

# **Address to Shires Association of NSW**

## **Annual Conference 2011**

**Hon Don Page MP, Minister for Local Government**

**Wednesday 1 June 2011**

### ***Modernisation – it's our time***

#### ***Introduction***

- I would like to begin by acknowledging the traditional owners of this land and to pay my respects to their elders past and present
- Acknowledgement of others present:
  - President of the Shires Association, Clr Bruce Miller. Thank you for your significant contribution as president over the past four years.
  - President-elect of the Shires Association, Clr Ray Donald. Congratulations Ray on your election.
  - Clr Keith Rhodes, President Local Government Association
- Thank you for the invitation to speak at your conference today.

- The first comment I wish to make is that our new Government takes Regional NSW very seriously. The Liberals & Nationals Government has 12 ministers based in the regions in a Cabinet of 22. This is in contrast to Labor's two regional Ministers. So we understand the regions, and we're serious about helping the regions.
- Our Government sees local government as an important player in delivering better outcomes for all people in NSW including regional people.
- The process of making NSW Number One Again has begun in earnest. Part 3A of the Planning Act has been scrapped, returning powers over development to our local communities and their elected representatives.
- These changes have resulted in over 50 per cent of projects previously being assessed at State level being either returned to local councils or Joint Regional Planning Panels for assessment. As you know we will review the Environmental Planning and Assessment Act and, until that is completed, it is intended that Joint Regional Panels will remain in place on an interim basis.

- However, a number of changes regarding the membership of Joint Regional Planning Panels (JRPPs), and the eligibility requirements for Regional Panel projects will change to give local communities a greater voice in the planning assessment process. In the future, each Regional Panel will have two council appointees and the chair will be appointed by the Minister in consultation with the LGSA. In other words we will tip the balance in favour of local government so that we have three from local government and two from state agencies, the reverse of what the previous arrangements were.
- In addition, I point out the first piece of legislation enacted by our new government was the Bill I introduced to give democracy back to the people of Wollongong and Shellharbour who were previously under Administration.
- We have dissolved interim planning panels in various communities across NSW, most recently in Wagga Wagga.
- Our Library Amendment Bill 2011 will allow councils to pool their resources to deliver regional library services.

- As the new Minister for Local Government I would like to commend the work undertaken by the LGSA on the *Modernising Local Government* project, which is reflected by the theme of this conference. I am very pleased to see your commitment to modernising the sector and ensuring we have the best system to support our communities. The recent release of your Consultation Report will help us take this important conversation forward.
- In the short time I have been Minister, I am very impressed by the enthusiasm of the sector to embrace change, which is reflected in your theme today.
- Ladies and gentlemen, the community voted for us because they want real change and the NSW Government is committed to working in partnership with you, giving you the support you need to deliver that change.
- It is in both the State and local government's interest that our policy of returning decision-making to local communities is successful.
- A sustainable local government system has to be at the forefront of our minds when we turn to the question of modernising local government.

- Your goal to modernise local government, and the NSW Government's plans for a sustainable local government system in NSW, correlate nicely.
- The culmination of these paths is a shared road map, with shared accountability.
- During our first term, the Liberals & Nationals Government is focused on building good working relationships between Government agencies and local councils, local councils with each other, and local councils and their communities.
- The NSW Government is committed to supporting councils as they engage with their communities to inform them about the development of their long-term strategic plans.
- To support the relationship between the Government and local councils, the Government is committed to re-negotiating the Inter-governmental Agreement (IGA) between the NSW Government and LGSA.
- While this is subject to negotiations with you, and Cabinet approval, I am keen to explore how the IGA can be strengthened and better focused on the issues important to the sector and the NSW Government, in

particular the cost shifting that occurred under the previous government.

- The IGA should formalise how the NSW Government and local government are going to work together, leaving us well placed to face our future challenges.
- Work on a new IGA will commence immediately.
- One of the Government's key election commitments was to give councils the choice of running their own elections, or engaging the NSW Electoral Commissioner to do it for them.
- We are acting on this commitment quickly. The first step will be legislation, followed by some clear policy guidelines. Work is already under way in both areas.
- I'm sure you will agree that we need to make sure the rules are clear and that the integrity of the process is maintained so the community has confidence that every election is run transparently.
- The Division of Local Government will be working with you on the arrangements so councils will be able to make an informed decision by October this year at the latest, about whether you run your own election in 2012 or have the Electoral Commission do it for you.

