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CONSULTATION WORKSHOPS

PURPOSE

At its meeting on 20 March 2014, the LGA Board endorsed a series of workshops on the recommendations of the Local Excellence Expert Panel.

A collection of consultation papers have been prepared to assist workshop participants provide informed options for the LGA to further consider. The outcomes of the workshops will be presented to the October 2014 LGA Annual General Meeting. A work program for the next term of office following the Local Government elections in November 2014 will be prepared that will have regard to the ideas and issues arising from the workshops.

WORKSHOP PLAN

INTRODUCTION (10 minutes)

LGA CEO Wendy Campana will provide background information about the Local Excellence Expert Panel (LEEP) report and the changing context of South Australian communities.

GROUP SESSION (1 hour)

Wendy Campana will facilitate a group discussion on each of the following themes.

- Theme 1  Regional Collaboration and Partnerships
- Theme 2  State/Local Relations and a Local Government Commission
- Theme 3  Financial Sustainability

BREAKOUT WORKSHOP SESSIONS (30 minutes)

Workshop participants will be invited to break into small groups for a 30 minute discussion on one the following LEEP report themes, facilitated by LGA staff:

- Theme 4  Governance and Leadership
- Theme 5  Community Engagement
- Themes 6 & 7  Planning and Environment.

FEEDBACK AND SUMMARY (20 minutes)

Following the breakout sessions, participants will be invited to provide their feedback to the group and ask any follow up questions.

CLOSE
INTRODUCTION

This consultation paper has been prepared to assist Council representatives consider the implications of the Local Excellence Expert Panel's (LEEP) recommendations. Unlike the other papers in this consultation series, this paper seeks to overview the key challenges facing the Local Government sector in the coming years given the changing context of communities and Councils’ responses to these changes.

In endorsing the initiative of the LGA to undertake the Local Excellence Project the LEEP noted:

“... the LGA of SA has recognised that the sector cannot rest on its laurels and hope that it can adapt to and meet the vast array of challenges that are looming over the horizon without a clearer idea of precisely what those challenges are and the impacts they are likely to have on the way Councils are structured and operated. An informed debate is needed to ensure that Local Government and local communities are better prepared to deal with the challenges of the future” (LEEP 2013a).

CONTEXT

The LEEP identified a large number of drivers for change in Local Government in their discussion paper (LEEP 2013a) and final report (LEEP 2013b). These drivers reflect challenges facing communities and their Councils. They are aggregated and in some cases expanded upon below under the following headings:

1. Roles of other Governments
2. Governance
3. Community engagement and community governance
4. Organisational capacity of Councils
5. Financial capacity of Councils
6. Demographic changes
7. Economic and social.

“Based on its consultations and research, the Panel has concluded that the central 'problem' to be addressed is the need to ensure that Local Government is properly geared to meet the needs of South Australian communities into the mid-21st century in the context of the diminishing capacity of the State” (LEEP 2013b).

“At this stage in creating the Council of the Future, the LEEP believes that the highest priority needs to be given to developing new arrangements for Councils to enter into regional partnerships, both with their neighbours and with other key stakeholders.” (LEEP 2013b)
LEEP stated the following key conclusions about the Council of the Future:

1. **Roles of other Governments**

   - Declining capacity (in real terms) of State and Federal Governments
   - Changes in State and Federal Government policy
   - The importance of fair and just outcomes in the delivery of services across a vast and diverse state.

As quoted above, the LEEP’s final report emphasises that the key issue for Local Government into the future is the declining capacity of the State Government (2013b). It also notes the appointment of a Commission of Audit by the Federal Government which has since reported and confirmed the LEEP’s view. The Commission recommends a number of changes in the roles of Government to reverse the increase of Federal Government expenditure as a share of Gross National Product (GNP), reduce duplication with State Governments, reduce debt and bring the budget back into surplus (NCOA 2014).

The recently announced Federal Budget has shown the Federal Government is pursuing the path recommended by the Commission of Audit. LGA Circular 21.12 of 22 May 2014 identifies direct negative Budget impacts on Councils:

   - discontinuation of the SA Local Roads Supplementary Funding Program (a loss to SA Councils of $18m pa) which previously equalised the Identified Local Road Grants in comparison to the other states; and
   - a four year pause in indexation both the General Purpose and Identified Local Roads components of the Financial Assistance Grants - a loss to SA Councils of about $6m in 2014-15, rising to $19m pa in 2016-17 and beyond.

