |
| Further consideration of the concept of a council Annual General Meeting. | Supported. |

Section 10. Improve Political leadership

WSROC recognises the need for improved political leadership and supports the Panel's deliberations on different modes and means to achieve this. However, we are concerned yet again that LGNSW has been appointed the sole voice for local councils and would urge the Panel to include a wider range of participants (including ROCs or county councillors where appropriate).

WSROC is concerned at suggestions of LGNSW having a disciplinary role or powers as suggested in Section 19, and would need to see much more detail and greater clarification on this reform before committing our support. While WSROC supports the view that LGNSW “should give a high priority to reputation management”, we question the suggestion that “overtime this should make it possible for the State to reduce its activities in overseeing and regulating the sector.” History has not provided a great deal of encouragement regarding the capacity of LGNSW’s predecessors to effectively carry out this role.

The requirement for mandatory on-going professional development for councillors is supported in principle but needs some flexibility in application – for example, a third term councillor should not be required to go through first-term induction courses again. WSROC strongly supports the idea of introducing professional qualifications which could be recognised outside the industry as an incentive to attract and retain good candidates.

Preferred Options for Consultation

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| Amendment of the Local Government Act to clarify the different elements of the role of councillors | Supported |
| Amendment of the Local Government Act to provide additional governance options for larger councils, including a mix of ward and ‘at large’ councillors and a ‘civic cabinet’ model | Supported in principle subject to more details |
| Mandatory, ongoing professional development for councillors, linked to a requirement for each council to adopt and fund a councillor development program | Supported in principle, but should allow some flexibility in application. Again, WSROC has concerns with the proposal that councils “fund it (a councillor development program) appropriately”, this constituting another cost burden on local government. Such a program would have merit but should be funded by the DLG. |
| A requirement for Mayors and General Managers to ensure that all councillors have access to adequate administrative and policy support | Supported |
| Establishment of a joint working party on council governance with the Division of Local Government, Local Government NSW, Local Government Managers Australia and the Local Government Acts Task Force to consider other matters raised in this section, and to provide advice to the Panel for its final report | WSROC supports the aims of the working party but would urge broader representation including ROCs. |

Section 11. Enhance the status of Mayors

WSROC supports the need for greater recognition and clarification of the role of Mayors and the current demands placed on them in terms of time, skills and responsibilities.

WSROC supports most of the provisions in Box 9 with some questions regarding Point 6 – External relations. In most cases mayors of individual councils are well equipped to externally represent the needs of their specific LGA but are not so well equipped to represent the needs of regions when it comes to external partnerships with state and federal governments and agencies and stakeholders. The needs of metropolitan regions are too diverse to be represented by a single Mayor and having every council in a region represented on a working party or group becomes unwieldy. WSROC and most other Metropolitan ROCs currently perform this role of building and maintaining strategic partnerships and working with State and Federal agencies and should continue to do so.

Further, on the issue of popularly elected Mayors the matter should be left to individual councils to work out what system works best for their community. That said, it seems potentially problematic to introduce a “presidential” system of democracy when the State or Federal governments do not have popularly elected leaders. This system also has the potential for serious organisational problems if the Mayor does not have the support of the council, possibly exacerbated by the emergence of conflicting mandates.

WSROC agrees that when elected by councillors, Mayors should be elected for a minimum term of two years in order to provide greater continuity.

Preferred Options for Consultation

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| A new legislative framework built around the mayoral roles suggested in Box 9. | Supported, noting the reservation re Point 6 (see above). |
| The mayor becoming a full-time, well paid position in larger councils. | Supported. |
| Mandatory ongoing professional development for mayors, including an initial specialised course to be completed within three months of election. | Supported. |
| Popular election of all mayors of councils with a population of 20,000 or more. | This should not be mandated but should be decided by individual councils. |
| Minimum two-year terms for other mayors. | Supported. |
| Referral of these options to the joint working party proposed in section 10 for further consideration and advice to the Panel. | Supported, although ROCs should be included on the working party. |
| Referral of these options to the joint working party proposed in section 10 for further consideration and advice to the Panel. | Supported, with ROCs being included on the working party. |

Section 12. Revisit Council Management relations

WSROC supports the Panels view that this is a complex area which requires further review. Once clear guidelines and boundaries are established they should be included in the Local Government Act. The role and autonomy of a General Manager must be weighed against the previous Panel’s recommendation for popularly elected Mayors – in some cases it may be prudent to define a role for councillors in relation to working with the General Manager so that opportunities to be involved in council affairs and management are not confined solely to the Mayor and General Manager.

