

## 8.5 Local Government Reform

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### EXECUTIVE SUMMARY

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#### Purpose

To consider submissions on Warringah's discussion paper "Local Government Reform", and determine the next steps.

#### Summary

Council at its meeting on 23 August approved the exhibition of a Discussion Paper titled Local Government Reform. The Paper examines the need for structural reform of local government and suggests three models for local government on the Peninsula – a single Peninsula council, a large regional council (7 councils) or strengthening shared services in the region.

The Discussion Paper was exhibited until 21 October 2011 resulting in feedback via 227 submissions (217 online surveys and 10 by email/letter), 45 people contributing on the online discussion forum and two focus groups (20 participants in total). In summary there is:

- Strong acceptance that the current model for local government is not sustainable.
- Strong support from the community and other councils for more shared services.
- Support from the community for a single Council for the Peninsula Council. Neighbouring councils oppose any consolidation (amalgamation).
- Overall opposition to a single large regional council (of 7 councils).

In commissioning the Discussion Paper (Council meeting 22 March 2011) and seeking public comment, Council also resolved to determine what further action it would take. This included commissioning a subsequent detailed report or making submissions to the NSW Government on the best model for the northern beaches region.

The NSW Government has initiated industry discussion on the future of local government; this coincided with the release of Warringah's Discussion Paper. In December the Government released its Draft Destination 2036 Action Plan inviting submissions by 15 February 2012.

There appears to be no appetite for a single council covering the Peninsula amongst neighbouring Councils. They support strengthening local government via shared services but are opposed to amalgamation. The Minister for Local Government has also clearly stated there will be no forced consolidation of councils.

However, there is an opportunity for Council to make a submission on Draft Destination 2036 Action Plan and incorporate findings of the Warringah's Local Government Reform research.

#### Financial Impact

The cost of the Local Government Reform discussion paper and consultation including focus groups has been funded from the 2011-2012 budget.

#### Policy Impact

Nil.

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### RECOMMENDATION OF ACTING DEPUTY GENERAL MANAGER STRATEGIC AND DEVELOPMENT SERVICES

- A. That the report on Local Government Reform be noted.
  - B. That a submission be made on the Draft Destination 2036 Action Plan by 15 February 2012.
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## REPORT

### BACKGROUND

Council at its meeting on 22 March 2011 considered Notice of Motion No 23/2011 and resolved to

- Prepare an initial report examining options and feasibility for a new form of local government for Warringah, and that the community and other stakeholders be consulted.
- Following consultation consider initiating further action, including
  - i) commissioning of any subsequent detailed report, with an appropriate funding source and
  - ii) a submission/correspondence to the NSW Government on the best structure and outcome for the northern beaches region in regard to any future consolidation.

Warringah's Discussion Paper on Local Government Reform was prepared by independent expert Peter McKinlay. It examines the pressures and trends in local government and the need for structural reform to meet the challenges now and in the future.

The paper recognised that there is no settled position internationally on an optimal size of a council. It depends on a range of factors including geographic distance, infrastructure, landuse, culture, economy etc. However, a council with a population of 250,000-300,000 has the strategic capability to deal with the complexities facing modern local government. The paper provided three models for achieving greater strategic capability:

**Option A:** A single Peninsula Council, encompassing 3-4 existing SHOROC Councils. Population size 248,000 to 277,000 (based on 2010 population figures).

**Option B:** A large Regional Council comprised of up to 7 existing Councils. Population size 625,000.

**Option C:** Strengthening shared services in the region, of which several models were suggested. Population size 277,000.

Option A: Amalgamation of three or four local councils



Option B: Amalgamation of seven councils



Option C: Strengthen regional cooperation via shared services



Council at its meeting on 23 August approved the exhibition of the Discussion Paper.

The Discussion Paper was exhibited from 27 August to 21 October on Council's webpage, at libraries and Customer Service Centre. Council's 'Your Say Warringah' webpage included the discussion paper; executive summary; FAQs; maps and further reading. It was promoted by Manly Daily advertising; Warringah Matters newsletter (October edition); emails to community contacts and letters to key stakeholders. The key stakeholders included the six Councils named in the paper, SHOROC, NSROC, unions, local chambers of commerce, local Members of Parliament and the Minister for Local Government.

The exhibition of the Discussion Paper coincided with NSW Government initiating discussion with the industry on the future of local government - "Destination 2036" with a view to developing a 25-year Action Plan. The feedback received from the exhibition of Warringah's Discussion Paper will assist in preparing a submission to the NSW Government's reform agenda.