There are also potential impacts on Councils which the LGA will investigate further:

   - uncertainties about funding for the OPAL (Obesity Prevention and Lifestyle) program;
   - payments by the State Government for Council rate concessions for people receiving a part pension;
   - reduction in the annual rate of growth in funding to the Commonwealth Home Support Program from 6% to 3.5% from 1 July 2018;
   - natural disaster funding arrangements;
   - ‘direct action’ climate change measures;
   - Green Army program for Australians aged 17 to 24 years;
   - closure of the National Water Commission;
   - the ‘Safer Streets Program’ for crime prevention projects; and
   - funding for the Mobile Phone Blackspots Program.

There has also recently been Federal Government commentary about reducing the ‘size of Government’ that is consistent with the Commission of Audit’s report and is likely to impact on policy directions. SA Councils could potentially be impacted by Federal Government actions to reduce the ‘size of Government’ in three ways:

1. the Federal Government could withdraw from some service provision (and indirectly cause the State Government to do the same) which may put pressure on Councils to fill the gap (the cost shifting debate);
2. increased financial pressure on households could lead to increased sensitivity to Council rate increases; and
3. expectations may be raised that Councils will have their own programs to reduce the size of Government.
There is also ongoing pressure from some State Governments for a greater return of Federal Government taxes to the states in which they have been collected. If such a change did occur it would impact adversely on Federal Government transfers to the smaller states including South Australia.

FUTURE CHALLENGES

“A fundamental purpose of Local Government is to provide ‘good governance’ and sound civic leadership for local and regional communities. In an increasingly complex and challenging world this aspect of Local Government’s role will assume even greater importance” (LEEP 2013b).

2. Governance

The LEEP sees formalised regional structures (Regional Councils and Regional Strategic Partnerships) as a means of being able to better resource the range of activities in which Councils are and will be involved. Regional Councils are seen as an alternative to amalgamations.

At the individual Council level The LEEP also argues the importance of electoral reform including compulsory voting, a need to consider expanding the roles of Mayors (and limiting who can stand for Mayor and how many terms a Mayor or Chairperson may serve) and the notion of recruiting additional voting (non-elected) Members to fill skills and knowledge gaps. The LEEP also points to the importance of ongoing professional development for Elected Members and for the assessment of Councils’ performance.

3. Community engagement and community governance

- Communities expecting to be more effectively engaged in decision making.
- The need to retain the notion of ‘place’ as lifestyles and communities change.

The LEEP notes that community engagement is shifting to community governance:

“The language around community engagement has changed significantly over recent years. There has been a progression from ‘community consultation’ to ‘community engagement’ and now ‘community governance’. Community ‘consultation’ which is the term used in the Local Government Act 1999 is increasingly being re-defined as ‘engagement’ and ‘governance’” (LEEP 2013a).

“Community governance takes the notion of community engagement to another level and can be seen as Local Government working with a broad range of other Government and community stakeholders to determine preferred futures and to facilitate shared decisions and joint action to achieve agreed outcomes, including the quality of the local environment and how communities access the services they need. A closely related concept is that of ‘place shaping’” (LEEP 2013b).

Place shaping is: “… identifying the special characteristics of local places (typically neighbourhoods or defined parts of a Local Government area) and taking action on a number of fronts – economic, social and environmental – to enhance the quality of the place and the quality of life of its people” (McKinlay Douglas 2013).

The McKinlay Douglas report (2013) found that ‘sub-council’ entities such as neighbourhood committees, parish councils and local or community boards have become more sophisticated in Australia, the UK and New Zealand. Thus their approaches have demonstrated a move away from consultation, to community engagement to community governance (McKinlay Douglas 2013). Councillors have a role in supporting community-oriented projects, for example
locally appropriate alternative energy sources. The LEEP speaks about how leadership at the community level can be effective for renewable energy or low-carbon alternatives:

“Local Government has not traditionally been involved in investing in energy solutions but this is an emerging trend, particularly in regional SA. Originally motivated by reducing energy consumption and associated costs and emissions for their own assets and infrastructure, Councils have become increasingly active in investigating community oriented localised renewable energy solutions such as small scale solar and wind farms” (LEEP 2013b).

