



REVIEW OF CURRENT LOCAL GOVERNMENT REFORM PROCESSES IN AUSTRALIA AND NEW ZEALAND

MARCH 2013



"This project has been assisted by the Local Government Research & Development Scheme".

This report was prepared by Alex Gooding of Gooding Davies Consultancy Pty Ltd for the Local Government Association of South Australia and the Australian Centre of Excellence for Local Government.

This report was prepared by the consultant based on an analysis of relevant websites and other material available online in the period from late February to the middle of March 2013. This material is likely to be amended or even deleted by the organisations concerned as the projects described are developed, implemented and completed or because of changes in government policies. Therefore no responsibility is taken for the report's ongoing accuracy.

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1 Introduction

1.1 Background

This paper provides a brief snapshot of Local Government review and reform processes taking place in Australia and in New Zealand during the period from late February to the middle of March 2013.

At the time this report was being prepared, nearly 30 review and reform initiatives were currently underway or were about to commence in jurisdictions across Australasia, continuing a period of change and reform in local government which dates back at least two decades. As a recent report for the Federal Government noted:

As both a cause and consequence of its changing role in society, it seems that the local government sector in Australia is almost permanently under the microscope. (Grimsey et al 2012, p. 10)

The current range of initiatives takes a variety of forms, ranging from broad reviews to detailed reforms. Some address the operations of the whole of the local government sector in each jurisdiction, while others concentrate on specific aspects of council operations or key geographic areas.

While many of these reviews involve some common elements, there are significant differences in aims and approaches. This project therefore provides an opportunity for state governments, local government associations, councils and others involved in the sector to learn from the reform processes being undertaken in other jurisdictions.

The project was initiated by the Local Excellence Expert Panel, which was established by the Local Government Association of South Australia (LGA SA) to develop a vision for a “Council of the Future” for South Australian councils. This process involves community consultation, input from Local Government Excellence Program projects and commissioned research, including this project.

The Panel has asked the Australian Centre of Excellence for Local Government (ACELG) to support the project. The Centre is also interested in the outcomes as they will provide a useful national overview of current local government reform processes.

1.2 What is Local Government reform?

The phrase ‘local government reform’ describes a wide variety of inquiries, reviews and change processes, proposed and implemented. While all of these processes share an intention to improve some aspect of the structure, performance or accountability of local government, they can take different and sometimes even contradictory directions.

Furthermore, the definition of ‘reform’ is often assumed rather than stated in the aims and objectives set out for these processes. Alternatively, reform is defined in the context in which it is initiated, referencing the specific problems and issues the agency or organisation undertaking the reform is seeking to address.

Even if the diversity of approaches makes reform difficult to define, it is still useful to categorise these processes in some way. ACELG's report *Unfinished Business? A Decade of Inquiries into Australian Local Government* (2011) provides a useful framework, drawing on the typology used by Dollery, Garcea and LeSage to distinguish between:

- **Financial reforms** which consist of changes to the financial circumstances of local government, including any changes to revenue sources (i.e. 'own-source' revenue and intergovernmental transfers), expenditure (i.e. financial responsibilities and financial restrictions), and financial management.
- **Functional reforms** which involve changes in the number or types of functions performed by local government, including the realignment of functions between local government and other tiers of governments.
- **Jurisdictional reforms** which consist of changes to the authority and autonomy of local government, including general competency powers, specific by-law making powers, and the like.
- **Organisational and managerial reforms** which involve changes to the administrative, executive, and management processes of local councils.
- **Structural reforms** which consist of changes to the boundaries, numbers and types of local authorities (ACELG 2011, p. 33).

In practice, few reform processes fall neatly into these categories and the mechanics of the processes themselves also take a number of different formats. In the main these have started with some type of inquiry or review, though the extent of implementation of the reforms recommended by these inquiries has been uneven (ACELG 2011). In some cases, however, governments have pre-empted existing review processes to implement reforms while in others a new government has changed aspects of reform programs initiated by the outgoing government.

Since the intention of this report is to capture all reform-related processes underway at a particular point in time, it includes recently-commenced inquiries and reviews and recently-announced reform initiatives, as well as reform processes which are currently either in the implementation phase or nearing completion. The processes discussed in this report therefore include:

- **Current sector-wide inquiries or reviews** regarding specific aspects of local government or the sector more broadly. These are usually undertaken with the intention of implementing or promoting change based on the outcomes of the inquiry process. They are generally conducted by government agencies but can also be initiated by local government associations.

A wide range of reviews are also initiated by academic institutions which have a particular focus on local government. In the main these processes have not been included in this report, partly because of their large number and different levels of focus but also because they usually have little direct impact on current local government processes (though some will of course have an impact in the longer term). However, several ACELG projects have been included because of their role in supporting the goals of the Federal Government's Local Government Reform Fund and because they have or are likely to have a direct impact on current council operations.

- **The current implementation of sector-wide local government reforms** predominantly by local government agencies. These implementation processes may or may not have been the subject of a previous inquiry or review. This category also includes recent significant amendments relating to local government legislation in several jurisdictions as councils affected by these changes are likely to be still in the process of implementing them.

In addition, this category includes the implementation of a small number of reform processes initiated and promoted by local government associations and related institutions, though unlike legislative reforms involvement by councils in these processes is usually voluntary.

- **Inquiries, reviews or reforms which are not sector-wide but which affect significant areas**, for example reviews of local governance in major metropolitan regions. However, inquiries or actions specifically directed towards individual councils such as inquiries into the performance of a specific council or the removal of a council's planning powers are not covered.

The summaries in this report should also be read in light of the following:

- In some jurisdictions a number of review and reform processes are concurrently underway. These processes are usually integrated to varying degrees within an overall framework of reform. However, because of the complexity involved in describing these frameworks and their component projects in a single summary, those major processes which have a distinct identity have been outlined separately in this report.
- A small number of the processes described had only just been announced at the time of writing and therefore detailed information was limited. These recently-established processes may also be subject to further revision as they get underway.
- Other processes are in the inquiry or review phase. Some of these have released discussion papers identifying key issues for further consideration, while others have published interim reports containing additional material such as consultation outcomes or preliminary findings. It is important to note that this material may or may not be addressed in the recommendations contained in the final reports of these processes when they are completed.
- Where recommendations have been made in the final reports of completed inquiry processes, these may or may not be accepted and/or implemented by the government or agency concerned. In addition, governments may modify some of these recommendations in implementing them or decide on a different course of action in response to the inquiry's outcomes.

1.3 Research process

This paper is based on a desktop survey and analysis of publicly-available material regarding local government reform processes in each jurisdiction as well as nationally in Australia and New Zealand. The primary sources were websites and other material published online by government agencies, local government associations and other organisations directly involved in local government reform processes.

Given this project's limited timeframe, interviews have not been conducted with any of these organisations. In a small number of cases further information was sought, for example where only

limited material was publicly available or the published information did not appear to be very recent. It is possible, however, that some of the material relied upon to prepare this report might not be fully up to date.

Each process is described within a consistent framework based in part on the parameters identified in the *Unfinished Business* report discussed earlier. However, this project differs from *Unfinished Business* in that it considers processes which are underway rather than completed inquiries.

The framework used to describe each project includes the following

- **Project description and auspice** – a brief description of the project, the organisation or organisations leading or undertaking it, and the type of process involved;
- **Rationale and key objectives** – why the project was initiated and its stated aims and objectives;
- **Key priority areas** – what areas the project is addressing, drawing on the reform typology discussed earlier;
- **Process outline** – how the project is being conducted; and
- **Outcomes and current status** – progress and outcomes to date and the current status of the project.

In addition, the paper's conclusion summarises some of the key themes and issues which emerge from the current round of reform initiatives. However, no attempt has been made to assess the merits of each of the processes described or to make any judgements about their level of success. The intention of this project was instead to catalogue the diverse range of processes currently underway in Australasian jurisdictions.

One issue that has emerged in reviewing the reform processes across these different national, state and territory jurisdictions is the range in terminology used, particularly in relation to local government bodies. Depending on location these may be called councils, regional councils, shires, local authorities or local governments. To avoid confusion the term 'council' has generally been used for these bodies throughout this report, while 'local government' has been used as a collective term for the whole sector.

Finally, it should be noted that the project is based on material available and reviewed in the period from late February to the middle of March 2013. This means that aspects of the project descriptions contained in this report are likely to become outdated reasonably quickly, given the dynamic nature of the processes involved and the fact that many are meant to be completed during 2013.

2 Current Local Government Reform and Review Processes

2.1 Australia

2.1.1 National - Federal Government

Local Government Financial Assistance Grants Review

Project description and auspice

In August 2012 the then Minister for Local government announced a review of the Local Government Financial Assistance Grants (FAGs) program to be conducted by the Commonwealth Grants Program (Crean 2012, p. 1).

Rationale and key objectives

The Minister noted that such a review had not been conducted for many years and that it would provide measures to improve 'the impact of Financial Assistance Grants on the effectiveness of local governments and their ability to provide an equitable level of service to their residents' (ibid).

Key priority areas

The review is primarily an example of financial reform, but with implications for other priority areas.

Process outline

The terms of reference called for the review to be conducted as two components. The first was to examine the impact of FAGs on councils and its appropriateness by examining whether the National Principles that guide the allocation of funding are valid and consistent, evaluating the benefits of tied and untied funding, identifying the impact of the 'Minimum Grant Principle', and assessing the relative need of councils in each jurisdiction and in particular those servicing regional and remote communities.

The second component was to identify options for improving the efficiency of the current process for determining annual FAGs funding allocations (ibid).

Outcomes and current status

In November 2012 the Commonwealth Grants Commission released an issues paper outlining its interpretation of the terms of reference and how it would undertake this task as well as detailing some of the issues on which it is seeking views through the review process. These include how the objective of the inquiry itself should be interpreted and in particular 'how the effectiveness of local governments and their ability to provide services should be judged' (Commonwealth Grants Commission 2012, p. 3).

Responses were also sought on whether the commission's interpretation of the terms of reference should be modified, as were views on individual clauses and any suggestions on how 'within the current funding envelope for each State, the FAGs distribution process might be changed to improve the effectiveness of local governments, their ability to provide services and their financial sustainability' (ibid). The Commission was also seeking any research, analysis or data that was relevant to the terms of reference.

Submissions were due at the beginning of March 2013. The Commission is planning to hold hearings in April and May leading to possible further consultations in conjunction with the National Assembly of Local Governments in June and potentially a second round of consultation in September–October. The Commission’s final report is due in December 2013.