- This is just one more example of our Government returning decisions to the local level.
- That brings me to the *Destination 2036* project. As I briefly discussed a few days ago with many of you at the LGMA conference, this project provides an opportunity to develop a shared road map. This project will further build the relationship between State Government and Local Government.
- It is being developed by the Division of Local Government in consultation with the LGSA and LGMA, and with the assistance of the Australian Centre of Excellence for Local Government.
- The event will be held in Dubbo in August. It is a sector-wide strategic planning process for mayors and general managers, to identify what the local government sector needs to do as a whole to be sustainable in the longer term.
- It will go beyond individual 10-year Community Strategic Plans, and four-year Delivery Programs developed by councils. It will deliver a long-term vision and action plan for the whole local government sector for the next quarter of a century. It's about the whole

State and what we need, in terms of local governance, to prosper through the next 25 years.

- The two days will be an opportunity to explore new and flexible models informed by data. I think it's time to move on from the "one size fits all" approach and to see what is possible.
- I am particularly keen to see what **incentives** could assist, and what **obstacles** can be removed, to reform the sector. As I said on Monday, many of you have already indicated to me that reform is needed. My challenge to you is to work together as a sector and articulate what reforms are needed and what we need to do to deliver them.
- I am also keen to explore your ideas about how we can improve the sustainability of councils.
- This is an opportunity to develop a shared view on the best possible models of local government that will serve local communities for the next 25 years. I want to emphasise the word "shared". If we want to modernise the sector, it's about shared responsibilities and accountabilities in the spirit of true cooperation.
- For some of us, 25 years may be beyond our working lifetimes, so here is an opportunity for us all as civic

leaders to make a contribution and leave a beneficial legacy for future generations.

- I encourage you all to use this exciting opportunity to contribute positively and constructively to this project. Nothing like this has ever been held in NSW before. It's a wonderful opportunity to work together for the benefit of local government and local communities now and into the future.
- The NSW Government is committed to reviewing the Local Government Act during our first term. This will include the removal of the concept of "Body Politic" in the Act, and we will examine s358 restrictions on formation of corporations and other entities.
- As I said, the NSW Government is committed to ensuring that local government is sustainable in the long term. We believe that resource sharing by councils is one of the most crucial means of achieving this goal.
- I know that many of you have ideas on this. I haven't yet determined the scale or timing of the review of the Act, but I have suggested to the Division that this be a key outcome of the ***Destination 2036*** exercise. That's because actions from the Forum are very likely to

include legislative amendments and I'd like the work to be done in a strategic way, rather than piecemeal.

- In relation to infrastructure, our Government believes sound infrastructure is the key to well functioning communities. Infrastructure improvement was, as you know, a central theme in our election platform.
- Integrated Planning and Reporting continues as the central reform framework for councils when dealing with the question of infrastructure.
- We are seeing improved long-term asset management planning, including better engagement with local communities about what they want and can afford. That is a great first start. But we need to go further.
- Our 100-day plan has a commitment that the NSW Government will commence a council-by-council audit of the local infrastructure backlog. The Division of Local Government has commenced this audit, together with the Department of Planning and Infrastructure. The audit is based on the work you have done already, or are currently doing, under the integrated planning framework.
- In this light, I am pleased to announce the rollout of the Commonwealth Local Government Reform Fund. NSW

has been successful in obtaining \$3.2 million from the fund.

- The fund was introduced to assist councils around Australia to improve their asset management and financial planning capabilities.
- The NSW Government can see this funding building upon the work already being undertaken by Councils as part of your asset management plans and long-term financial plans.
- The funds will be used to provide targeted financial assistance to 40 councils. These councils are all in “Group Three” and have been assessed by the experts as needing a bit of extra help to get across the line. The Division of Local Government will be working closely with the LGSA, the LGMA and the Public Works Engineering Australia to maximise the best outcomes in relation to asset management.
- The Division of Local Government will shortly be writing to councils to provide further details.
- I encourage you all to take this opportunity to improve your council’s asset management and financial planning capabilities by using the resources and expertise available.

- As I said earlier, the NSW Government is very serious about fixing the infrastructure problems in this State.
- The first task is to see exactly how big the problem is and then to devise strategies for dealing with any funding gaps.