A number of Councils provide community leadership programs to build leadership skills in their communities. The programs have been in place for several years and may assist in ensuring a wide cross section of community members are able to participate effectively in any community governance programs.

**ACTIVITIES BEING UNDERTAKEN BY COUNCILS AND OTHERS CURRENTLY**

### 4. Organisational capacity of Councils

- Pressures to reduce red tape and simplify Government processes
- Pressures to provide a greater range of services
- The impact of new technologies shaping almost every aspect of the communities of the future and the need to adapt to those technologies
- Need for responses to climate change
- Tackling urban issues
- Facilitating the continued supply of affordable housing
- Reducing urban congestion
- Contributing to the provision of an adequate transport system
- Coordinating the effective provision of infrastructure

The 68 Councils in South Australia are of different sizes and have varying capacities to manage governance processes and service delivery. Thus, there is uncertainty about how Councils will respond to additional responsibilities without building new skills in both administration and governance.

The LEEP also noted some ad-hoc approaches to Councils’ roles

> “Many Councils have been assuming additional responsibilities and expanding their roles across a wider range of programs, sometimes in an ad-hoc way” (LEEP 2013b).

The LEEP sees that enhanced competence in governance processes and service delivery is of the

> “highest importance in building capacity for the Council of the Future to deliver the range and quality of services that will be required and thus building the foundation for a confident future” (2013b).

### 5. Financial capacity of Councils

- Limited capacity for some Councils to increase rates.
- Pressures to provide a greater range of services.
- Maintaining ageing assets.

In its discussion paper, The LEEP was quite specific that one of the drivers for change will be fewer resources from traditional sources (2013a). In its final report it comments:
“there will undoubtedly be a need for Councils to become ever more efficient and effective in using the available resources at their disposal; to ensure that they maximise current own-source revenues (chiefly rates, fees and charges); and to examine options to raise revenue from other sources. Councils that bank on increased grants are likely to be disappointed” (LEEP 2013b).

There are also several references in The LEEP’s Discussion Paper and Final Report about the current review of the Financial Assistance Grants (FAGs) and potential impacts on Councils. As indicated above one of the impacts of the Federal Budget on Councils is to freeze the quantum of FAGs for the next three years.

Burgan (2013) concluded that new revenue sources for Local Government (funding of operations and funding for investment) is required for financial sustainability in the Local Government sector. He suggests supporting innovative thinking by establishing (Burgan 2013):

- a collaborative future research agenda to inform decision making;
- a financial services agreement between Local and State Government; and
- improved governance practices and investment in improving management skills.

Of particular note could be the imposition of developer levies, where a private benefit can be identified, in the form of Developer Contributions. However as Burgan argues,

“There is a balance to be had between the private and public benefit involved in supplying urban infrastructure. To the extent that the private benefit can be identified there is a reasonable case to be made for developer contributions in this context” (2013).

6. Demographic changes

- Rapidly ageing population and the loss of young skilled people to access greater career opportunities interstate and overseas.
- Declining rural population.
- Population growth and decline resulting from national and state immigration policies, seasonal variations (e.g. holiday makers), mining boom, baby boomers retiring, climate change and food security issues.

Demographic analysis carried out for The LEEP by Hugo et al (2013) shows changes not just in size and growth of South Australia’s population, but also of distribution and composition. Understanding these changes is important not just in forming appropriate and effective policies at the State level, but also for policy formation and delivery of services at the regional and local levels.

7. Economic and social

- Globalisation impacts on agriculture, manufacturing, engineering, construction.
- Taking into account the needs of the poor, the sick and the disadvantaged in our communities in designing and delivering services.
- The impact of new technologies shaping almost every aspect of the communities of the future and the need to adapt to those technologies.

The LEEP expresses a view that

“demographic and economic changes facing South Australia over coming decades could be of such magnitude that local Councils will have to seriously re-think their role, functions and structures”(2013b).

It also sees that Local Government will have an increasing role in the economic development of regions and the state as a whole (2013b). It further notes that,
“Education outcomes, training opportunities and jobs in growth industries are key determinants for building healthy and sustainable communities of the future to improve communities with poor outcomes for already disadvantaged kids and their families. In the years ahead we anticipate a serious consideration of these policy developments in the Australian context. Local Government will need to take a central place in any such debate” (2013a).