LOCAL GOVERNMENT INFRASTRUCTURE FINANCING REVIEW

Project description and auspice

In 2011 the Federal Department of Regional Australia, Local Government, Arts and Sport commissioned Ernst and Young to review the prioritisation and financing of local infrastructure by local government.

Rationale and key objectives

The study’s main focus was on ‘ways in which councils can get more infrastructure from existing funding sources’ (Grimsey et al 2012, p. 1). The introduction notes:

The environment in which local government delivers and manages infrastructure has evolved significantly in the last twenty years. This evolution has been characterised by major structural reform in every state but one, shifting patterns of funding, and a range of challenges created by demographic change and growing community expectations (ibid, p. 10).

In response to these issues the review’s terms of reference in summary were to assess how effectively and efficiently local infrastructure needs are prioritised and funded by local government, to identify sources of capital for future local infrastructure needs and impediments to accessing capital, and to identify the opportunities, best practice models and principles for the regional prioritisation and financing of local infrastructure (ibid, p. 92).

Key priority areas

As indicated in the project title, the review was concerned with financial reforms, though a number of the recommendations touched on other areas such as functional and organisational reforms

Process outline

The process involved a review of the current arrangements for infrastructure financing and provision as well as extensive consultations with key stakeholders.

Outcomes and current status

The review report was released in June 2012. It found that while councils have responsibility for a ‘homogenous stock of assets’, the agenda is dominated by local roads. The report identified the areas of core funding such as rates and taxes and sales of goods and services, but noted that councils needed to look towards ‘innovative funding, procurement and financing solutions’ (ibid, p. 5). Councils had significant capacity to optimise borrowing but this was held back by a ‘fear of debt’ and the absence of suitable debt products (ibid, p. 27).

The report found that the nationally consistent frameworks for local government and financial management have ‘created a momentum for improvement and a good return on the investment in capability building’ but the other tiers of government needed to be involved in the early phases of project and policy development (ibid, p. 43). Councils also need to explore non-traditional methods for procurement including the transfer of risk to the private sector (ibid, p. 60) and to

build on the benefits of regional collaboration to ‘make the most of regional infrastructure planning’ (ibid, p. 70).

The report’s recommendations reflected these findings, proposing a government information portal for grants programs and the investigation of tax increment funding and the feasibility of establishing a ‘national financing authority to aggregate local government borrowing and facilitate the creation of debt products for private investors’ (ibid, p. 6).

In February 2013 the then Minister for Regional Australia, Regional Development and Local Government announced that his department was investigating the feasibility of establishing a national financing authority and was looking at international models, including the option of an ‘alliance’ of councils that ‘use the strength of their asset base to borrow at competitive markets rates to fund new infrastructure’ (Crean 2013, p. 1). He also announced \$1.28 million in grants to councils to ‘help them develop business cases for innovative infrastructure proposals’ (ibid).

CONSTITUTIONAL RECOGNITION OF LOCAL GOVERNMENT

Project description and auspice

In 2011 the Australian Government appointed an independent Expert Panel on the constitutional recognition of local government. The Panel’s report was presented to the Government in December 2011. In response, in November 2012 a joint select committee was formed from all sides of politics to ‘inquire into this issue, including assessing the likelihood of success of a referendum’ (DRALGAS 2013a).

Rationale and key objectives

Constitutional recognition has been a key aim for much of the local government sector for many years. The Expert Panel summed up the case for recognition as follows:

Including a reference to local government in the Constitution would formally recognise the role it plays in the Australian federal system as the third tier of government. This recognition would enhance the status of local government, in the community and in its dealings with the other two levels of government. Local government would be better able to attract the support and resources it needs, and to develop the new capacities to fulfil its increasingly important role in our system of government. (Expert Panel 2011, p. 3)

In addition the Panel noted that recent High Court decisions had thrown into doubt the legality of the Federal Government directly providing grants to local government, with obvious implications for a range of Commonwealth funding programs (ibid, p. 5).

Key priority areas

Although at first glance the constitutional recognition of local government would seem to be primarily a jurisdictional reform, the Expert Panel concluded that financial rather than “democratic” recognition would have the most prospect of success, given the limited support for the latter (Expert Panel 2011, pp. 1-3).

Process outline

After releasing a discussion paper, the Expert Panel consulted with key stakeholders including the Federal Government and Opposition as well as State and local government. It also invited submissions and undertook community consultations and online surveys to gauge the views of the

general public. These processes informed preparation of the Panel's final report and its majority finding that a referendum to alter section 96 of the Australian Constitution to support financial recognition was a viable option.

As noted earlier, a parliamentary Joint Select Committee was formed subsequently to inquire into and report on the Expert Panel's findings, and in particular to assess the likelihood of success of the proposed referendum.

Outcomes and current status

The Joint Select Committee has commenced its own consultation process, seeking submissions and holding public hearings. Its preliminary report was released in January 2013.

This report reaffirmed the Expert Panel's findings in support of a referendum but noted that a number of actions would need to be undertaken, particularly by the Federal government and the local government sector to secure support for the referendum proposal.

The Committee recommended that a referendum be held in conjunction with the 2013 Federal Election (Joint Select Committee 2013, p. viii). It also indicated that it would continue its consultation processes with a view to releasing a final report later in the year (ibid, p. vi).

LOCAL GOVERNMENT REFORM FUND

Project description and auspice

The Local Government Reform Fund (LGRF) was created in 2009 to improve the asset and financial management capabilities of councils and to encourage greater collaboration between councils. It also aimed to provide for the collection of nationally consistent data as a basis for assessing council performance.

Rationale and key objectives

The objectives of the LGRF were to:

- support the accelerated implementation of the Nationally Consistent Frameworks for local government asset and financial management, as agreed by the Local Government and Planning Ministers' Council in 2009;
- encourage collaboration in the local government sector to build capacity and resilience; and
- improve the collection and analysis of nationally consistent data on local government assets and finances (DRALGAS 2013b).

Key priority areas

While the LGRF can be described as a financial, organisational and management reform process, the scale and nature of funding means that the program has had impacts on most areas of council operation.

Process outline

A funding round was announced in October 2009 with applications closing at the end of the following month. Subsequently, funding was provided in two rounds. In Phase One a total of over \$16.5 million was provided and in Phase Two a further amount of over \$2.6 million was announced.

Funding was provided to a mix of government agencies, local government associations and other local government bodies for a range of projects related to asset and financial management and planning, as well as to improving council capacity and sustainability (ibid).

An additional \$1 million was provided to a range of smaller projects to 'support local government reform and to improve the quality and consistency of local government data' (ibid). The bulk of this funding was provided to the University of Technology, Sydney and ACELG for projects related to the national local government data project (later to become the Australian Local Government Workforce Census) and to establish a national database on women in local government (see next section).

Outcomes and current status

The LGRF can be described as being in the final phase of implementation. Most Phase One projects were completed in 2012, with most of the remaining projects due to be completed during 2013.

2.1.2 National – Australian Centre of Excellence for Local Government (ACELG)

As indicated in the introduction, many reviews of local government structure and operations are initiated by academic institutions which have a particular focus on local government.

The potentially large number of such studies and their diverse areas of focus mean that it has not been possible to cover all of these processes in this report. In addition, while they obviously have long-term influence, these processes usually have little direct relationship to current local government reform processes unlike those which are initiated by jurisdictional agencies and local government associations.

An exception has been made for some projects currently being conducted by the ACELG. ACELG is funded by the Australian Government to support the development of professionalism and skills in local government, to showcase innovation and best practice and to 'facilitate better informed policy debate' in the sector (ACELG 2013a).

Within the suite of projects ACELG is currently managing, the projects below have been selected because of their close relationship to current council processes and also because all of these projects were funded through the Australian Government Local Government Reform Fund (LGRF) discussed earlier.¹ It should be noted that some of these projects also involved ACELG partner organisations including Local Government Managers Australia (LGMA) and the Institute of Public Works Engineering Australia (IPWEA).

¹ The author of this report has been involved in some aspects of the development of these projects as a consultant to ACELG.

NATIONAL LOCAL GOVERNMENT WORKFORCE STRATEGY

Project description and auspice

The National Local Government Workforce Strategy being developed by ACELG in conjunction with LGMA explores the workforce challenges faced by Australian local government. It is being undertaken as part of ACELG's Workforce Development program.

Rationale and key objectives

The Strategy attempts to explore the workforce challenges councils face up until 2020. It also proposes actions to assist the sector to make the local government workforce more sustainable, resourceful and resilient.²

Key priority areas

The development of the strategy can be described as a managerial or organisational reform, though it will have implications for other priority areas.

Process outline

In 2008 the Local Government and Planning Ministers Council (LGPMC) tasked local government officials with developing a draft workforce strategy to address local government skills shortages and enhance the professionalism of the sector. The development of such a strategy also related to commitments by the Council of Australian Governments (COAG) in relation to the Australian workforce, and in particular indigenous people, as well as a desire to improve the skills of the Australian workforce to support improvement to national productivity.

In 2010 ACELG was requested to complete work on developing the strategy, with funding provided through the LGRF. A draft strategy was circulated to stakeholders in 2011 and received in-principle agreement from all jurisdictions. The original intention was an initial collection of information for the national workforce data set (see below). However, it was not possible to finalise agreements to undertake this data collection in time and alternative sources were used.

Outcomes and current status

The strategy could be described as reaching the end of the development and consultation phase. The final version of the strategy, titled *Future-Proofing Local Government: National Workforce Strategy 2013–2020* was released in April 2013. It contains a number of strategies and associated actions as part of a consistent national approach to developing the local government workforce.

These strategies involve a range of proposed actions to be undertaken by ACELG in conjunction with Federal Government and jurisdictional agencies, councils and other relevant stakeholders. These will be implemented in conjunction with the collection of workforce data (see below).

AUSTRALIAN LOCAL GOVERNMENT AND EMPLOYMENT WORKFORCE CENSUS

Project description and auspice

The Australian Local Government Workforce and Employment Census (ALGWE Census – formerly the National Minimum Dataset project) is another component of ACELG's Workforce Development program. The census is funded by the Australian Government through the LGRF and complements

² The following discussion is based on a review of a draft of the ACELG report due to be published in April 2013: *Future-Proofing Local Government: National Workforce Strategy 2013–2020*.

the National Workforce Strategy discussed above. The LGMA and the Australian Services Union (ASU) were also involved in the project's development.

