

Chapter 9

New South Wales Local Government Reform 2011 to 2014

Don Page

9.1 Introduction

In April 2011, when I was appointed New South Wales Minister for Local Government in the newly elected O'Farrell/Stoner Government, I became aware of several challenges in the portfolio. First, the relationship between State and local government had deteriorated to a point where it could accurately be described as toxic. Secondly, the financial situation for many councils was unsustainable and as a result the infrastructure backlog was getting bigger and in some cases, normal services were either under threat or had been already cut. Thirdly, there seemed to be a focus on compliance rather than performance.

Together, these problems posed a risk to the NSW Government's delivery of important priorities identified in the New South Wales State Plan. Importantly, I had inherited a Coalition policy of no forced amalgamations. Whatever reforms I needed to put in place had to have regard to this election policy, which added an extra dimension to the abovementioned challenges.

It soon became obvious to me that the government needed to reform the State and local government relationship to one of cooperation and mutual trust, address the economic unsustainability of many councils to enable proper service delivery, tackle the infrastructure backlog, and focus more on performance rather than compliance in the way the local government sector conducted its business.

Chapter 9 is divided into four main parts. Section 9.2 provides a review, in my role as Minister for Local Government, of the New South Wales local government reform process and its primary components during my period as minister from 2011 to 2014. Section 9.3 reflects on some of the rationale for the reform measures and section 9.4 considers the final report and major recommendations of the Independent Local Government Review Panel (ILGRP). Chapter 9 ends in section 9.5 with consideration of the NSW Government's response to the ILGRP Report through its September 2014 Fit for the Future package.

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2014, as its response to the ILGRP report and recommendations, the NSW Government announced through Premier Baird and the new minister, the Hon Paul Toole, the Fit for the Future package.

Key elements of this package were:

- \$258 million to assist councils deciding to merge to make the transition and provide services and facilities that their communities required;
- \$13 million to support local transition committees and to ensure elected representatives were involved in the merger process;
- \$5.3 million to make operative new Regional Joint Organisations;
- \$4 million to assist small councils (fewer than 10,000 population) develop innovative methods of functioning; and
- up to \$600 million in potential savings through cheaper finance for Fit for the Future councils to invest in local infrastructure. Finance would be provided through creation of a local government borrowing authority backed by the NSW Government.

In practical terms, this meant that each council would examine its current situation, and consider future needs and the panel's recommendations. The government would provide self-assessment tools to help guide the discussion. After assessing their situation each council was to make a submission to the NSW Government by 30 June 2015 as to how it will be 'Fit for the Future'. For some councils, joining forces with their neighbours may be the best option. For others, a stronger Joint Organisation (at this stage only available to regional councils) showing significant efficiency gains may be a better alternative.

Council submissions will be assessed by a new Independent Expert Panel. Once councils have a plan in place to become Fit for the Future they will receive assistance and support from the NSW Government to implement their plan. By the end of 2015, much needed reform will either have been implemented or will be in the process of implementation. These reforms will be beneficial for ratepayers, councils and ultimately, the NSW Government and the people of New South Wales.

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