WORKSHOP

Are there other drivers for change that Councils consider need to be identified and factored into the future work of the LGA in assisting Councils to respond to future issues and needs of their communities and to position themselves with the other spheres of Government and the community to respond.

LGA WORK PROGRAM

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
APPENDIX 1


INTRODUCTION

This consultation paper has been prepared to assist Council representatives consider the implications of the Local Excellence Expert Panel’s (LEEP) recommendations regarding Regional Collaboration and Partnerships.

It provides:
- an overview of the context for the issue;
- the future challenges likely to be faced by Councils;
- activities to date in relation to this issue; and
- raises issues that need to be considered as the LEEP’s recommendations are further explored.

CONTEXT

Section 6.3 of the LEEP Report, states that:

"The Panel has concluded that if Local Government in South Australia is to have the capacity and influence needed to address future challenges, then it needs to be organised into larger units that can achieve necessary economies of scale and scope –

- To be more efficient and effective in their use of scarce resources;
- Able to undertake a wider range of functions; and
- Be taken seriously as partners of State and Federal agencies.

This applies particularly in rural and regional areas, where Local Government typically consists of a large number of small (in population) Councils, many of which face population decline and an uncertain economic future. But aggregation of Local Government into larger units is also required in metropolitan Adelaide in order to deal with the challenges of economic change, urban growth and renewal and provision of improved infrastructure and services”.

The LEEP’s model for Regional Councils is not a model for amalgamations, but a challenge to develop a model that promotes and delivers regional collaboration to:

- address services and functions that are primarily State Government statutory functions (NRM, native vegetation, EPA) or undertaken in accordance with bodies established through agreements with the Federal Government (ie: Regional Development Australia); and
• join to up traditional and emerging new services, where appropriate, to achieve economies of scale and efficiencies (e.g. regional development assessment panels).

FUTURE CHALLENGES

It is clear that communities, including business will be seeking a larger range of services, better quality services and more value for the taxpayer dollar from Councils in the future. Communities are likely to expect Government services across all spheres to become increasingly 'seamless' and integrated.

This will be driven by generally increasing expectations in an environment of reducing resources and declining population, particularly outside Adelaide, and pressure to improve the efficiency and effectiveness of services.

Communities, including businesses, will seek to be involved in planning and where appropriate delivering these services with support by Councils or with direct delivery by Councils.

ACTIVITIES BEING UNDERTAKEN BY COUNCILS AND OTHERS CURRENTLY

Numerous regional arrangements have been established by Councils across the state with each region having a specific purpose, membership, governance arrangements and success rates. Regional arrangements have been utilised by Local Government for a number of purposes including the following –

• **Collaboration & Cooperation**
  These types of arrangements include the Local Government Association of South Australia (the LGA), and the 8 Regional LGAs.

• **Service Delivery**
  These types of arrangements include the East Waste Authority; the Eastern Health Authority; Centennial Park Cemetery Authority and the Fleurieu Regional Waste Authority.

• **Economies of Scale**
  These types of arrangements include the LGA Entities – LGA Procurement; LGA Workers Compensation Scheme; LGA Mutual Liability Scheme; Local Government Finance Authority and StatewideSuper.

• **Legislation**
  These types of arrangements include Regional Development Assessment Panels (RDAPs) and Regional Building Fire Safety Committees.

• **Resource Sharing**
  These types of arrangements include the sharing of staff; operating plant & equipment and joint procurement.

In considering Local Government’s efforts to date in responding to community demands it is clear that Councils have a good and extensive track record of gaining economies of scale on a sector wide and regional level through collaboration. It is also fair to say that there is more that can be done.

One of the key issues for Councils in undertaking collaboration activities is to be clear about the policy issues (where Council Members have a clear role) and where the CEOs can get on with the job of working together across boundaries to deliver services within the policy directions set by their respective Councils through partnering with neighbouring Councils.
It takes time, money and resources to undertake collaborative activities and the right climate needs to exist for outcomes to be achieved. Issues such as aligning technology and industrial relations, administrative procedures and practices are fundamental issues that require early research.

It is also important that in the regions, collaborative activities still support the local economy. Moving staff between Council areas can be difficult and the use of local contractors and other mechanisms to support local communities are fundamental considerations.

There are examples of Councils working with their NRM Boards and RDAs through undertaking collaborative activities. For the RDAs and Tourism Boards there are contributions made by Councils to their activities.