Rationale and key objectives

The objective of the census is to collect standardised workforce data from all Australian councils to provide a basis for workforce analysis by jurisdiction, region and council type. It also enables councils to benchmark themselves in comparison to aggregated groups of councils. The information will be used to:

improve workforce planning capacity within individual councils and to support sector-wide and jurisdictional efforts to address skill shortages, enhance the professionalism of local government and facilitate greater workforce diversity (ALGWE 2013).

It will also develop and maintain a national dataset on female participation in local government.

Key priority areas

The census can be categorised as a managerial or organisational reform.

Process outline

The first phase of the project involved preparation of a scoping study to identify a minimum data set. This involved consultation with jurisdiction agencies, local government associations and other stakeholders to assess current collection practices, an assessment of what could be feasibly collected nationally, and a review of options to collect and analyse this data (Gooding 2011).

Following completion of the scoping study, a data collection tool was developed in consultation with jurisdictions, associations and councils. This was piloted with a cross-section of nine councils in November 2012 before being rolled out to all councils in December (ALGWE 2013).

Outcomes and current status

The project is nearing completion. The census closed in January 2013. A total of 164 councils participated, with the response rate the highest where jurisdictions and associations encouraged participation. The national report was completed in April 2013.

NATIONAL ASSESSMENT FRAMEWORKS

Project description and auspice

A National Assessment Framework for Local Government Asset Management and Financial Planning (NAF) has been developed to evaluate progress with implementation of the Local Government Financial Sustainability Nationally Consistent Frameworks (LGPMC Financial Sustainability Frameworks) initiated by the LGPMC and adopted in 2007. The project is being developed in conjunction with IPWEA.

Rationale and key objectives

The financial sustainability of councils has come under increasing scrutiny but at the national level there are major inconsistencies in financial reporting between jurisdictions. In response, the Sustainability Frameworks provide a nationally consistent basis for local government to manage community infrastructure more sustainably through effective asset management and financial planning (Champion & Patterson 2012).

The objectives of the NAF are to provide a framework for reporting progress in implementing the financial sustainability networks, demonstrating continuous improvement, meeting councils' needs in planning for future improvement, and assisting organisations which support councils to identify areas for support (ibid, p. 2). As the *NAF Final Update Report* notes:

In aggregate form, local government will be able to demonstrate good governance and sustainable management to other levels of government under a nationally consistent framework (ACELG 2013b, p. 2).

Key priority areas

The NAF addresses financial as well as managerial and organisational priorities.

Process outline

In 2007 the LGPMC endorsed the NAF, with Federal and jurisdictional governments agreeing to apply them to local government. In 2009 the LGPMC agreed to 'enhance the frameworks relating to Local Government asset management and financial planning and to commit to the acceleration of the implementation of the frameworks' (Champion & Patterson 2012, p. 3). A National Evaluation and Accreditation Tool was developed and two councils in each jurisdiction were invited to test it in 2012.

Outcomes and current status

This project has commenced implementation. ACELG is developing a national tool in the form of a structured online questionnaire to evaluate progress with implementing the elements of the National Sustainability Frameworks, allowing councils to measure their own progress against the Frameworks.

The NAF portal was due to be available for use by councils in April 2013, though in some cases bulk input will be provided by a jurisdictional body or a local government association (ACELG 2013b, p. 7). The outcomes for each council will be able to be viewed only by that council and the relevant jurisdictional authority (ibid, p. 6).

2.1.3 New South Wales

In 2011 the NSW government initiated a comprehensive local government review process with the Destination 2036 workshop which involved the participation of all NSW councils and a range of other local government organisations. This has resulted in a range of linked processes under the Destination 2036 banner; although they are integrated, the key components are outlined separately below.

DESTINATION 2036

Project description and auspice

In 2011 the Destination 2036 workshop was held as a joint initiative of the NSW Division of Local Government (DLG), the NSW Local Government and Shires Associations (LGSA; now Local Government NSW), the NSW branch of LGMA, and with the support of ACELG. In 2012 the Minister for Local Government released the final *Destination 2036 Action Plan* which is currently being implemented.

Rationale and key objectives

The potential impact of demographic, economic and technological change on communities and councils provided the primary rationale for Destination 2036. As the project's website observes:

Destination 2036 provides a process and a forum for local government to explore these issues and to consider and develop structures and approaches to local government in NSW that will allow the sector to meet the needs and expectations of our communities of the future (DLG 2012b).

The process was also intended to take a comprehensive and long-term view, delivering a 'long-term vision and action plan for the whole local government sector for the next quarter of a century' (Page 2011, p. 7).

Key priority areas

As a comprehensive review process, Destination 2036 addresses all the priority areas identified earlier.

Process outline

As indicated above the process commenced with a sector-wide workshop held in 2011. An Implementation Steering Committee (ISC) with representation from the DLG, LGSA, LGMA and ACELG was formed to follow up the outcomes and further consult with the community, councils and other stakeholders to prepare an action plan. The final version was released in June 2012 and the ISC has responsibility for monitoring implementation.

The *Destination 2036 Action Plan* has five strategic direction areas covering service delivery, governance, financial sustainability, structures and inter-governmental relationships. These in turn encompass 12 initiatives and 34 key actions (DLG 2012a). In response, the Minister announced in 2012 the establishment of the Independent Local Government Review Panel (see below) which took over responsibility for actions in the plan relating to governance, structure and financial sustainability. Separate project plans have been developed for the remaining actions for which the ISC has responsibility. These plans identify each action's strategic direction and objective, the coordinating agency, an expected completion date and how the action will be achieved (DLG 2012b).

Outcomes and current status

Destination 2036 is in the implementation phase; a small number of the actions contained in the project plans have been completed while the rest are at different stages. However, implementation of a number of the most significant actions arising from Destination 2036 is being overseen by Independent Local Government Review Panel and the Local Government Acts Taskforce, whose activities are discussed in more detail below.

INDEPENDENT LOCAL GOVERNMENT REVIEW PANEL

Project description and auspice

As noted above, the appointment of the Independent Local Government Review Panel in 2012 was a key response by the state government to the outcomes of the Destination 2036 workshop. The three-member panel's role is 'to develop options to improve the strength and effectiveness of local government in NSW' (ILGRP 2012a). The review will drive key strategic directions identified in Destination 2036 and support the broader objectives of the NSW State Plan.

Rationale and key objectives

The context for the review process derived from the outcomes of Destination 2036 which proposed a number of potentially significant changes to the local government sector. While only seven actions out of the 34 identified in the Destination 2036 process have been formally referred to the Panel, these are among the most significant in terms of their potential impact on the sector.

These referrals form only part of the Panel's broad terms of reference to 'investigate and identify options for governance models, structural arrangements and boundary changes for local government in NSW', taking into account factors such as the ability to support community needs, to deliver services, the financial sustainability of councils, the ability for local representation, and barriers and incentives to voluntary boundary changes (ibid).

In addition the Panel has been asked specifically to consider local governance and service delivery arrangements for far west NSW and proposals to regionalise council-owned water utilities in non-metropolitan NSW (ILGRP 2012b, p. 6)

Key priority areas

As with Destination 2036, the review is a comprehensive process that addresses all priority areas.

Process outline

The review is a four-stage process, involving three discussion papers and three rounds of consultation before preparation of the final report due in July 2013. The consultation processes include community meetings, surveys, workshops, forums, focus groups and online processes, as well as the receipt of submissions. In addition, the Panel has commissioned a number of research reports on specific issues to provide further input.³

³ The author of this report was commissioned by the NSW Independent Local Government Review Panel to prepare one of the research reports mentioned in this section.

Outcomes and current status

The Panel's second discussion paper was released in November 2012. This identified significant 'signposts' to guide the rest of the review process and also outlined the Panel's approach:

This involves looking at local government as a system (or network) of councils and other organisations operating within and contributing to a broader system of State and national governance (governments plus business and civil society) (ibid, p. 9).

The paper goes on to state that this system is in 'quite poor shape', with a range of financial, structural and governance problems. It identifies key elements of an effective system of local government as well as the key challenges and opportunities the sector faces, and calls for the development of significant strategic capacity in the sector in response (ibid, p. 15).

The report also discusses a wide range of options to improve fiscal responsibility, deliver better infrastructure and services, match structures and boundaries, and to 'secure good governance'. It concludes with an outline of the continuing consultation program prior to and after the release of its third and final discussion paper, *Future Directions* (ibid, p. 37). The Panel's final report is due in July 2013.

LOCAL GOVERNMENT ACTS TASKFORCE

Project description and auspice

In 2012 the NSW Minister for Local Government appointed a four-member taskforce to develop new legislation to replace the existing *Local Government Act 1993* and the *City of Sydney Act 1988*.

Rationale and key objectives

The establishment of the Taskforce is linked to the implementation of the Destination 2036 Action Plan and complements the appointment of the Independent Local Government Review Panel described above.

In announcing that the existing legislation would be rewritten the Minister for Planning indicated that it needed to be simplified 'to make it easier for councils to meet future challenges and ensure they can continue to deliver efficient and essential services', and to bring local government 'into the 21st Century' (Page 2012, p. 1).

These aims are reflected in the Taskforce's Terms of Reference which also call on it to engage with and consult widely with the NSW community to identify key principles to underpin the legislation and to take into account the outcomes of Destination 2036, the NSW State Plan and the NSW Planning System Review, as well as the work of the Independent Local Government Review Panel (ibid, p. 2).

The Taskforce's *Preliminary Ideas Paper* notes that the *Local Government Act* was last reviewed in 1998 after five years of operation and that there have been 178 amending acts. The *City of Sydney Act* has never been amended, however this Act 'does not set out its objects or purpose' (LGAT 2012, p. 8).

Key priority areas

The Taskforce process can be defined largely as a jurisdictional review. While it will have implications for other areas of local government operation it appears that the intention is to reflect these reforms in legislation, rather than vice versa.

Process outline

The Taskforce is undertaking a three-stage review and consultation process, commencing with the release in October 2012 of a *Preliminary Ideas Paper* as a basis for discussion and feedback based on a series of questions. These include nominating the top five principles that should underpin the new Act and identifying what is currently working or not working well in the current Act.

Outcomes and current status

The release of the *Preliminary Ideas Paper* was followed by a period of consultation which will lead to the release of a second discussion paper in March 2013. Following further consultation and the receipt of submissions the Taskforce will prepare a final report to the Minister in September 2013.

