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The National Context

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OPENING REMARKS

Good morning Ministers Page and Humphries, members of the Shires Association and Local Government Association executives, mayors, councillors, general managers and friends of local government.

It's a pleasure to be with you here on this very special occasion

OVERVIEW OF SESSION

In the short time I have available today, I have been asked to talk with you about:

- The role and purpose of the Australian Centre of Excellence for Local Government
- The current status of some interesting local government reform programs in other Australian States, the Northern Territory and New Zealand
- And to outline the key headline findings from the Centre's *Consolidation in Local Government* research released earlier this year.

ABOUT ACELG

So, onto the background, role and function of ACELG.

At the Australian Council of Local Government meeting in November 2008, the then Prime Minister, Kevin Rudd, announced funding support to establish a Centre of Excellence for Local Government. Following a call for bids, the Centre was awarded to a consortium led by the University of Technology, Sydney.

Along with UTS, the consortium includes:

- The University of Canberra
- The Australia and New Zealand School of Government (or ANZSOG, as it is known)
- Local Government Managers Australia, National
- The Institute of Public Works Engineering Australia, National

- Program partners Charles Darwin University in the Northern Territory and Edith Cowan University in WA, to increase the Centre's national reach.

The Federal Government has provided \$8 million dollars in seed funding, with a requirement that the Centre run for at least 5 years. In addition to the Federal Government funding, cash and in-kind contributions are made by consortium members

The funding agreement between UTS and the Federal Government makes it clear that the Centre is to have a practical focus, but be strongly research based. Importantly, the Centre does not have an advocacy function, but program outputs are intended to lead to a more informed policy debate.

THE CENTRE'S OPERATING FRAMEWORK

This slide shows the Centre's operating framework. I apologise for the quality of this slide, but it should be clear enough for you to see the important detail.

At the heart of the Centre's operating framework is the Board of Management. The Board has an independent chair. It is chaired by former Federal Local Government Minister, Margaret Reynolds.

The Board includes:

- Representatives of the consortium members
- The Australian Local Government Association
- And a senior representative of the Federal Department of Regional Australia, Regional Development and Local Government

I'd like to acknowledge Penny Holloway, who is with us today. Penny represents Local Government Managers Australia on the Centre's Board. Also from NSW, John Truman, director infrastructure services with Ballina Shire Council, serves on the Board as the representative of the Institute of Public Works Engineering Australia, and Mayor Genia McCaffery represents ALGA on the Board.

Along with the Centre's research and technical panels, we have established:

- International networks
- Good relationships the ALGA and the state and NT local government associations
- The jurisdictions, in particular, the departments or agencies responsible for local government in the states and the Northern Territory
- The Australian Council of Local Government
- And the former Local Government Ministerial Council.

(Although the Ministerial Council has been disbanded, we understand the Federal Minister will soon be convening a meeting of Local Government Ministers, and we hope to be able to continue our links with this group, particularly as the Centre has been engaged by the Federal Department of

Regional Australia, Regional Development and Local Government to progress a number of national agendas on behalf of the former Ministerial Council.)

The Centre's work is undertaken through six program areas. We have:

- A Research and Policy Foresight Program
- An Innovation and Best (or better) Practice Program
- A program for Governance and Leadership
- An Organisation Capacity Building Program (which has a focus on asset management and long term financial planning)
- A special Rural-remote and Indigenous Local Government Program (which I oversee)
- And a Workforce Development Program.

REFORM AROUND THE STATES, NT AND NZ

I have been asked to give you a quick overview of some of what I consider to be the more interesting local government reforms around the states, the Northern Territory and New Zealand. I should point out that there is a lot happening in other jurisdictions, but I've just selected just a handful of what I think are the more notable ones to present in the limited time I have today.

Queensland

Most of you would be aware of the major structural reform that took place in Queensland in 2008. From the outset, the priority was to create a more robust and capable system of local government, with no mention of economies of scale or reducing rates. In fact, the Queensland Reform Commission called for:

high capacity organisations with the requisite knowledge, creativity and innovation to enable them to manage complex change.

You would most probably be aware that the reforms resulted in the reduction in the number of councils by about one half, and Indigenous councils were brought under the Local Government Act. Following the reforms, the focus has shifted to performance reporting with an emphasis on sustainable communities and councils.