## OVERALL RESULTS OF THE EXHIBITION

Some 227 submissions were received (217 online surveys and 10 by email/letter), 45 people joined the online discussion forum and two focus groups were held (20 participants in total). A detailed report on the results of stakeholder consultation is contained in the separate Attachment Booklet.

### Vision for the Council in the Future

As part of the public consultation, the community was asked the qualities they valued most and would look for in a Council. The highest rating qualities from focus groups, survey and discussion forum were, in order:

- Financially efficient and sustainable.
- Highly valued services, facilities and infrastructure.
- Strategic capability for the long term and for the region.
- Strong local democracy.
- Responsive to changing community needs; engages with the community in meaningful ways.
- Retains a sense of local identity and community.

**Options for the Future:** Support for the models outlined in the Discussion Paper was as follows:

- A strong acceptance that the current model/structure of local government is not sustainable to meet the current and future challenges facing local government.
- Good support for a single Peninsula Council (Option A) comprising Pittwater, Warringah and Manly (excluding Mosman) due to the unity of culture and geography. Many felt that a council of this size could still provide the local democracy, community engagement and responsiveness to local needs that is highly valued by the community. A few alternate models were also suggested including Warringah consolidating with one council or splitting Warringah and sending half to each of Manly and Pittwater.
- Overall opposition to a large Regional Council (Option B) – concerns were expressed about the loss of local democracy, identity and responsiveness to community needs. Many suggested that if there was a move to large regional councils, the State tier of government is redundant.
- Strong support for strengthening shared services and resources (Option C) with other councils in the region. SHOROC and Kimbriki were both recognised for their successes but shortcomings were also raised.

The relative level of community support for each model from the various feedback opportunities is summarised in the table below. In the following analysis, qualitative comments reflect the focus groups' sentiments, while the number of persons responding in the positive or negative is reflected in the discussion forum, survey and correspondence:

Models	Correspondence	Online Survey	2 x Focus groups	Discussion forum
<b>Retain Status Quo – no change</b>	N/A	24% support, 15% undecided, 61% oppose	oppose	N/A
<b>*Option A – Single Peninsula Council</b>	4 support, 4 oppose	Including Mosman 57% support 10% undecided, 33% oppose	Support – preferred option	28 support, 9 undecided, 8 oppose
		Excluding Mosman 61% Support 10% undecided, 29% oppose		
<b>Option B – Large Regional Council</b>	1 support, 4 oppose	12% support, 15% undecided, 73% oppose	oppose	14 support, 15 oppose
<b>Option C – Shared Services</b>	5 support	71% support, 14% oppose, 15% undecided	Undecided	9 support, 2 undecided, 1 opposes

*\* Option A: Support for a single Peninsula Council was higher at 61% if it comprised Manly, Pittwater and Warringah (excludes Mosman). If Mosman Council was included support fell to 57% – analysis of free text comments provided at the time of completing the survey*

### Issues raised on each option

A range of issues, positive and negative were raised about the options in the paper by respondents. A common theme was the need for more detailed information about each model and specific benefits to enable an informed decision by the community, if there is any formal proposal in the future. The frequently raised issues are summarised below, with a comprehensive list in the Attachment Booklet.

Model	Positive	Negative
<b>Status Quo – No Change</b>	Works well currently and any problems can be solved (limited number of comments).	Many consider it is not working: <ul style="list-style-type: none"> <li>• Over-governed.</li> <li>• Inefficient.</li> <li>• Financially unsustainable.</li> </ul>
<b>Single Peninsula Council</b>	<ul style="list-style-type: none"> <li>• Financially sustainable.</li> <li>• Suitable scale to retain local identity and responsiveness.</li> <li>• Efficient; reduced bureaucracy.</li> <li>• Better service delivery and infrastructure management.</li> <li>• Better regional strategic capability.</li> </ul>	<ul style="list-style-type: none"> <li>• Fears of less community influence and responsiveness.</li> <li>• Cost of planning and implementing it so it works well.</li> <li>• More contractors and less accountable.</li> <li>• Too big or not big enough.</li> </ul>
<b>Regional Council</b>	Same as above plus: <ul style="list-style-type: none"> <li>• Greater strategic capacity.</li> <li>• Streamlined governance.</li> <li>• Greater efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• Local needs overlooked.</li> <li>• Too big for providing good community service/ responsiveness.</li> <li>• Area too diverse culturally etc</li> </ul>
<b>Shared Services</b>	<ul style="list-style-type: none"> <li>• Financial sustainability.</li> <li>• Strategic capacity/ advocacy.</li> <li>• Retain local autonomy.</li> <li>• Good track record and opportunity for further improvements.</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial focus, less responsive to community needs.</li> <li>• Obstacles to working well; gains are slow and overstated.</li> <li>• Consolidation is better, some see shared services as an interim step only.</li> </ul>

## Views of Key Stakeholders

Council wrote to a range of key stakeholders including surrounding councils, SHOROC, NSROC, unions and Local Members of Parliament seeking feedback on the Discussion Paper. Pittwater Council was the only stakeholder to make a submission (addressed to SHOROC). The views of the remaining stakeholders are discussed but have come from other sources.