The opportunities presented through closer collaboration in the areas of native vegetation, coastal and environmental protection require much research however the opportunities are great.

Taking on new responsibilities, however, requires careful consideration and appropriate funding models and more work needs to be undertaken by Councils in order to develop the business case for change in some of the currently non-traditional areas of activity.

**PANEL’S RECOMMENDATION**

In considering this issue the LEEP is recommending:

- That Regional Councils be established across all areas of the State where there are Local Councils (along the lines proposed in section 6.3);
- That a Regional Partnership be established alongside each Regional Council (as proposed in section 6.4); and
- That the LGASA pursue this these initiatives through a series of regional forums with Councils and through discussions with the State Government.

In essence the LEEP is suggesting that more robust arrangements than currently exist are needed to provide a platform for cooperative planning and service delivery on a regional level. This involves regional Councils within Local Government and the establishment of strategic partnerships that being together Councils, State and Federal agencies, community organisations and the private sector to share information and undertake multi sector projects and programs.

**ISSUES ARISING FROM PANEL'S RECOMMENDATIONS**

In considering the LEEP’s recommendations it is likely that Councils will need to consider the following key issues:

**Defining the problem!**

The LEEP has identified the problem as –

“the need is for change that will set new directions for the culture, structures and operations of SA Councils, as well as for Local Government’s relations with the State Government and to a lesser extent with the Federal Government”.

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1 Local Excellence Expert Panel Report – “The Council of the Future” (December 2013) – Item 2.0 (Defining the Problem) on page 14
For each opportunity identified or sought to be defined, Councils need to identify how enhancements could be made through undertaking collaborative activities and identify the aims and objectives and outcomes being sought.

**Commitment to Regional Collaboration**

The LEEP Report challenged Councils to establish more robust arrangements to provide a platform for cooperative planning and service delivery at the regional level through two new entities; Regional Councils within Local Government and Regional Strategic Partnerships that bring together Councils, State and Federal agencies, community organisations and the private sector to share information and resources and undertake multi-sector projects and programs.

The LEEP (section 6.3 of the LEEP Report), referred to the Australian Centre of Excellence for Local Government (ACELG) report “Consolidation in Local Government: A Fresh Look” and that Report made it clear that loose, voluntary regional groupings of Councils cannot be relied upon to deliver the results required. The ACELG further advised that Councils have to commit to lasting collaboration and must be willing to cede some of their authority and autonomy to the regional body; otherwise amalgamations are the better option.

**A common view of what constitutes a region!**

There appears to be a difference in the interpretation of what constitutes a ‘region’ between metropolitan and rural/regional areas with the LEEP challenging Local Government

> “to be organised into larger units that can achieve necessary economies of scale and scope – to be more efficient and effective in their use of scarce resources; able to undertake a wider range of functions; and be taken seriously as partners of State and Federal agencies”.

While the challenges facing metropolitan and rural/regional areas differ the need for Councils to aggregate and form Regional Councils and Regional Strategic Partnerships to address the challenges outlined by the LEEP is compelling. The challenge now for Councils is to develop a common view of what constitutes a “region”.

**Adding to the Community Value offered by Councils?**

The LEEP Report suggests that Councils can improve the ‘public value’ being offered to their communities through more effective community engagement and empowerment achievable through increased capacity from a Regional Council model.

In order to meet community needs (provide benefit to community) the questions to be answered by Councils in considering any Regional Council or Regional Strategic Partnership arrangement are –

- “Can we do better for our communities?”; and
- “Is this in the best interests of our ratepayers and communities?”

**Membership on Regional Councils**

The LEEP has recommended that the governing bodies of Regional Councils “should consist of the mayors of member Councils, plus some ‘advisory members’ drawn from delegates to the Regional Strategic Partnership” (RSP).

There is a view that Regional Councils should have a majority of independent members who are appointed on the basis of their experience and knowledge to advance the objectives of the Regional Council.
As recommended by the LEEP the independent members could be drawn from delegates to the RSP that would consist of representatives of State and Federal Governments, Aboriginal Regional Authorities, business, regional communities and non-Government organisations engaged in service delivery in the region concerned.

There are challenges ahead for the Local Government sector in considering the recommendations contained in the LEEP Report and implementing a response to their proposal to establish a new Local Government model consisting of Regional Councils and Regional Strategic Partnership arrangements, while meeting the expectations of our communities into the future.