Preferred Options for Consultation

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| <p>Referral of the options listed above and other matters raised in this section to the joint working party proposed in section 10 for further consideration and advice to the Panel.</p> | <p>Supported (with reference to earlier comments regarding broader local government representation and inclusion of the ROCs on the working party).</p> |
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Section 13. Build Strong Regions

WSROC assumes from tables 1 and 2 and Map 2 that this section primarily relates to non-metropolitan regions and as such is not applicable to WSROC and other metropolitan ROCs, although we note in Table 2 that the Panel currently plans to retain the Hawkesbury River County Council, a proposal supported by WSROC.

To the extent that the comments regarding the establishment of a network of county councils also applies to metropolitan areas, a response is provided in Section 15 below in addition to the comments made above in relation to Section 2.

Section 14. Reconfigure Rural Councils

N/A or Support in principle.

Section 15. Reshape Metropolitan Governance

Amalgamations

WSROC understands the aims of the Panel and the proposal that “the number of local councils in the Sydney basin should be significantly reduced.” It also recognises the Minister’s commitment to no forced amalgamations. WSROC believes the issue of amalgamation is one for individual councils and their communities on a voluntary basis with appropriate incentives.

WSROC doesn’t accept that the case for amalgamations, particularly mandated amalgamations, has been adequately made. While there may be a case for amalgamation where inner metropolitan councils are small, it is a different story for larger and rapidly growing councils as is the case for most in western Sydney.

While the main theoretical justification for amalgamation is the resulting economies of scale, not all services benefit from these and it would be wrong to simply assume that such economies would eventuate. The Allan inquiry (2006) concluded that “all the empirical evidence suggests that big is not better when it comes to local government” and that “...at the administrative level the efficiency and effectiveness of local council is not a function of size.”

Perhaps one of the reasons that scale does not produce the cost savings expected is that the focus of council activities has increasingly moved from less labour intensive property and infrastructure provision to more labour intensive service people-based community services. Thus fixed costs have fallen as a percentage of total operating costs, reducing the potential savings from scale.

WSROC would be very concerned about any attempts to pursue theoretical goals without serious consideration of the diversity of issues, communities of interest, geographical features, projected population growth, local identity centres, existing asset structures, levels of debt, financial performance and a raft of other factors that may limit any benefits from amalgamation.

It is also worth noting that the boundaries proposed by the Panel do not correlate with those defined by the Metropolitan Strategy, potentially leading to confusion and uncertainty over who is responsible for what service in which area. Aligning regional boundaries between all Government reforms, including the Metro Strategy, the Sub-regional delivery Plans, the regions defined in the Planning White Paper and the Panel’s proposals for Local Government reform, if amalgamations are to occur, must be a high priority.

While WSROC opposes mandated amalgamations, there may be a case for some boundary revisions to better align with these other planning regimes and to better reflect economic zones and communities of interest. Again, this could be achieved through appropriate incentives rather than compulsion.

County Councils

As indicated above, WSROC rejects the Panel’s proposal that, in the absence of amalgamations, a network of multi-purpose county councils should be established in metropolitan areas.

There is no evidence that newly established county councils could perform this role better than adequately resourced and empowered ROCs who already have the connections with their member councils and the broader community and the profile in advocacy. Relatively minor changes to the Local Government Act to allow ROCs to enter into contracts on behalf of their councils would greatly facilitate their procurement and service sharing capacity. Legislation which mandates council membership of a ROC and more fully defines some of their functions would further strengthen their role in strategic planning

Despite the Panel’s claims to the contrary, the establishment of a network of county councils with local boards and elected members (Section 3) would lead to greater bureaucracy and duplication and almost inevitably lead to a fourth tier of government.

Enhancement of the role of the ROCs would be easier, less costly and less likely to create this extra layer of bureaucracy.

Council of Mayors

Regarding the proposal for a Metropolitan Council of Mayors, chaired by the Lord Mayor of the City of Sydney, WSROC does not believe this model will provide a truly effective and balanced representation on behalf of all Sydney.

Sydney is a diverse and highly polarised city with enormous demographic, economic and geographic variations across it. A single council of Mayors, led by the CBD will not be able to balance the competing – and sometimes conflicting needs of different regions to produce a single effective voice. This reality has been acknowledged by both the State and Federal Governments who recognised the vast differences between Western Sydney and the east, northern and Southern regions in their recent decision to split the Regional Development Australia - Sydney office into two separate organisations. Both Governments recognised that Western Sydney had its own specialised needs and opportunities, reflected in its highly diverse communities, lower-than average economic status and critical need for infrastructure and employment.