NEW MODEL CODE OF CONDUCT

Project description and auspice

A new Model Code of Conduct has been introduced by the State Government for NSW councils.

Rationale and key objectives

According to the Minister for Local Government, the sector had raised a number of concerns regarding misuses of the previous code of conduct (Page 2011b). This has led to the adoption of the revised code which, among other changes, allows the Division of Local Government to investigate misconduct by councillors and take disciplinary action (Page 2013a).

Key priority areas

The introduction of the Code of Conduct is a jurisdictional as well as a management and organisational reform.

Process outline

In 2011 the Division of Local Government conducted a review of the previous Code of Conduct, receiving 122 submissions and subsequently releasing a position paper for discussion (Page 2011b). After further consultation legislation was passed in 2012 with the new Code coming into force from the beginning of March 2013.

Outcomes and current status

The changes are in the process of being implemented. The Division has released the new *Model Code of Conduct, Procedures for the Administration of the Model Code* and *Summary of the Model Code*. These are supported by amendments to the *Local Government Act 1993* to 'more effectively deal with serious or repeated breaches of the Code through expanded and strengthened penalties' (NSW DLG 2012, p. 1).

The new code includes provisions to suspend the fees of councillors who 'misbehave' for up to three months, or in extreme cases to bar them from civic office for up to five years as well as to punish councillors for making 'politically motivated or vexatious allegations' (Page 2013a).

New regional assessment panels will be formed to assess complaints and the Division of Local Government will also have a role in assisting councils administer the code. Councillors and their families are banned from receiving gifts of more than token value and councillors are banned from using their positions to gain a private benefit, financial or otherwise. There is also a ban on sanctions on councillors who fail to abide by caucus rulings before council votes (ibid). There will be an 'increased focus on informal resolution of less serious matters', but if complaints are not

resolved this way they will be 'managed by an independent conduct reviewer at arm's length from the council' (NSW DLG 2012, p. 3)

LOCAL GOVERNMENT AMENDMENT (EARLY INTERVENTION) BILL 2013

Project description and auspice

The NSW Minister for Local Government has introduced a bill to parliament which seeks to establish a framework that facilitates early intervention by the State Government in council management through the creation of new powers to issue improvement orders and suspend councils.

Rationale and key objectives

In introducing the bill the Minister said that while the 'overwhelming majority' of NSW councillors and council staff demonstrated the 'highest standards of community service and ethical conduct', there were a few dysfunctional and poorly performing councils. He noted media reports of disruptive behaviour by individual councillors and in some cases bitter disputes between groups of councillors that interfered with council meetings (Page 2013b, p. 32).

The Minister said that the powers under the current legislation to deal with poor performance are 'limited and unwieldy'. He stated that the new legislation would complement the new Model Code of Conduct (see above).

Key priority areas

The proposed legislation is a form of jurisdictional reform.

Process outline

Unlike the introduction of change to the Code of Conduct discussed earlier, there appears to have been little consultation with the sector prior to the introduction of the bill. In effect the process has begun with the introduction of the legislation to State Parliament.

Outcomes and current status

At the time this report was being prepared the bill was still before parliament. In his second reading the Minister indicated that the early intervention strategy would involve:

stronger powers to gather information from councils to identify dysfunction; new powers to issue a performance improvement order; new powers to suspend a council for up to three months, with a possible extension of a further three months if required; and changes to the existing powers of investigation and public inquiry to ensure consistency with the new order-making and suspension powers (ibid, p. 33).

The lack of consultation has caused concern in the local government sector, with the Local Government NSW Joint Presidents demanding the deferral of the bill and claiming that it will 'undermine the democratic responsibilities of Mayors and councils elected by residents and ratepayers by making councils responsible to the Minister' (Donald & Rhoades 2013).

NSW AUDIT OFFICE PERFORMANCE AUDIT - MONITORING LOCAL GOVERNMENT

Project description and auspice

In September 2012 the NSW Auditor-General issued a report titled *Monitoring local government: Department of Premier and Cabinet, Division of Local Government*.

Rationale and key objectives

In addition to its role in conducting financial audits, the NSW Audit Office also conducts performance audits to 'examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws' (NSW Audit Office 2012).

The Audit Office report is intended to contribute to the State government's reform initiatives as outlined above. The audit focused on the role of the DLG and 'assessed how well it monitors the performance of councils, and intervenes to address the performance issues it identifies' (ibid, p. 2).

Key priority areas

The audit addresses the priority of financial reform but also has jurisdictional implications.

Process outline

The report notes that the audit office answered the following questions:

Does DLG have adequate information to monitor councils and identify performance issues?

Does DLG respond appropriately to identified potential performance issues? (ibid).

Outcomes and current status

While the audit found that the DLG has adequate information on financial management and councillor conduct and has helped councils to improve their long-term financial planning and asset management practice, the Division 'lacks clear thresholds for deciding when to escalate its interventions' and has no power to direct councils or councillors (ibid).

A key finding of the Audit Office report was that 'the DLG does not have adequate information to monitor important aspects of council performance, including service delivery. The Act does not require councils to provide such information, nor DLG to review it' (ibid). While it publishes some comparative information about councils, it does not provide an analysis about 'the performance of individual councils or the sector as a whole'.

The report recommended that the DLG propose changes to the *Local Government Act 1993* to clarify who monitors councils to ensure compliance with the Act and to strengthen public reporting on the financial viability of councils and council performance. These amendments should also empower the DLG to make directions such as requiring councils to have a range of audit and fraud control procedures and include 'a suite of penalties and sanctions for non-compliance with legislative requirements and DLG directives' (ibid, p. 4).

The report also recommended that the DLG complete work to establish a range of risk management procedures, financial performance indicators and 'systems to better use the data it has to identify sector wide trends and risks', along with a set of deadlines to complete this work (ibid). These recommendations are broadly consistent with some of the other review and reform measures discussed earlier in this section and the Division has indicated its acceptance of the

proposals (ibid, p. 6). The implementation of these recommendations has clear implications for the financial management of all NSW councils.

2.1.4 Victoria

LOCAL GOVERNMENT PERFORMANCE REPORTING FRAMEWORK

Project description and auspice

The Victorian Government has initiated a project to work with councils to develop the Local Government Performance Reporting Framework (LGPRF) with the release of a *Directions Paper* in 2012 by the Department of Planning and Community Development (DPCD).

Rationale and key objectives

The current reporting framework has been in place since amendments were made in 2003 to the *Local Government Act 1989* and the *Local Government (Finance and Reporting) Regulations 2004* were introduced. However, in 2008 an audit by the Victorian Auditor General's Office (VAGO) found that council reporting lacked information about 'the quality of council services, the outcomes being achieved and how these related to councils' strategic objectives' (LGV 2012a, p. 1). There are also eight separate sections and regulations which require reporting, along with the reporting requirements of other state and federal government departments (ibid, p. 3).

In 2009 the Essential Services Commission was asked to develop and implement a state-wide performance monitoring framework for local government service delivery. A prototype was released in 2010. However a follow-up audit by VAGO in 2012 found that while there were some improvements since the 2008 audit, performance reporting was still largely inadequate.

VAGO has indicated that from the 2014-2015 financial year onwards it will be auditing council performance statements 'on the basis of performance measures which fulfil the criteria of relevance and appropriateness' (ibid, p. 1). In consequence, the Minister for Local Government decided to develop a performance reporting framework which will be compulsory for councils for the 2014-2015 financial year. The Discussion Paper notes that the objective of the LGPRF is to 'provide comprehensive performance information that meets the needs of all stakeholders' (ibid, p. 3) and proposes a conceptual model based on outputs and outcomes.

Key priority areas

The project addresses priorities relating to financial, functional, managerial and organisational reforms.

Process outline

As indicated above the process began with the release of the *Local Government Performance Reporting Framework Directions Paper*, which outlines the objectives as well as the conceptual model proposed to be the basis of performance reporting. This will form the basis for an initial set of indicators to be developed with input from a range of stakeholders, supported by three technical working groups, a Local Government Reform Strategy Reference Group and the Local Government Ministerial-Mayors Advisory Panel (ibid, p. 13)

Outcomes and current status

In addition to the release of the *Directions Paper*, two of the three working groups have had their first meetings. Interested stakeholders have been invited to participate in an online discussion forum or to provide feedback directly.

A working paper outlining the draft framework and indicator sets was to be released for public consultation and input in April/May 2013. These will be trialled on a voluntary basis over a 12-month period during which the indicators can be modified based on further input which will be sought right up until legislation is adopted (ibid, p. 14). The third phase commencing in 2014/15 will involve the implementation of mandatory performance reporting.

LGV has also released the *Local Government Planning and Reporting Better Practice Guide* to assist councils in meeting their statutory planning and accountability requirements. The guide provides an outline of the planning and accountability framework for councils and summarises council obligations in relation to planning and reporting. The guide also provides an overview of the Local Government Performance Reporting Framework (LGV 2013a).

VICTORIAN STATE-LOCAL GOVERNMENT AGREEMENT REVIEW

Project description and auspice

The Victorian Government is reviewing the Victorian State-Local Government Agreement (VSLGA), which was established in 2008.

Rationale and key objectives

The objective of the current VSLGA is to 'progress social, economic and environmental outcomes for Victoria's communities' by actions which include improving communication and consultation, the coordination of strategic planning, the capacity of local government to provide services and functions and by promoting greater transparency and accountability (LGV 2008, p. 4). The VSLGA establishes a set of agreed principles to guide state-local government relations and enabling mechanisms for their implementation.

Prior to the last election, the State Government made a commitment to review the VSLGA 'to ensure it fulfils its purpose, has practical significance and provides an overall framework for managing the future relationship between the State and Local Governments' (LGV 2013d).

Key priority areas

The review of the VSLGA can be defined as a functional reform.

Process outline

The Minister for Local Government has announced that she will meet with all Victorian councils as well as local government peak bodies to obtain information on strengthening and improving the Agreement. Based on these consultations a discussion paper on improving the VSLGA will be developed.

Outcomes and current status

Consultations took place between June and September 2012 and were to be recommenced between February and June 2013. The break was due to the local government elections held in October 2012.

REVIEW OF DIFFERENTIAL RATING

Project description and auspice

In 2012 the Victorian *Local Government Act 1989* was amended to provide the Minister for Local Government with the power to set differential rate guidelines and seek orders preventing the use of differential rates inconsistent with these guidelines.

