

Attachment: Comparative Matrix based on “evidence”

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There have been many inquiries into general and specific circumstances of councils. The most notable are the formal commissions undertaken by Professor Maurie Daly, Frank Willan and David Simmons and others; and the LGSA's Independent Inquiry by Percy Allan et al. In addition the Australian LG Association (ALGA) and NSW's Independent Pricing and Regulatory Authority reported the results of major internal and external research into problems within and between councils and governments. There have been federal and state inquiries related to urban planning and governance.

From all of these a list of over 40 major reform areas was derived by the current author (generally excluding Professor Allan's financial and related proposals), together with detailed discussion of the factors.

Each problem could have a solution; and the parts should stand as a coherent whole. Solutions need to be assessed against criteria. There have been many reports on “outcome-based performance indicators” on local government; and the British, Canadian and Oregon administrations are examples of the development of specific indicators for quantitative and non-quantifiable factors. Generally the number should be as few as is meaningful; rather than emphasise the “busyness” factors characteristic of many governmental annual reports.

At the beginning of NZ's reform process, in 1987, the legendary Roger Douglas defined four criteria (as quoted in the LGSA's Independent Inquiry's papers):

- Individual functions should be allocated to local or regional agencies, which represent the appropriate community of interest.
- Operational efficiencies are desirable.
- Any authority should have clear non-conflicting objectives. Any trade-offs between objectives should be made in an explicit and transparent manner.
- Clear and strong accountability mechanisms should be encouraged

It is rare for local government reform reports to state their performance criteria objectively and explicitly in advance in outcome terms.

ACELG

Then-federal Local Government Minister Anthony Albanese invested the UTS Centre for Local Government with the mantle of “Australian Centre of Excellence”. Its major work appears to be educational within the industry; however it has published four reports of relevance here.

It is worth comparing the two approaches to see if my “evidence-based” approach produces meaningful results. This is brief but necessary as the ACELG materials were available to the recent “Destination 2036” seminar in Dubbo in which, according to the LGSA's president, “all NSW councils are in agreement about the big issues and changes required, and that the Minister and (DLG) are intent on rectifying and solving some of our biggest problems”. (Accounts indicate that most of the issues in this writer's report were not discussed.)

There were various case studies in subsequent reports, mainly of voluntary arrangements (but missing two major previous episodes in NSW). As an example of a general theme, the New

England Strategic Alliance was a non-statutory exploration of shared service options with continuation of the four constituent LGAs. It quickly failed and the report's conclusion is that "Questions remain whether the councils will have learned from the NESAC experience and are willing and able to establish the leadership and the governance structures to make the new arrangement work".

The second related to the lexicon of democracy and community, "Local Government and Community Governance: A Literature Review" (March 2011); and in that context one might prefer the treatment in Infrastructure Australia's "Our Cities" and the Grattan Institute's "The Cities We Need" (both 2010), in terms of theoretical and practical relevance. The three together are powerful tools although not without gaps related to infrastructure performance and financing, data and defects.

The next two are linked: volume 1 of "Consolidation in Local Government: a fresh look" which dealt with the approach and findings; and volume 2 which contained empirical and interview results (both May 2011).

The dimensions of analysis were:

- Efficiency – reduced costs
- Strategic capacity – skills and other resources to manage complex change, "place-shaping" and localism
- Service delivery – service enhancements or deterioration
- Local democracy – effects on representative and democratic roles.

Its interesting case studies were of Queensland, South Australia, Western Australia, Victoria and Tasmania, and New Zealand; with sections on three NSW regional organisations of councils (ROCs). Brief mention only was made of "county councils" but not of two major experiences in NSW with consolidation "experiments". The conclusions included:

- Ongoing change in local government is unavoidable, and consolidation in its various forms will be part of that process.
- As a general rule benefits of some sort do accrue when councils adopt mechanisms to collaborate or consolidate with other local authorities.
- Potential benefits are reduced or lost when the process is flawed due to inadequate planning and consultation or a failure to consider all the options available and precisely what each could achieve.
- There is little evidence that amalgamation will automatically yield substantial economies of scale.
- Efficiency gains can be achieved through various forms of consolidation, but are unlikely to produce reductions in local rates and charges due to other expenditure needs.
- What is more obvious is that various forms of consolidation have the capacity to yield economies of scope ... strongest in the case of amalgamation into relatively large units.
- New services and/or innovative approaches to service delivery have been promoted through various forms of consolidation.
- Concerns for any diminution of local democracy were muted, suggesting that councils may be managing this issue well and/or that it is often not a major, ongoing factor in the eyes of the community.
- Underpinning any approach to consolidation is the importance of political leadership, good governance and effective management arrangements, both in managing change and establishing a sound basis for ongoing operations.
- Too much attention is focused on the institutional arrangements of the local

government system in each jurisdiction rather than on the fundamental issue of the societal functions performed by local government and its changing role.

