

5. PERSPECTIVES ON STRUCTURAL REFORM

The Board agreed that both the LGA and the IMM could offer valuable, independent perspectives, on structural reform of Local Government in this State. Accordingly, both organisations were invited to contribute to the Board's Report. As agreed, these contributions, which follow, are unedited.

5.1 LOCAL GOVERNMENT ASSOCIATION, SOUTH AUSTRALIA

The LGA's response to the Ministerial Advisory Group into Local Government Reform (MAG) in April 1995 sought Local and State Governments to consider the roles and responsibilities of the two spheres of government prior to embarking on a State-wide approach to facilitating amalgamation or boundary adjustments of Councils. It was felt by the LGA State Executive of the day that unless this issue was adequately addressed the amalgamation and boundary adjustment process would not achieve well considered outcomes for Local Government and the communities of South Australia.

In 1995 legislation was passed forming the Local Government Boundary Reform Board enabling both voluntary and Board initiated amalgamation and boundary adjustment to proceed without addressing roles and responsibilities of State and Local Governments.

It will continue to be the position of the LGA that functional reform approaches between Local and State Governments be explored. It is our view that the new Local Government Act must include processes for the two spheres of Government to achieve functional reform without compromising State/Local Government relationships and services to the community.

The LGA's position is that the new Local Government Act should provide for voluntary amalgamation and boundary adjustment processes. It will be necessary to build upon what has occurred to date without compromising gains that have been made.

The achievements of the Local Government Sector and the Boundary Reform Board during the amalgamation processes are to be highly commended. However, there are some views expressed by Councils, individual Elected Members and Senior Staff that:

- the processes did not adequately address all possibilities for amalgamation or boundary adjustment across the whole State
- Councils felt compelled to consider opportunities for amalgamation as they were concerned that boundaries suggested by the MAG may result if they didn't take responsibility for local decisions
- the views of individual Elected Members and Senior Staff played a strong role in achieving boundary change or preventing boundary change which constrained or enhanced local discussions.

Tremendous financial and human resources were consumed to achieve amalgamations. These resources came from Councils and the Boundary Reform Board. Financial resources provided by the Board were used to facilitate research into opportunities and constraints of various options for amalgamation and boundary adjustment. Councils provided substantial resources to undertake research, develop proposals and to implement new structures and approaches to governance and service provision. The amalgamation process was a costly exercise for the Government and Councils with the benefits to be realised in time.

There is a view that small community groups within current Council boundaries must be able to express their desire for boundary adjustment. This matter is subject to debate by Councils during the review of the Act where the manner in which the community ought to be involved will be explored. Whatever the outcome of this matter it will be necessary to ensure that investments (financial, infrastructure, etc.) made by Councils who have recently amalgamated be recognised.

The structure ought to be put in place to facilitate voluntary amalgamation and boundary adjustments is also under scrutiny. The draft consultation Local Government Bills propose an Areas Commissioner. Local Government supports the formation of a panel of persons. Local Government also believes that the new panel ought to comprise a group of persons who have the background and experience in Local Government as elected members and practitioners to take the sector through the next phase of its responses to voluntary boundary adjustment and amalgamations. It must be recognised that the new phase of reform will require new experiences with amalgamation and boundary adjustment different to that required in the last 18 months.

The LGA and Councils look forward to reaping the benefits that have derived from the amalgamation process and to ensuring that constraints experienced during the recent round of amalgamations are addressed appropriately in the new Local Government Act.

5.2 INSTITUTE OF MUNICIPAL MANAGEMENT, SOUTH AUSTRALIAN DIVISION

The reduction in the number of Councils from 118 to 69 achieved during 1997 will go into the history books of South Australia as the most significant change to Local Government for sixty years and clearly meets the primary objective set for the Local Government Boundary Reform Board.

Equally significant was the self determination model in which Councils were provided with a process and support structures, where reluctant Councils were strongly encouraged to participate, but more importantly, where groups of Councils could manage the change process themselves as opposed to the more traditional Royal Commission Report or the less democratic Victorian model of recent years, to achieve the desired changes.

What was evident from the outset was that a number of the larger Councils believed they already complied with the principles of the Act and served their communities in an efficient, effective, fair and responsive way.

Like most change, the opportunities were embraced by the people with vision and opposed by others for a range of reasons, some for the right reason where changes were not supported by their communities. Some observations of these changes follow.

The need for change would have been more clearly understood if the State Government had put a package of functional reform issues on the table as part of the vision and need for boundary reform.

The promotion of potential savings that could be achieved through amalgamation, while achievable in most cases, had little regard for the costs of restructuring, capital and equipment rationalisation necessary to create the new organisations.

The benefits of change could have included a range of examples of best practice in this and other States of standards and levels of service that were being achieved by well-resourced and managed Councils.

The imposition of the rate cap was opposed by most Councils as it was seen to undermine the sovereignty of Local Government. It proved to be a clumsy mechanism to ensure that part of the savings made by Councils were passed on to ratepayers and was unfair to those Councils which had no opportunity to participate in an amalgamation, or which actively participated in the process but for whatever reason were unsuccessful. The recent exemptions to the rate cap vindicates Local Government's stand.

Despite the changes, the State is still left with a number of very small Councils in both a metropolitan and rural context. In retrospect these Councils should have received a higher level of focus and support to achieve structures that will best suit the needs of the future, as it is particularly these small Councils which may impact on their communities' ability to participate equitably in functional reform.

While some Councils which have been formed may have the capacity to deliver benefits due to economies of scale, these benefits may be offset by the challenges they now face in addressing responsibilities regarding communities of interest.

Some Senior Officers who played a strong leadership role in bringing about change in their communities, themselves became casualties in the process and as a result faced unexpected and unplanned career changes and redundancy.

The most successful amalgamations, as with a successful Council, are those that have a clear, articulated vision, are delivering services valued by their communities, and have a strong leadership team of members and officers built on mutual respect and trust.

In conclusion, whether it is boundary reform, legislative change, or functional reform, at the end of the day it will be the officers of the Council who have the responsibility to advise and show leadership in these changing times.