Rationale and key objectives

In October 2012 Local Government Victoria released the *Differential Rates in Victoria Background Paper* which provided a brief overview of the differential rating system and some of the issues to be considered in developing the Ministerial guidelines. These included concerns that the system had become too complex and in some cases the small number of properties subject to differential rates could also be perceived as 'contrary to principles of equality, whether they are higher or lower' (LGV 2013b, p. 7)

Key priority areas

The review is both a financial and a jurisdictional reform.

Process outline

To assist in the process of drafting guidelines, the Minister for Local Government established a Ministerial committee to lead a consultation process involving local government and other stakeholders. This led to the circulation of the background paper referred to earlier.

The Committee prepared a discussion paper and draft guidelines which were released in January 2013 to inform discussion and further consultation. The paper outlines the concepts and principles involved in differential ratings, the relevant taxation principles and concepts as well as the application of these principles to differential rates. It is intended to be used in reviewing the draft guidelines (LGV 2013b, p. 3).

Outcomes and current status

In addition to the discussion paper and draft guidelines a fact sheet was released outlining the consultation process. This involved public forums and a call for submissions which closed at the end of February 2013 (LGV 2013c).

The Committee is now developing recommendations on the final Guidelines. They will then report back to the Minister for Local Government and it is anticipated that the final Guidelines will be released soon after (LGV 2013c).

2.1.5 Queensland

Prior to the state election the Liberal National Party (LNP) released its local government policy: *Empowering Queensland Local Government* (LNP 2011). After coming to office the new Government has implemented key aspects of this policy, including extensive amendments to legislation and provision of a mechanism for local communities to seek council de-amalgamations.

LOCAL GOVERNMENT AND OTHER LEGISLATION AMENDMENT ACT 2012

Project description and auspice

As indicated above, the LNP has made extensive changes to Queensland local government legislation based on its pre-election policy document, *Empowering Queensland Local Government*.

Rationale and key objectives

In his November 2012 media release, the Minister for Local Government stated that the amendments to the *Local Government Act* and the *City of Brisbane Act* were about cutting red tape, making councils more responsive to communities and putting 'Mayors back in control of councils' (Crisafulli 2012a, p. 1).

The amendments also legislate key aspects of the LNP election policy *Empowering Queensland Local Government*, which sought to establish a new framework for State-Local Government relations, based on a set of philosophical principles. These included recognition that:

Local Governments need to be autonomous, sustainable, efficient, responsible, accountable and responsive to local needs, with a clear role in enhancing economic, social and environmental quality of life in local communities. (LNP 2011, p. 2)

Key priority areas

The legislative changes are a comprehensive reform of local government.

Process outline

On the basis that it held an electoral mandate to implement policy commitments such as *Empowering Queensland Local Government*, the Queensland Government did not undertake any public consultation during the development of the Bill, but briefings were provided to key sector stakeholders. An exposure draft was also released in August 2012 to targeted stakeholders who were invited to comment and the Minister also met with all 73 Queensland councils prior to the bill's tabling in Parliament.

The Government's commitment to 'empower Queensland local councils' was specifically referred to in the explanatory notes to the Bill when it was introduced to Parliament. The notes included references to restoring body corporate status to councils, reinstating joint government arrangements, ensuring that mayors and local councillors 'are clearly in charge of councils', providing for councils to hold voter polls and for advisory polls to be held in areas proposing de-amalgamation and streamlining reporting and auditing regulations (Queensland Government 2012, pp. 1-2).

Among the specific changes in the legislation was the removal of the need for Ministerial approval of proposed local laws and requirements for councils to regularly review these laws or to seek community engagement before making them. Councils were also given express power to conduct beneficial enterprises and the arrangements for these were clarified.

The requirements for long-term community and financial plans were also removed, though councils are still required to prepare a number of strategic financial planning documents. Sections relating to the use of confidential information by councillors were also clarified or streamlined (ibid, pp. 2-13).

Outcomes and current status

The *Local Government and Other Legislation Amendment Act 2012* commenced in November 2012 (Queensland Government 2012).

DE-AMALGAMATION PROPOSALS

Project description and auspice

Also consistent with its *Empowering Queensland Local Government* policy, the Queensland Government established a process to receive de-amalgamation proposals and assess whether they should proceed to a referendum.

Rationale and key objectives

The previous government undertook an extensive round of amalgamations which resulted in the reduction in council numbers from 157 to 73. However a number of communities have continued their strong opposition to amalgamations.

Despite the LNP's opposition to the amalgamation process, the party's local government election policy statement expressed a preference to retain current council boundaries to avoid disruption and additional costs for the affected communities. However, the statement also proposed a mechanism for communities to pursue de-amalgamation if they wanted to do so, provided there was strong support and on the basis that the new council would bear the full costs of the de-amalgamation process (ibid, p. 3-4). These proposals have been reflected in the State Government's policies.

Key priority areas

The de-amalgamation process can be regarded as a structural reform.

Process outline

Persons or communities seeking to de-amalgamation were first required to provide the Minister with 'strong, evidence-based, community backed submissions which had to demonstrate significant community support for the proposal' (Queensland Boundaries Commission 2013). Alternatively the proposal had to be supported by a resolution of council.

Only the Minister had the power to refer any such proposals to the newly-appointed Queensland Boundaries Commissioner, who reviewed and analysed the proposal, conducted a consultation process and made recommendations to the Minister.

The Commissioner was required to assess whether there was adequate evidence that service delivery to the affected community would be either be maintained or improved, the regional economy and economic development would not adversely affected and whether both the proposed de-amalgamating and remaining councils would be financially sustainable. The Queensland Treasury Corporation provided an analysis of the financial aspects of the de-amalgamation proposals.

Outcomes and current status

The deadline for de-amalgamation proposals was 29 August 2012. The Minister referred five of the proposals received to the Commissioner, who reported on them in November 2012.

The Commissioner recommended that only the proposal to re-establish Noosa Council proceed to a referendum because it was the only one with a good chance of long-term viability, but the Minister subsequently announced that referendums would be held in relation to four of the five proposals. The proposal for a referendum to split Isis from Bundaberg Council was refused by the Minister because of the Commissioner's finding that it had no chance of long-term viability (Crisafulli 2012b, p. 1).

Referendums in the affected areas were held in March 2013, with all voting in favour of de-amalgamation (ECQ 2013). The Minister announced that transition managers would be appointed in each area, with elections due to take place in the last quarter of 2013. The new councils will begin operation from 1st January 2014 (Crisafulli 2013, p. 1).

2.1.6 South Australia

LOCAL GOVERNMENT EXCELLENCE PROGRAM

Project description and auspice

In 2011 the South Australian Local Government Association (SA LGA) launched the Local Excellence Program. This differs from most of the other reform processes discussed in this review in that it is led by a Local Government Association rather than a government department or agency.

Rationale and key objectives

According to the program's website, the key objectives were to work with councils over a two year period to achieve the following outcomes:

- redefinition of the role and functions of Councils in key areas of activity
- consolidate opportunities and identify service innovation using test sites
- enhance the skills of staff and Council Members in governance and community engagement
- identify the barriers to service delivery, governance and intergovernmental excellence in SA and strategies to raise performance
- undertake research to enhance future State/Local Government relations (SA LGA 2013b).

Key priority areas

The program addresses most of the reform priority areas and can be considered to be a comprehensive reform process.

Process outline

The LGA SA Executive Committee established the following themes for the Program after an extensive scoping exercise: Community Engagement; Financial Reform; Service Efficiency and Effectiveness; and Governance. Partnerships were sought from a number of stakeholders and councils were invited to respond to the four theme papers and to 68 project proposals.

The 'Councils of the Future' project was also developed to provide an overarching framework to bring together the work undertaken in all the theme areas. In April 2012 a three-person Expert Panel was appointed to guide the development of the Councils of the Future vision (ibid; LGA SA 2013a).

The Panel's role is to 'describe Councils of the Future from various perspectives', based on consultations involving key projects within the Excellence Program and with Government, councils and the wider community (SA LGA 2013a).

Outcomes and current status

Most of the 68 projects have commenced and many have been completed (LGA SA 2012). The Expert Panel is reviewing submissions and will release its interim findings and proposals for further consultation in April 2013. The Panel will deliver its final report in October 2013 (Crafter 2012).

2.1.7 Western Australia

In 2009 the Western Australian Government commenced a local government reform program. As in NSW this comprises a number of linked projects, the key elements of which are discussed separately below. It should also be noted that at the time that this paper was being prepared the State Government had moved into caretaker mode prior to the state elections due in March 2013. This resulted in the suspension of some activities relating to these projects.

LOCAL GOVERNMENT REFORM PROGRAM

Project description and auspice

In 2009 the Western Australian Government began a process of local government reform with the explicit aim of reducing the number of councils but strengthening their role. This process was developed by the Department of Local Government.

Rationale and key objectives

A key impetus for the reform process was a view within State Government that the structure of local government in Western Australia had changed little over the past century despite strong economic and population growth and other changes, coupled with a desire to 'bring local government into the 21st century'. Part of this consideration was the state's comparatively large number of councils relative to its population (WA DLG 2010: 1).

The stated aims of the reform process were to:

- amalgamate local government areas, where possible and appropriate
- reduce the number of councillors to no more than six to nine per council
- encourage a greater focus on regional long-term planning
- strengthen the ability of local governments to deliver services to their communities (WA DLG 2012a).

Key priority areas

While primarily a structural reform, the process is relevant to most of the reform priorities.

Process outline

The process started with an ambitious reform strategy involving the appointment of a Reform Committee and early deadlines for councils to decide on voluntary amalgamation, reducing the number of councillors and for the completion of proposals to amend legislation.

The Local Government Reform Steering Committee was appointed in February 2009 to oversee the project's development. Four working groups were also established and the Steering Committee completed its report in 2010. An Implementation Committee with five specialist working groups was then established, with representation from local government and other stakeholders (ibid).

Local government reform forums were held in 2010 and 2011. In 2011 Geraldton-Greenough and Mullewa amalgamated, with two other amalgamation proposals rejected by electors. The State Government has also provided two options to councils; Regional Transition Groups (RTGs) for councils that were interested in reform but had been unable to formalise amalgamation agreements, and Regional Collaboration Groups (RCGs) for councils that wanted to work together on shared service arrangements in areas where the distances involved made amalgamation impractical. Participation in both groups was voluntary (ibid).

Outcomes and current status

While not all the proposals contained in the original reform strategy have been delivered, the process can be considered to be in a late implementation phase.