The questions that need to be responded to by Local Government are likely to be –

- How do our communities regard our current performance and the need for Councils to add further ‘public value’ (or return) to their financial contribution (rates)?
- As a sector do we have the appetite and political will to embrace the LEEP’s Regional Council and Regional Strategic Partnership model?
- How do Councils arrive at a shared understanding or response to the LEEP’s Regional Council and Regional Strategic Partnership model?
- Are Councils prepared to adopt a Regional Council model that provides for a majority of independent members on the governing body? What will make a regional model work for your Council?

**WORKSHOP**

**RESPONSE TO THE PANEL’S RECOMMENDATIONS**

Examples:

- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

**LGA WORK PROGRAM**

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
2.1. PROPOSED LOCAL GOVERNMENT COMMISSION

INTRODUCTION

This consultation paper has been prepared to help Councils consider the implications of the Local Excellence Expert Panel’s (LEEP) recommendation for the establishment of an independent Local Government Commission reporting to State Parliament (section 14 of the final report *Strengthening South Australian Communities in a Changing World*). The paper explains the LEEP’s thinking, and raises issues that need to be further explored.

CONTEXT

The LEEP’s proposal for a Commission was linked to several major challenges:

- Strengthening Local Government to respond to changing community needs, including increased regional collaboration amongst Councils, and between Councils and State agencies.
- The importance of ensuring that Local Government continues to be a respected partner of State and Federal Governments, as well as a strong sphere of Government in its own right.
- The likelihood that the cost and effectiveness of Government at both State and Local levels will come under increasing scrutiny as South Australia faces mounting economic and social pressures, coupled with major shifts in federal policies and financial support.

ACTIVITIES BEING UNDERTAKEN BY COUNCILS AND OTHERS CURRENTLY

The LEEP report proposes that the establishment of an independent Local Government Commission reporting to the Parliament would build on five key elements of law and practice already in South Australia:

- The provisions of the State Constitution under which the system of Local Government cannot be substantially changed or wound-up without an absolute majority vote in both Houses of Parliament.
- ‘An enduring convention in South Australian politics that Local Government is seen as a separate sphere of governance in its own right and not purely as a creature of State Government’.  

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- Councils’ existing accountability under the Ombudsman and ICAC legislation.
- A long history of productive State-Local Government relations, embodied in various intergovernment agreements (currently the State-Local Government Relations Agreement of 2012) and the operations of the Premier’s Local Government Forum
- The well-established independent roles of the Local Government Grants Commission and Boundary Adjustment Facilitation Panel – in neither case can the responsible Minister make unilateral changes to their recommendations.

At the same time, the LEEP noted that the Machinery of Government changes made in late 2013 could significantly weaken, over time, Local Government’s status and the quality of its relationship with the State Government. It was suggested that the then proposed arrangements might ‘reflect a view of Local Government as becoming less important to the effective governance of the State’ (p.33). Whilst the 2013 changes were substantially reversed after the 2014 State election\(^2\), there remains a need to ensure that the importance of the State-Local Government relationship continues to be recognised and adequately resourced on all sides.

The LEEP was concerned that financial pressures on the State Government could lead to less attention and support being given to Local Government development and State-local relations, when in fact the activities of the two spheres need to be integrated ever more effectively in order to address growing challenges. The LEEP argued that:

> Robust policy frameworks are essential to clarify roles and responsibilities between State and Local Government to the maximum possible extent and to make adjustments as required. Only in this way can governments optimise the efficiency and effectiveness with which services are delivered to the communities of South Australia. (p.34)

**PANEL’S RECOMMENDATION**

That the State Government and LGASA set up a joint working party to investigate the establishment, through legislation, of an independent Local Government Commission answerable to Parliament and having functions that include:

- Advising the Parliament, State Government and Local Government (through LGASA) on matters they refer to it
- Undertaking specific projects or tasks as agreed under the provisions of the State-Local Agreement to assist the Local Government sector
- Incorporating the roles of the Local Government Grants Commission (subject to Federal Government agreement) and the Boundary Adjustment Facilitation Panel
- Researching and monitoring the ongoing performance and sustainability of the Local Government sector, and identifying areas of activity that require improvement and/or developmental support.