### **Infrastructure Renewal Fund**

- An example of our Government rebuilding NSW is that we will unlock up to \$1 billion in borrowings for local councils to upgrade roads, community halls, libraries, parks, sporting grounds and water infrastructure.
- The NSW Government will establish a Local Infrastructure Renewal Scheme that will provide subsidies to local councils to assist them with the cost of debt.
- The scheme will allow councils to borrow with an interest rate subsidy which will be equivalent to 50% of the NSW Government bond rate, at a cost of \$70 million over 4 years.
- In relation to Financial Assistance Grants, you are probably aware the Federal Government announced a review of the Financial Assistance Grants program in the Budget. It is important that we take any

opportunities that process provides to get our views on the table.

- I will be asking the NSW Grants Commission to engage with the Federal Government's review process to ensure that the best interests of NSW are put forward.
- If the Shires Association has specific concerns I would ask that you make sure the NSW Grants Commission has this information. You may also wish to take the opportunity to feed your concerns directly into the Federal Government's review.

### **I turn now to Collaborative Arrangements between Councils**

- Our Government supports decentralisation to meet the needs of regional and rural communities. We are calling this the "Decade of Decentralisation". But this requires councils to be in a position to put their hand up and be ready to accept some of the challenges that come with growth.
- In my view we need to consider the most appropriate and flexible models of local government to achieve the outcomes we want. In other words, we need a coordinated approach.

- The central issue for success, though, is relationships between councils. Councils are working together on a daily basis but many people don't know it. It's time to highlight some of the excellent work that is happening on this front.
- Today, I would like to formally announce the release of the 'Collaborative Arrangements between Councils Survey Report' where 110 councils participated. This will be available on the Division of Local Government's website from today.
- The survey report is the result of a sector-wide effort to better understand the scope of council collaboration and the issues that impact the effectiveness of these arrangements.
- When I spoke on Monday to the LGMA, I highlighted the three things that stood out to me.
- Firstly, it is clear that the majority of NSW councils endorse collaborative arrangements as a sensible way to be more efficient and effective. The Survey Report is clear that there are a range of models, all of which have a place.
- Secondly, the value of these arrangements is that they preserve local democracy. They do this by continuing to

hold local councils as the principal governing body. At the same time they provide a resource sharing mechanism to build capacity, increase skills and meet service delivery needs at a regional and local level. It's a win-win situation.

- Thirdly, Regional Organisations of Councils are a primary model through which some councils are choosing to identify, plan, manage and conduct their resource sharing and collaborative programs.
- The Survey Report is now available on the Division of Local Government's website. I encourage your councils to review the Report, and consider specifically how the role of Regional Organisations of Councils and other collaborative models can be strengthened.
- I would also like to take this opportunity to congratulate you on all the initiatives that are under way across the State. It is an impressive result.
- The Model Code of Conduct and the misbehaviour provisions of the *Local Government Act 1993* is another area that I have asked the Division of Local Government to focus on.
- I know that many of you have concerns about how the Code of Conduct is being used, or in some cases,

abused. It's time for us to work together to make any improvements so we can all get onto the main task at hand; providing services to our communities.

- As soon as I became Minister I asked the Division to expedite the release of a Discussion Paper on the Model Code of Conduct so we can do what needs to be done quickly.
- In particular we need to address things like the gatekeeper role of general managers and mayors, the potential for misusing the code for point scoring and other political purposes, and the cost of investigations.
- I am also keen for us to explore more options for dealing with minor matters, rather than expensive and time-consuming investigations.
- These are just some of the things that need attention.
- I am pleased to advise that the Discussion Paper on the Code of Conduct will be released today and will be available on the Division's website later today. Again, I am looking forward to your input. The first step is to make sure we understand the issues. The next step will be finding solutions. The Division will be consulting with you every step of the way.

- In conclusion, can I say, a strong and sustainable local government sector can only be achieved with a partnership of all stakeholders.
- As I have outlined today, this Government will work in partnership with you to agree on the outcomes that are in the best interests of NSW.
- We may not always agree, but at least we will have a way to have respectful discussions in the knowledge that we all want the same thing; strong councils serving sustainable communities.
- I look forward to working with you in the years ahead.
- Thank you for the opportunity to speak to you today and I wish you well in your deliberations at your Conference.

[ends]