Two RTGs are pursuing amalgamation proposals. In September 2012 the Narrogin (Town), Narrogin (Shire) and Cuballing RTG submitted an amalgamation proposal to the Local Government Advisory Board (LGAB) for consideration. The Cunderin, Quairading, Tamming and York RTG was also continuing to develop its amalgamation proposal. In addition, 21 councils are continuing their involvement in four RCGs.

METROPOLITAN LOCAL GOVERNMENT REVIEW

Project description and auspice

In June 2011 The Western Australian Minister for Local Government announced the appointment of the Metropolitan Local Government Review Panel to recommend 'appropriate boundaries and governance models for local governments' in Perth (Castrilli 2011).

Rationale and key objectives

Similar to the rationale for the wider local government reform processes introduced by the Western Australian Government, the need for an independent review of Perth governance arrangements was based on the lack of change in council structures since 1900 coupled with strong population growth.

As the *Background Paper* for the process noted, governance had become even more fragmented over that period with the formation of new councils (MLGRP 2011a, p. 1). The paper also noted the impacts on cities like Perth of the change from industrial to knowledge-based economies and the consequent need to build a 'strategic approach to local governance and structure in the Perth metropolitan area' (ibid).

Among other things the Panel was asked to identify the current and anticipated regional, social, environmental and economic issues as well as the national and international factors affecting or likely to affect the growth of metropolitan Perth in the next 50 years. They were also requested to research and prepare options to establish 'the most effective local government structures and governance models' and to identify council boundaries and 'a resultant reduction in the number of councils' as the basis for a 'limited list of achievable options' (MLGRP 2011b, p. 4).

Key priority areas

While the process is based on a structural reform, it involves all of the other reform priority areas.

Process outline

After the Panel was appointed two Advisory Groups were formed. The Panel also developed key principles to guide its work. These included focussing on long-term and strategic proposals and a commitment to community wellbeing, equity and clarity of outcomes in developing its recommendations. These would also be evidence-based and would seek to benefit the metropolitan areas as a whole, while building on the city's strong international reputation (MLGRP 2012b, p. 19).

The Panel conducted an extensive community consultation process involving state and local governments, stakeholder organisations and the wider community. The Panel also issued an *Issues*

Paper in October 2011 (MLGRP 2011b) and *Draft Findings* in April 2012 (MLGRP 2012a) for public comment.

Outcomes and current status

The Panel forwarded its *Final Report* to the Minister in July 2012. The report confirmed the range of challenges Perth metropolitan councils faced. The Panel also found that the current arrangements with 30 metropolitan councils resulted in significant duplication and wasted resources, fragmented and inconsistent approaches to planning and other processes, and a large disparity in service levels between council areas. The panel concluded the current structure 'will not serve Perth's future needs' and was unanimous in its finding that 30 councils was too many for the region (MLGRP 2012b, p. 9).

In its *Draft Findings* the Panel had proposed three options to restructure governance, including 10 to 12 councils, five to six councils and only one metropolitan-wide council. Feedback in the submissions process showed limited support for the five to six and single council models and the Panel determined that the 10 to 12 council option was its preferred model (*ibid*, p. 10).

The Panel made 30 wide-ranging recommendations in its final report. Apart from the preferred number of councils the Panel proposed the establishment of a new Partnership Agreement between state and local government, the creation of a Forum of Mayors, the dissolution of Regional Local Governments in the metropolitan area, changes to the election process and the appointment of an independent Local Government Commission (*ibid*).

In October 2012 the Minister released the report for public comment, which was due to close in April 2013, and indicated the Government 'would not take a definitive position' on the report's recommendations until after the consultation process (Castrilli 2012, p. 1)

INTEGRATED PLANNING

Project description and auspice

As part of its Local Government Reform Program, the Western Australian Government has amended the *Local Government (Administration) Regulations 1996* to require each council to adopt a Strategic Community Plan and a Corporate Business Plan.

Rationale and key objectives

Under the changes introduced by the Minister in 2010, all councils will be required by June 2013 to have developed and adopted a Strategic Community Plan and a Corporate Business Plan, along with resourcing and delivery strategies. These plans are intended to drive the development of annual budgets and to help councils to plan for the future of their communities (WA DLG 2011a, p. 1).

Key priority areas

The requirements affect several areas but are primarily a financial and managerial reform.

Process outline

The regulations require all councils to 'plan for the future of the district' by developing the required plans (WA DLG 2011b, p. 14). Councils are also required to include changes to these plans in their annual reports. These plans form the key elements of the Integrated Planning Network.

The Department has also released an *Integrated Planning and Reporting Advisory Standard* (WA DLG 2011b) which outlines its expectations relating to Integrated Planning performance and how the key planning and reporting requirements can be met in preparation for the June deadline.

Outcomes and current status

Transition arrangements have been put in place to exempt councils from reviewing their plans should the review fall due between August 2011 and June 2013, though they are still expected to have plans in place.

While councils will have to meet the basic standards outlined in the *Advisory Standard* by 30 June 2013, the Department is seeking to create 'a process of continuous improvement across the sector'. The *Advisory Standard* therefore contains the requirements to achieve 'an intermediate or advanced standard of planning maturity' (WA DLG 2012c).

2.1.8 Tasmania

ROLE OF LOCAL GOVERNMENT PROJECT

Project description and auspice

In July 2012 the Tasmanian Government commenced work on the phase 1 of the project and in October released the *Role of Local Government Discussion Paper* (DPC 2012a). The project is being overseen by the Premier's Local Government Council.

Rationale and key objectives

Unlike many of the other reform processes the Tasmanian initiative does not start by outlining any specific issues or problems that need to be addressed. Indeed, the Discussion Paper comments that 'a key barrier to identifying an appropriate way forward for Local Government in Tasmania is the lack of agreement on either the "solution" or the "problem" across stakeholders' (DPC 2012a, p. 4).

It goes on to explicitly classify the project as 'an exercise of problem definition' which seeks to build a foundation on which problems can be identified along with the key challenges facing councils. The material gathered through the project will be used to inform debate about the sector's future as well as local government decision-making (ibid).

Key priority areas

While the final direction of the project is yet to be determined it is likely to result in the development of options for comprehensive reform.

Process outline

There are two phases to the project, the first to define the role of local government and the second to define and assess the capabilities of local government to fulfil this role.

Phase 1 involved the appointment of a working group to guide the project and the preparation of the discussion paper which outlined proposed role statements and a set of draft capabilities for local government. During Phase 1 three consultation workshops for councils and other stakeholders were held and submissions invited.

Phase 2 will 'unpack' the role statements defined in Phase 1 to identify the capabilities required, with the intention of establishing an assessment framework for councils to identify challenges and opportunities and develop a set of local government reform options (DPC 2012b, p. 4).

Outcomes and current status

Phase 1 was completed with the release in December of the *Phase 1 Final Report* (DPC 2012b). This summarised and analysed the consultation outcomes. The analysis found that there was general support for the role statements which were amended to reflect suggestions that their wording could be improved (ibid, p. 6).

There were wider concerns regarding the draft capability statements and, in particular, whether they could be measured meaningfully. These will be further developed in Phase 2. There was also some scepticism about the context and direction of the project and concerns about whether it could deal with the evolving role of local government, as well as specific concerns about the delivery of Phase 2.

The *Phase 1 Final Report* indicated that the original working group will now become an advisory group to the project, expanded to include elected member representation. Phase 2 will be delivered in three stages commencing February 2013.

Stage 1 will be led by the Local Government Office (LGO) and will focus on information gathering and discussion to further develop the capability statements, leading to a forum at the Local Government Tasmania conference and the release of a draft *Role of Local Government Report* in July 2013 (ibid, pp. 9-10).

Stage 2, to be overseen by the LGO and completed by October 2013, will involve the preparation of a review of the outputs of Stage 1, with the process to be determined by the Minister for Local Government. Stage 3, which is to be completed in 2014, will develop potential solutions and opportunities for local government reform (ibid, pp. 10-11).

CHANGES TO LOCAL GOVERNMENT ELECTORAL ARRANGEMENTS

Project description and auspice

In February 2013 the Minister for Local Government announced a package of reforms to local government electoral arrangements following consultations in 2012.

Rationale and key objectives

At the Local Government Association of Tasmania (LGAT) conference in July 2012, the Minister for Local Government announced that he would consult on a number of proposed changes to the electoral system. This matter had been discussed extensively by State and local governments (DPC 2012c, p. 1).

The Minister proposed the introduction of council-opt-in compulsory voting, bans on dual State/local government representation, moving to 'all-in, all-out' elections every four years with four-year terms for mayors and deputy mayors, and returning to the election of deputy mayors by councillors.

Key priority areas

The proposals would involve a structural reform, specifically to council governance.

Process outline

After the release of the discussion paper, consultations were held with local government and submissions invited. The consultation period ended in October 2012 and after consideration of the responses the Minister announced in February 2013 that the compulsory voting, dual representation ban and all-in, all-out election proposals would be progressed (Green 2013, p. 1)

Outcomes and current status

A consultation draft of the Bill has been released and comment invited to be provided by early March 2013, before the introduction of legislation in April. This will allow the changes to be in place for council elections due later this year (ibid; DPC 2013d).

2.1.9 Northern Territory

OPTIONS FOR REGIONAL GOVERNANCE

Project description and auspice

In late 2012 the Northern Territory Government commenced a four-year program to develop and implement a range of reforms for local government.

Rationale and key objectives

In a media statement released in December 2012 the Northern Territory Minister for Local Government indicated that 'a review of the functions and responsibilities of Shires and Councils was a key item in the election commitments of the Country Liberals Government' (Giles 2012, p. 1). The Minister indicated that local government performance in service delivery was a particular concern, along with the findings of the previous government's Financial Sustainability Review that the shires were financially unsustainable in the longer term.

In a later media release the Minister noted that he wanted to 'rebuild local decision-making' and that 'appropriate' governance structures could vary depending on the location, citing the need to 'strike a balance between local government models that link with local people and have cultural authority and with organisations that can deliver efficient and effective services' (Giles 2013, p. 1).

Key priority areas

While the main areas under review relate to options for jurisdictional and governance change, they are likely to result in more comprehensive reforms.

Process outline

The Minister announced funding of \$6.2 million for the four-year program, along with the creation of a Regional Governance Working Group comprising 21 members with representation from councils, shires, land councils, industry and other stakeholders.

The role of the Working Group was to develop an options paper with the aim of providing 'a regional and remote insight allowing the NT Government to strengthen community governance' (Giles 2012, p. 1). This paper was intended to form the basis for further consultation.