In short - Western Sydney is a different region to the rest of Sydney and as such cannot be adequately represented by a single Metropolitan Council of Mayors. WSROC has successfully carried out the role envisaged for the Council of Mayors for almost four decades and is the appropriate organisation to continue this work.

WSROC is currently undertaking a review of its own constitution, one option of which is to include all Mayors on the Board – in this case we can effectively become a Western Sydney Council of Mayors which will ensure our region continues to get the attention and focus it needs.

Section 16. Hunter/ Central Coast and Illawarra

N/A.

Section 17. Establish a Western Region Authority

N/A.

Section 18. Progress the State-Local Agreement

WSROC is concerned that the new State-Local Government agreement has been negotiated and signed without consultation with WSROC or the majority of our member councils. WSROC urges the State Government to consult more widely with individual ROCs and key councils on important issues of partnerships and future shared services and activities.

ROCs can and should be a key component of these negotiations and any future discussions in partnership with the State Governments.

Regarding joint strategic planning: WSROC already works closely on behalf of our councils in partnership with the State Government and its agencies on the formulation of the Regional Action Plans, regional land use strategies and sub-regional delivery plans and facilitates activities and co-operation with individual councils and staff. In addition we are able to provide a truly regional perspective which would not be possible under the fragmented vision of county councils/amalgamations now proposed.

WSROC welcomes the Panel’s recognition that the State Government can and should be involved in the development of Community Strategic Plans and delivery programs – this will become increasingly important as the reforms outlined in the Planning White Paper come into effect – especially those recommendations for up-front community consultation.

WSROC supports plans to strengthen recognition of Local Government in the State Constitution, alongside recognition in the Federal Constitution as well.

Preferred Option for Consultation

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| Follow-up the State-local Government agreement with further tangible measures to secure practical collaboration between local government and State agencies, especially through State Plan implementation processes and other opportunities for joint strategic planning, as well as MOUs for specific areas of joint activity. | Supported in principle with a greater role for ROCs and other groups of councils. |
| Develop a balanced package of local government reforms to be pursued under the provisions of the agreement. | Supported in principle subject to greater detail and a greater role for councils ROCs in the discussion process. |
| Strengthen recognition of elected local government in the NSW Constitution. | Supported. |

Section 19. Refocus Local Government NSW

Supported. LGNSW needs to take a more representative and consultative approach to its own members rather than the non-consultative approach of the past. LGNSW must not be seen as the sole voice of local government in NSW, particularly given its limited capacity to articulate regional concerns better represented by the ROCs.

Section 20. Drive and Monitor on-Going reform

Preferred Option for Consultation

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| Establish a Local Government Development Board for a maximum period of 4 years with a brief to drive and support a concerted program of reform. | Supported with provision for extension if required. ROCs should be represented on the Local Government Development Board. |
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| Introduce a package of incentives for voluntary mergers that offers a higher level of support to 'early movers'. | Supported, so long as these are genuine incentives and not accompanied by punitive measures for those choosing not to merge. |
| Undertake a broad review of progress with the reform package in early 2016. | Supported. |
| For the longer term, reconstitute the Boundaries Commission as a proactive organisation that initiates and conducts regular reviews of local government structures and boundaries. | Supported, so long as its recommendations are applied through incentives and not compulsion. |
| Similarly, further strengthen the role of the Division of Local Government in promoting and supporting innovation and development | Supported |

CONCLUSION

WSROC understands the objectives of far-sighted and comprehensive reforms outlined in the Panel's Future Directions report and is strongly supportive of most of the recommendations, recognising that "no change is not an option".

However, WSROC does not support the more disruptive proposals. Specifically, WSROC does not support mandated amalgamations and we reject proposals to replace ROCs with a network of county councils which would achieve no more than the ROCs, be costly to establish and would potentially create a 4th tier of bureaucracy.

While we acknowledge there is a great variety in the activities and effectiveness of different ROCs, this is largely the result of the fact that they have never been legislated or mandated, which has restricted their authority and limited their ability to realise their full potential.

Some ROCs such as WSROC have proven track record in advocacy, regional representation and strategic planning and procurement and should be allowed to continue to fulfil this role as part of the reforms.

Where some rural-remote ROCs may not be prepared to take on this role, a county council would be a suitable replacement to achieve the Panel's aims but ROCs should be given the opportunity first to decide if they wish to expand their own role in line with the Panel's proposals for reform.

WSROC acknowledges the weakness of ROCs in terms of variable membership and uneven focus but believes with the appropriate legislative support and resources, ROCs can expand to fulfil the role allocated to 'new look' County Councils and provide considerable added value in building on existing strategic partnerships and regional policy and advocacy.