The issues arising from evidence gathering, all of which are addressed in this writer's work, compared with ACELG's cited works, in my opinion, are:

ISSUE	ACELG
1. Aspirational breakdowns in "separation" – inquiries reveal managers join councillors to the disadvantage of communities	-
2. Intimidated management	-
3. Inward looking, not connected with communities and citizenry not kept informed	Yes
4. Precincts not enabled	-
5. Distorted franchise/elections	-
6. Excessive workloads	Some
7. Low skill levels in many councils (within a "toxic" environment)	Some
8. Complex government structure & costs	Some
9. LG wants less interference	Not re solution
10. Poor meeting procedures	-
11. Excessive conflict within councils	-
12. Regular conflict with externals	Some
13. Disciplinary cases rarely resolved	-
14. Councillors disregard warnings and continue destructive behaviour	-
15. Penalties not used	-
16. Sydney – too many councils	Some – see main text
17. LEPs complex, not "overlaid", out-of-date	-
18. Regional Organisation of Councils under-powered – can't engage directly in contracts etc	Some
19. Councils lack long-term plans	Some
20. Councillors interfere in DAs – community lack of trust	-
21. Industry discontent with Part 3A treatment	Some
22. Clrs conflict with GMs	Some

23. GM appointments and sackings are contentious	-
24. DLG "nanny"	-
25. Inadequate analyses to Clrs	-
26. DLG inadequate data series/reports	-
27. IPART anti-competitive policy	-
28. Financial incapacities	Not "regional improvement trusts", municipal bonds and integration with Infrastructure NSW through professional analyses and democratic protections
29. Weak financing basis	Some but not municipal bonds, Infrastructure NSW or broadening of the tax base
30. Infrastructure gaps	As above, not auditing and managerial standards (necessary for community and councillor competence and performance)
31. Lack of planning for ferocious climate events	Some
32. Union grip on major council programs	-
33. Reactive attitudes to change	Yes
34. Act is a patchwork, with the original ambiguities and gaps exacerbated	Part

Douglas's criteria are on the left, the right column summarises aspects of my schema:

Efficiency	ACELG did not identify the potential game-breaker, namely regional partnerships between state and local government based on 1880 legislation (proven over a century of operation), which would address "trust", corruption, delays, careers and workloads among other things. It also did not seem to deal with comparable statutory empowerment of regional organisations of councils
Strategic	Above applies including corporatisation, development and assignment-back of strategic, place and assessment personnel, nor "character" based planning instruments – the alternative reforms would allow the most effective form of street, locality and precinct planning. ACELG did not

define localism in such comprehensive terms as in the alternative. (ACELG did deal with the failure of most voluntary co-operatives.)

Service	Did not include improvement in DLG data collection and analysis, management accountabilities, involvement of Auditor General, and like
Local	Did not deal with removal of non-representative "hats" and adjudication of disputes, removal of corruption/ conflict factors, and Irish-type management authorisation.

The following claims are made for the alternative strategy as opposed to most if not all academic studies:

- It maps and explains long-standing conundrums of real significance to the benefit of
 - ✓ Regional and urban communities – democracy and world-best "localism" arrangements
 - ✓ Councillors – responsibilities, engagement, workloads and conflict
 - ✓ Local government managers and staff – professional standing, performance, responsibilities and career progression (mirroring the Public Service Commission to some extent)
 - ✓ Developers and others in economic development who are tied to local government performance, and
 - ✓ The State Government – intergenerational challenges, corruption risks, the cost and complexity of associated agencies, and conflict and lack of trust; and appointment of a Minister for Sydney (as opposed to councils across the state)
- It contains a genuinely innovative and meaningful package of reforms, the elements + whole; for discussion and better negotiations
- It demonstrates the benefits to be gained from the Premier's integrated central portfolio and Department, and of evidence-based negotiations as opposed to NSW's compromises and prejudices.

The President of the Local Government & Shires Association Cr Keith Rhoades AFSM, said in a press release dated 18 August that the Destination 2036 seminar in Dubbo showed that

all NSW councils are in agreement about the big issues and changes required, and that the Minister and the Division of Local Government (DLG) are intent on rectifying and solving some of our biggest problems.

So far as can be discovered the seminar did not address most of the 34 items listed above.