Outcomes and current status

In his second media statement the Minister indicated that the Working Group was reviewing a draft options paper. This was released in early March 2013 and proposed two options, which will be the subject of a three-month consultation period (NT DLG 2013).

The Working Group also identified a number of key issues with the existing local government model in the Northern Territory, which involved the formation in 2008 of eight shire councils to replace over 50 councils in regional and remote areas (there are another five city and town councils). These issues included a lack of communication with local communities, problems in the maintenance of public housing and local roads, the under-resourcing of local shire councils and the confusion caused by the establishment of separate consultation processes by other levels of government. There was also confusion over responsibilities for service delivery with the potential for administrative and cost inefficiencies (NT Government 2013a, p. 5).

The two models proposed by the Working Group in response are not 'either/or' propositions. Option 1 involves the establishment of Regional Councils based on the current shire councils within which Local Authorities would be established at the community level. These would involve the Regional Councillor(s) for that area and a 'representative group' of local residents (ibid, p. 9)

This body would have input to the Council Plan, and the Regional Council budget would include a budget allocation to be delegated to each Local Authority. Significantly, while the Regional Council would have responsibility for the delivery of core services as well as services contracted by the Australian or Territory Governments, Local Authorities would also become the only vehicle 'to be used in community consultation' by government agencies (ibid, p. 10).

Option 2 would see the evolution of the Regional Council model into Regional Authorities. These would include the Australian and Northern Territory Governments as partners, potentially along with other stakeholders. The working party envisaged that as the Authority gained experience and capacity it could deliver services currently provided by other levels of government (ibid, pp. 12-13).

If the Regional Council option is supported in community consultations some changes could occur as early as July 2013 with the rest phased in by the end of the year following a review by the Territory government (NT Government 2013b, p. 2).

2.2 New Zealand

In March 2012 the New Zealand Government announced an eight point reform program for councils which it plans to implement in two phases as part of a broader Government program to improve the national economy and the delivery of public services. While they are part of the same project, the two phases provide a useful framework to consider the New Zealand reforms.

BETTER LOCAL GOVERNMENT – PHASE 1

Project description and auspice

Amendments to the *Local Government Act 2002* were passed by Parliament in December 2012.

Rationale and key objectives

In announcing the reforms the then Local Government Minister stated the reforms would 'provide clarity around the role of councils, stronger governance, improved efficiency and more responsible financial management' (Smith 2012a, p. 1).

The reform program replaced a comprehensive review of local government approved by the New Zealand Cabinet in February 2011. Part of the rationale was the Minister's concern at the rate of growth in financial indicators such as the rates component of CPI increases, council debt levels and council salary levels (Smith 2012b, pp. 3-4).

In response to these concerns the Minister proposed an eight-point program:

1. Refocus the purpose of local government
2. Introduce fiscal responsibility requirements
3. Strengthen council governance provisions
4. Streamline council reorganisation procedures
5. Establish a local government efficiency taskforce
6. Develop a framework for central/local government roles
7. Investigate the efficiency of local government infrastructure provision
8. Review the use of development contributions (ibid, pp. 4-5).

In developing the proposal the Minister stressed the importance of refocusing local government on its 'primary role', to provide 'good quality local infrastructure, public services and regulatory functions at the least possible cost to households and businesses' and deleting the previous reference in the legislation to promoting 'the social, economic, environmental, and cultural well-being of communities, in the present and for the future'. He stated the previous purpose statement was too broad to offer any useful parameters for the prioritising and planning of council activity (ibid, pp. 5-6).

Key priority areas

The areas covered by the eight-point program indicate that it is a comprehensive reform.

Process outline

Amendments to the *Local Government Act 2002* were passed by Parliament in December 2012, addressing the first four points of the reform program outlined above (Parliamentary Counsel Office 2012).

There was a limited consultation process for the Bill when it was tabled in Parliament in the form of a reference to the Local Government and Environment Committee. The Committee received over 500 submissions, many of which appear to have opposed aspects of the Bill. The Committee recommended some amendments but was divided on many of the key proposals (New Zealand Parliament 2012).

Outcomes and current status

Some amendments came into force as soon as the legislation was passed. New Mayoral powers will apply from the October 2013 elections while the financial prudence requirements will be set by regulation.

In addition to the introduction of the new purpose statement similar to that proposed by the previous Minister, the changes allow the Government to set parameters for councils' financial performance. The Auditor-General will be able to report on the completeness and accuracy of council reporting against these benchmarks (DIA 2013).

The Government now has a wider 'menu' of options to assist councils in dealing with or avoiding crises. All Mayors will now have powers similar to those of the Auckland Mayor, including the power to lead the development of plans, policies and budgets and to appoint the Deputy Mayor and establish committees (DIA 2012a, p. 1).

Another major change is the expansion of the process for 'Local Government Reorganisation', which includes amalgamations as well as the creation or abolition of new council districts or

regions and boundary alterations. In the new process anyone can lodge an application for such a reorganisation with the Local Government Commission.

The Commission will decide which of the options ‘best promotes good local government in a particular area’, which can in turn be turned into a draft proposal and issued for consultation with communities. A petition of 10% of affected electors can demand a poll on the reorganisation proposal (LGC 2012; DIA 2013).

BETTER LOCAL GOVERNMENT – PHASE 2

Project description and auspice

Following the passing of the legislation to amend the *Local Government Act 2002*, the New Zealand Government has commenced work on Phase 2 of the reform project.

Rationale and key objectives

For the full list of the original objectives, see the previous section on Phase 1.

Key priority areas

This addresses similar priorities to Phase 1 and is therefore a comprehensive reform.

Process outline

While it was originally intended that Phase 2 would address the second half of the eight-point program identified by the then Local government Minister in March 2012, Phase 2 has been expanded to comprise six streams of work:

1. An efficiency taskforce
2. An expert advisory group on local government infrastructure efficiency
3. A review of development contributions
4. A framework to guide the allocation of regulatory roles between local and central government
5. Investigation of a dual or two-tiered governance model for local government
6. Development of options for a performance framework for local government (DIA 2012b, pp. 1-2).

Outcomes and current status

In November 2012 the Local Government Efficiency Taskforce completed its review of the effectiveness and efficiency of council planning, consultation and financial reporting requirements and practices. Its report is being considered by the Minister.

The Taskforce has proposed a range of significant changes, a number of which relate to reductions in the requirements for councils to conduct community consultations. For example, it recommended further amendments to the *Local Government Act* to ‘reaffirm that a representation model of local government is the intention of the Act’ (LGET 2012, p. 8).

The Taskforce has argued that the current definition of purpose in the Act was ‘blurred’ and suggested that local government was a ‘participatory democracy’ and not a ‘representative’ one, leading to confusion, inefficiencies and ‘extensive consultation when it is not required’ (ibid, p. 9).

The Taskforce report goes on to recommend the repeal of many of the prescriptive rules in the Act relating to decision-making and consultation, to be replaced by a set of principles with a greater

emphasis on timeliness, effectiveness, costs and benefits. It also recommended retaining the use of the current special consultative procedure only for the adoption and amendment of council long-term plans, but proposed that these plans include a policy on community 'engagement and significance' (ibid, pp. 11-16).

It also argued that these plans should be more strategic in scope and better integrated with other planning functions and consultation requirements. In addition, it recommended that the requirement for councils to prepare an annual plan be replaced with a requirement to produce an annual budget (ibid, pp. 19-24).

Meanwhile the expert advisory group is currently reviewing the efficiency of local government infrastructure purchasing, provision and maintenance, while the review of development contributions is considering 'whether these are still an appropriate means to fund infrastructure, the impact they have on housing affordability and business, and whether there are alternatives to the current system' (DIA 2012b).

The work on regulatory roles and exploring options for a local government performance framework will both draw on an inquiry by the Productivity Commission (see section below). The final report is due in May 2013. Each of these processes, including the development of options for a two-tiered or dual model for local government, will feed into a second amendment Act to be tabled in late 2013 (ibid).

TOWARDS BETTER LOCAL REGULATION

Project description and auspice

As part of its package of local government reforms, the Government requested that the New Zealand Productivity Commission undertake an inquiry into opportunities to improve the regulatory performance of local government.

Rationale and key objectives

The Government identified the need to improve efficiency in delivering public services as the basis for its request to the Commission, noting that 'there is no consistent approach regarding what regulatory functions are most effectively achieved nationally or locally' and that functions were being allocated to councils without adequate funding mechanisms (NZPC 2012, p. iii).

Key priority areas

The review is primarily focussed on jurisdictional, financial and functional reforms, though it has implications for other priority areas.

Process outline

In July 2012 the Commission released an issues paper as a basis for consultation. As well as receiving submissions the Commission conducted around 80 engagement meetings with relevant stakeholders, developed case studies and conducted two surveys, one of councils and the other of 1,500 targeted businesses (ibid, p. 1)

This material formed the basis for the release in December 2012 of a draft report which has been released for further consultation.

Outcomes and current status

The draft report contains initial findings and identifies areas for further investigation. The Commission found that 30 primary pieces of legislation and a number of secondary instruments assigned regulatory responsibilities to councils. In fact councils made most local bylaws under enabling statutes rather than the *Local Government Act* (ibid, p. 1).

The Commission recognised that councils are part of a broader regulatory system and that a 'whole of system' approach was needed to analyse the whole regulatory cycle. In adopting this approach the Commission identified that 'an obvious and growing tension exists between central and local government'. This is due in part to differing assumptions between the two levels of government about the role of local government, compounded by the lack of a 'well-defined constitutional or fiscal relationship' between the two, and by problems in the way government authorities make and assign new regulatory functions to councils (ibid, p. 2). The Commission has proposed a framework to guide the allocation of regulatory functions in response to this issue.

Among its other findings the Commission has concluded that national regulatory standards are inconsistently applied, the monitoring and enforcement of regulations is under-resourced, there are gaps in enforcement tools and the mechanisms for assessing regulatory performance at the local level need improving. On the other hand there is widespread cooperation within the sector over regulatory function and involvement of Maori interests in decision making, though there are questions about the extent to which the current legislative framework effectively supports this (ibid).

In developing its response the Commission has decided to focus on several broad themes. These include more closely aligning the incentives of the different regulatory bodies, improving capacity in both levels of government, better coordination in the introduction of regulations, improved consultation between the two levels of government, developing better monitoring tools and 'encouraging a change of culture in both spheres of government so that they view each other as policy partners and co-regulators' (ibid, p. 4).