Pittwater Council supports the further development of shared service models through SHOROC, but are opposed to consolidation of councils. Manly and Mosman Councils position is similar with the respective Mayors making statements in the local press (August and November) that they and their communities do not support consolidations, as it reduces the sense of local identity. They have also thrown their support behind working through SHOROC to extend shared services.

The Sydney and NSW Business Chambers have stated, in the media and their websites, they support the formation of 10 Super Councils in Sydney. They see the benefits as streamlined processes, reduced costs to business and reduced cost of government, consistent with what has been achieved in other States.

Some unions have published their views on the Destination 2036 reform agenda in their newsletters and websites. Both the United Services Union (USU) and Development and Environmental Professionals Association (DEPA) are concerned about the effect of local government reforms, for potential degradation of staff numbers and employment conditions. Recent changes proposed by NSW government to the Local Government Act are of particular concern to them, including potential changes in employment status and redundancy as councils may increasingly corporatise some services, consolidate or change boundaries.

## NSW LOCAL GOVERNMENT REFORMS – Destination 2036

The NSW government has been working closely with NSW councils on the challenges and solutions for the future, to help local government to become more sustainable and more effectively meet the needs of its communities. This has included re-examining relationships between tiers of government, suitable supporting legislation and structures, as well as innovative ways to map the future. This initiative, Destination 2036, is focussed on designing a 25 year plan for reform in cooperation with all 152 councils in NSW.

Following a discussion paper, workshop and outcomes report in 2011, the Division of Local Government (DLG) released a 60-page draft Action Plan on 3 December 2011. It has initiatives across five (5) Key Directions:

- Efficient & Effective Service Delivery
- Quality Governance
- Financial Sustainability
- Appropriate Structures
- Strong Relationships

Key initiatives and actions in the draft plan relevant to this Paper include:

- Facilitate greater resource sharing and cooperation between councils

### *Example Draft Actions:*

- Councils to work with their ROCs to identify the range of services and activities that ROCs can provide on their behalf.
- Develop and release for consultation a proposed strategy to support ROCs and strengthen collaboration on a regional basis.
- Conduct a workshop to develop models and legislative options.



- Enable a range of operating frameworks to be utilised to achieve efficient service delivery

*Example Draft Actions:*

- Identify barriers to establishing inter-council contractual arrangements sharing staff, including general managers and senior staff as well as commercialising services.
- Develop alternative service delivery business models.

- Develop a number of different structural models for local government

*Example Draft Actions:*

- Undertake research into alternative structural models of local government in Australia and other jurisdictions, identifying their key features and assessing their applicability to NSW.
- Develop with volunteer councils a variety of models for the structure of councils in NSW.

- Encourage and facilitate voluntary amalgamations and boundary alterations

*Example Draft Action:*

- Identify barriers and incentives to encourage the voluntary amalgamation or boundary adjustment of councils.

The Minister for Local Government has openly stated that there will be no forced consolidations. He emphasised this recently in his opening address to the SHOROC Councillors Workshop on 15 November on Destination 2036 where he spoke of:

- The NSW government's aims to strengthen the local government sector but this would not be through forced consolidations.
- ROCs are a sound structure for collaboration and driving efficiency, whilst allowing councils to retain local autonomy. The government is considering ways to provide more recognition for ROCS at legal and strategic levels.

Submissions on the Draft Action Plan need to be made by 15 February 2012.

## **Conclusion**

There is a general awareness of the need for structural reform of local government to be able to respond to changing roles, responsibilities as well as expectations of the community. Respondents to the Discussion Paper have shown a level of support for shared services or a single Peninsula council.

There appears to be no appetite for a single council covering the Peninsula amongst neighbouring Councils. They support strengthening local government via shared services and are opposed to consolidation. The Minister for Local Government has also clearly stated there will be no consolidation of councils via forced consolidations.

However, there is an opportunity for Council to make a submission on Draft Destination 2036 Action Plan and incorporate findings of the Warringah's Local Government Reform research. Submissions on the Draft Destination 2036 Action Plan close on 15 February 2012.

## **Policy Impact**

Nil.

## **Financial Impact**

The cost of the Local Government Reform discussion paper and consultation including focus groups has been funded from the 2011-2012 budget.