Western Australia

The WA State Government has initiated a reform process for local government aimed at creating fewer but stronger councils. The Minister has encouraged councils to explore structural reform, and has provided funding to facilitate the process

Of the 138 councils in WA, around 70 councils are participating in the reform process. A small number of councils are exploring amalgamation; some have formed Regional Transition Groups to consider whether amalgamation would benefit their communities; and others have formed Regional Collaborative Groups to examine regional service delivery.

In the meantime, the Minister has appointed a high level panel to recommend boundaries and governance models for local government in the Perth metropolitan area. The panel is due to hold its first meeting this week, so it's still early days for this review.

I should also mention that the WA Department of Local Government has embarked on a project to help improve the delivery of municipal services in remote Indigenous communities. The Department has engaged the Centre to examine models of service delivery to remote Indigenous communities, and to develop a new funding model in WA.

South Australia

In South Australia, the Local Government Association has initiated a Local Excellence Program. The program brings together a range of current and new activities and will address a range of themes including:

- Community engagement
- Financial reform
- Service efficiency and effectiveness, and
- Governance.

Again, it's early days for this initiative, but it is one to watch, particularly as it has been initiated by the state association.

Tasmania

There is a particularly interesting project currently underway in Southern Tasmania. The Southern Tasmanian Councils Authority has received funding under the Local Government Reform Fund to explore practical options for change to the structure of local government in southern Tasmania.

An independent expert panel, led by Jude Munro, the former CEO of Brisbane City Council, has been established to oversee the review. The panel also includes Saul Eslake, the former Chief Economist of ANZ Bank, and Stephen Haines, the former CEO of the City of Salisbury in South Australia

This process is interesting, because all options are on the table, and nothing has been excluded. Extensive consultations and surveys of councillors, the community and interest groups are currently underway.

Northern Territory

In 2008, the NT government established eight new Shires to replace 51 community councils. The reform was intended to address systemic problems with the financial sustainability and service delivery capacity of the community-based councils – a similar theme to the problems facing western NSW highlighted by Minister Humphries yesterday.

The reforms have resulted in the councils being able to attract higher calibre staff and develop organisational capacity.

However, as the new Shires were formed at about the same time as the Northern Territory Emergency Response – otherwise known as the Intervention – the reforms have resulted in many in the community feeling they have lost control and ownership over local government resources. The good news is that the Local Government Association of the NT and the NT department of local government are now looking at increasing the financial sustainability and improving governance of the new Shires.

Again, this is a model worth examining in light of the Minister’s address yesterday.

New Zealand

Across the ditch, the New Zealand Cabinet has approved a proposal by the Minister for Local Government to carry out a review of the system of local government. The review is called *Smarter Government, Stronger Communities: Towards Better Local Governance and Public Services*.

The review will examine the structure of local government, its functions, funding, and the relationship between local government and central government. It will also consider whether the processes, structures, powers and arrangements developed for Auckland could be applied to local government elsewhere.

The review is expected to be completed in 2014.

CONSOLIDATION RESEARCH – KEY FINDINGS

Earlier this year, the Centre released a major report looking at the issue of consolidation in local government. It was undertaken as a collaborative research venture between the Centre, the Local Government Association of South Australia and Local Government New Zealand. I’ve been asked to quickly run through some of the headline findings.

Findings

Firstly, our study concluded that **ongoing change** in local government is unavoidable and inevitable, and consolidation in its various forms will be a part of the change process

The research showed that there are a **range of options** available to councils, ranging from amalgamation (or re-organisation), boundary change, shared services and regional collaboration, and all options should be explored to address the challenges facing local government now and in the future.

We found that efficiency gains can be achieved through various forms of consolidation, but are unlikely to produce **reductions in local rates** and charges. For example, our research showed that the anticipated savings from the reforms in South Australia in the 1990s did not eventuate, but the amalgamated councils did increase their capacity and ability to provide a broader range of services.

We found that any **efficiency savings** need to be ploughed back into other areas, notably asset management and capacity building.

Importantly, our research showed that **shared services** is not a soft alternative to amalgamation – those involved will know it's hard work, requiring compromise, robust governance arrangements, and political leadership.

Costs of change can be high, and are often not factored into the cost-benefit equation. However, this also applies to the 'do nothing' option, and so should not be used as an excuse to block necessary change.

The process of introducing change is really important. **Political leadership** must underpin any approach to consolidation and good governance and effective management arrangements are needed to manage change.

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