The Commission was due to make its final report to the government in May 2013.

3 Conclusion

Appendix 1 contains a table summarising the local government review and reform processes discussed in this paper. In total, 28 distinct processes have been described, though some of these are integrated into larger projects. Depending on how this is defined there are around a dozen such project 'groupings'. All of these processes with the exception of the Local Government Excellence Program in South Australia and the ACELG projects are being implemented or supervised either by Government agencies or Government-appointed review panels.

While the distinction is somewhat arbitrary, the 28 processes are divided fairly evenly between those which are in an inquiry or review phase (with the potential for reform outcomes) and those which can be regarded as reform processes resulting either from earlier reviews or directly from Government policy decisions. Four processes have been classified as both and it should be noted that a number of the current reviews are likely to become reform processes in the future.

The **reform processes**, which are largely in an implementation phase, range from comprehensive reforms of the whole local government sector (for example in Queensland and New Zealand) to those which address specific priority areas; for example, integrated planning in Western Australia, performance reporting in Victoria or the changes to electoral arrangements in Tasmania. The ACELG projects are a unique example of reform, seeking to establish national consistency in relation to local government data collection in areas such as workforce development and asset and financial management.

With some notable exceptions many of the reform processes that are currently underway have involved relatively limited consultation processes, especially with the wider community. The most striking examples of these are the legislative amendments in Queensland, where the incoming State Government argued that it had an electoral mandate for its reforms, and those in New Zealand where the Government pre-empted a previously-approved review process to initiate a suite of reforms. In both cases the reform processes have themselves reduced or are likely to reduce requirements for consultation.

Many of the reform processes start with a strong rationale relating to Government concerns about specific aspects of local government structure or performance, particularly financial performance. Examples are the Victorian Local Government Performance Network, the introduction of integrated reporting requirements in Western Australia and the New Zealand reforms.

This does not necessarily result in consistent responses, however. In Queensland for example, requirements to prepare long-term community and financial plans have been removed from legislation and in New Zealand they have been considerably streamlined, while in other jurisdictions such as Western Australia and NSW these requirements have been strengthened. The Queensland de-amalgamation process and to some extent the New Zealand reforms also provide interesting examples of governments seeking to reverse aspects of the reforms implemented by previous governments.

In contrast to the reforms, most of the **review processes** have involved or are currently engaged in extensive consultation processes involving councils, other relevant stakeholders and the wider community. Over half of these reviews can be described as comprehensive or at least potentially comprehensive processes, addressing most if not all aspects of local government structure and

operation. In the NSW, Western Australian metropolitan and South Australian projects, independent panels have been involved in at least part of the review process; in most of the others working groups or similar bodies have been or will be established.

While most of the review processes are relatively open-ended they also start with at least some reference to existing local government issues or problems. These echo many of the key policy issues and the 'unfinished' agenda in the *Unfinished Business* report, for example, problems around infrastructure provision, asset management and long-term financial sustainability. In addition many of the reviews (for example, those in NSW, South Australia and Western Australia) specifically reference the broader challenges the sector faces from demographic, social and economic change.

The Tasmanian Role of Local Government review presents an interesting contrast. Unlike all the other reviews and reforms, it does not start by outlining any specific issues or problems and is in fact described as 'an exercise of problem definition'.

Because these review and reform processes are all at different stages it is difficult to draw any conclusions about their acceptance or otherwise in the local government sector or the wider community. It is clear, however, that some have raised strong concerns, for example the New Zealand reforms, while others such as the Constitutional Recognition of Local Government and the South Australian Local Government Excellence Program seem to enjoy wide support, at least within the sector.

The processes described in this paper add to the completed inquiries and reviews discussed in the *Unfinished Business* report – and it is clear that with 28 review and reform processes, local government in Australia and New Zealand continues to be put 'under the microscope'. While some of the detail provided in this snapshot is certain to go out of date as these processes develop and then conclude, this report may provide a resource for future reference and a basis for comparison, both with the outcomes of the processes described and with those which Governments or the sector itself might want to initiate in the future.

4 References

Almost all of the material consulted for this project was published online by the relevant agencies and organisations in the form of websites or downloadable reports and other documents. All these websites and documents were accessed in late February 2013.

As this material is web-based it may be subject to amendments, updates, restructuring or deletion with or without notice by the publishing organisation at any time. This applies in particular to the material contained in any interim reports or discussion papers prepared in relation to ongoing reviews and inquiries, which is likely to be superseded by the final reports prepared through these processes.

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5 Appendix

Appendix 1: Summary of Current Local Government Review and Reform Processes – March 2013

JURISDICTION	PROCESS NAME	LEAD ORGANISATION(S)	TYPE (PRIORITY AREAS)	OUTCOMES/STATUS
Australia (national): Federal Government	<ol style="list-style-type: none"> Local Government Financial Assistance Grants Review Local Government Infrastructure Financing Review Constitutional Recognition of Local Government Local Government Reform Fund 	<ol style="list-style-type: none"> Commonwealth Grants Commission Department of Regional Australia, Local Government, Arts and Sport Expert Panel/Parliamentary Joint Select Committee Department of Regional Australia, Local Government, Arts and Sport 	<ol style="list-style-type: none"> Review (financial) Review (operational, financial) Reform (constitutional, financial) Reform (financial, organisational, management) 	<ol style="list-style-type: none"> Ongoing – consultation Implementation – review completed Ongoing – consultation Implementation – final phase
Australia (national): Australian Centre of Excellence for Local Government (ACELG)	<ol style="list-style-type: none"> National Local Government Workforce Strategy Australian Local Government and Employment Workforce Census National Assessment Frameworks 	<ol style="list-style-type: none"> ACELG with LGMA ACELG with LGMA and ASU ACELG with IPWEA 	<ol style="list-style-type: none"> Review/reform (managerial/organisational) Reform (managerial/organisational) Reform (financial, managerial/organisational) 	<ol style="list-style-type: none"> Ongoing – final report to be released Implementation – final phase Implementation
New South Wales	<ol style="list-style-type: none"> Destination 2036 Independent Local Government Review <i>Local Government Act 1993</i> Review New Model Code of Conduct Local Government Amendment (Early Intervention) Bill 2013 Audit Office Performance Audit – Monitoring Local Government 	<ol style="list-style-type: none"> Division of Local Government, Department of Premier and Cabinet (DLG) Independent Local Government Review Panel <i>Local Government Act 1993</i> Review Panel DLG DLG Audit Office 	<ol style="list-style-type: none"> Review (comprehensive) Review (comprehensive) Review (jurisdictional) Review/reform (jurisdictional) Reform (jurisdictional) Review (financial/jurisdictional) 	<ol style="list-style-type: none"> Implementation Ongoing – consultation Ongoing – consultation Implementation Ongoing – before parliament Review complete – likely implementation

JURISDICTION	PROCESS NAME	LEAD ORGANISATION(S)	TYPE (PRIORITY AREAS)	OUTCOMES/STATUS
Victoria	<ol style="list-style-type: none"> Local Government Performance Reporting Framework Victorian State-Local Government Agreement Review Review of Differential Rating 	<ol style="list-style-type: none"> Local Government Victoria Department of Planning and Community Development (LGV) LGV Differential Rates Ministerial Committee/LGV 	<ol style="list-style-type: none"> Reform (financial, managerial, organisational) Review (functional) Review/reform (financial/ jurisdictional) 	<ol style="list-style-type: none"> Ongoing – consultation Ongoing – consultation Ongoing – final report to be released
Queensland	<ol style="list-style-type: none"> Local Government and Other Legislation Amendment Act 2012 De-amalgamation Process 	<ol style="list-style-type: none"> Department of Local Government, Community Recovery and Resilience Queensland Boundaries Commission 	<ol style="list-style-type: none"> Reform (comprehensive) Reform (structural) 	<ol style="list-style-type: none"> Implementation – legislation passed Implementation – referendums held, new councils to be established
South Australia	<ol style="list-style-type: none"> Local Government Excellence Program 	<ol style="list-style-type: none"> Local Government Association of South Australia/Expert Panel 	<ol style="list-style-type: none"> Review (comprehensive) 	<ol style="list-style-type: none"> Implementation/consultation
Western Australia	<ol style="list-style-type: none"> Local Government Reform Program Metropolitan Local Government Review Integrated Planning 	<ol style="list-style-type: none"> Department of Local Government Metropolitan Local Government Review Panel Department of Local Government 	<ol style="list-style-type: none"> Reform (comprehensive/structural) Review (metro area, comprehensive) Reform (financial, managerial) 	<ol style="list-style-type: none"> Implementation – final phase Ongoing – consultation Implementation – final phase
Tasmania	<ol style="list-style-type: none"> Role of Local Government Changes to Local Government Electoral Arrangements 	<ol style="list-style-type: none"> Premier’s Local Government Council Local Government, Security and Emergency Management Division, Department of Premier and Cabinet 	<ol style="list-style-type: none"> Review (potentially comprehensive) Reform (structural) 	<ol style="list-style-type: none"> Ongoing – consultation Ongoing – consultation on draft bill
Northern Territory	<ol style="list-style-type: none"> Options for Regional Governance 	<ol style="list-style-type: none"> Department of Local Government 	<ol style="list-style-type: none"> Review (potentially comprehensive) 	<ol style="list-style-type: none"> Draft report released – consultation
New Zealand	<ol style="list-style-type: none"> Better Local Government Phase 1 Better Local Government Phase 2 Towards Better Local Regulation 	<ol style="list-style-type: none"> Department of Internal Affairs Department of Internal Affairs New Zealand Productivity Commission 	<ol style="list-style-type: none"> Reform (comprehensive) Review/reform (comprehensive) Review (financial, functional, jurisdictional) 	<ol style="list-style-type: none"> Implementation – legislation passed Ongoing – consultation/ implementation Ongoing – consultation.

Australian Centre of Excellence for Local Government (ACELG)

ACELG is a unique consortium of universities and professional bodies that have a strong commitment to the advancement of local government. The consortium is based at the University of Technology, Sydney and includes the UTS Centre for Local Government, the University of Canberra, the Australia and New Zealand School of Government, Local Government Managers Australia and the Institute of Public Works Engineering Australia. In addition, the Centre works with program partners to provide support in specialist areas and extend the Centre's national reach. These include Charles Darwin University and Edith Cowan University.

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- Rural-Remote and Indigenous Local Government
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