The LEEP proposed that the Commission consist of three members who have the capacity to provide expert, independent advice on matters relating to the ongoing development of Local Government and its place within the broader system of Government. (p.61)

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\(^2\) It is understood that the new Minister for Local Government will have carriage of all the functions previously in the State/Local Government Relations portfolio and that relevant staff will be consolidated in his department. However, responsibility and staffing for the Premier’s State/Local Government Forum is expected to remain with the Premier.
ISSUES ARISING FROM PANEL’S RECOMMENDATIONS

In responding to the recommendation Councils should consider the following key issues.

Would establishing a Commission really make a difference?

The LEEP has proposed a ‘transformational’ change in the positioning of Local Government. Its argument is that Local Government’s role, status and autonomy would be strengthened by parliamentarv rather than ministerial oversight and support. This would give the sector greater independence from the direct control of the State Government of the day.

The LEEP saw the Commission as a demonstrably ‘neutral’ umpire and resource. It would be established under its own legislation, and answerable solely to the Parliament, like the Ombudsman and Auditor General. It would provide expert, independent advice on the future development of Local Government and intergovernmental relations (eg through the production of official ‘guidance papers’ and close links with the Premier’s State-Local Government Forum); assume the current roles of the Grants Commission and Boundary Adjustment Facilitation Panel; and perhaps exercise some of the responsibilities that currently rest with the Minister (eg formulating regulations).

The LEEP suggested that one of the Commission’s first tasks should be to initiate and support the formation of new Regional Councils and Regional Strategic Partnerships. The Commission could also be asked to undertake a review of the Local Government Act, as well as to report on matters such as joint State-Local Government funding of services, concerns about cost-shifting, and cutting red tape.

The LEEP saw great benefits for Local Government in having an independent Commission that brought together these various roles and functions. It could facilitate closer links between State policies and plans and the activities of Local Government, and create a more coherent strategic and policy framework for strengthening local governance.

Wouldn’t a Commission just be another layer of bureaucracy and ‘red tape’?

The LEEP’s view was that the functions proposed for the Commission have to be undertaken anyway, and that bundling them together would be more efficient and effective than having a number of separate bodies as at present. Linking grants distribution and boundary reviews to intergovernmental relations, broader reform initiatives, and support and guidance for the sector could greatly increase Local Government’s capacity to tackle complex challenges.

Are there examples of such a Commission elsewhere?

There do not appear to be any exact parallels. The LEEP’s ideas draw on a range of examples of independent agencies reporting to parliaments. These include Ombudsmen; the South African Municipal Demarcation Board (appointed by the President and responsible for both determining boundaries and reviewing Local Government capacity); the New Zealand Parliamentary Commissioner for the Environment (a purely advisory role); and Auditors General – the Victorian Auditor General, for example, has produced numerous constructive reports to the Parliament on aspects of Local Government’s operations and sustainability.

Could the Commission lead to unwarranted interference in Councils’ affairs?

Care needs to be taken in defining the scope of the Commission’s functions, bearing in mind that Local Government is already subject to scrutiny by the ICAC and Ombudsman. The LEEP saw the Commission focusing on selected key issues that affect Local Government as a whole, and on State-local relations. Well-designed procedures would be needed to ensure
that the Commission remains focused and does not become a vehicle for politically-inspired investigations (see below).

**How would the Commission be appointed?**

Using the model of the Ombudsman and Auditor General, the Commissioners would be appointed by the Governor on the advice of both Houses of Parliament. In South Africa, an independent selection panel is established to make nominations to the Municipal Demarcation Board. In South Australia, the Premier’s State-Local Government Forum could fulfil a similar function.

**How would the Commission’s agenda be determined?**

An important question is whether the Commission should be able to initiate inquiries or reports itself, or should have to wait for matters to be referred to it. This needs careful consideration.

The LEEP suggested that references could be made by the Parliament, State Government (presumably by a Cabinet decision), Local Government (through the LGA) and the Premier’s State-Local Government Forum. For this purpose options could include establishing a committee of both Houses to propose any references by the Parliament, and holding a specific annual meeting of the Premier’s Forum to determine an agreed set of referrals by State and Local governments.

**How would the Commission be accountable?**

Again like the Ombudsman and Auditor General, the Commission would have to present an annual report to both Houses of Parliament, and it could be subject to regular scrutiny by an appropriate parliamentary committee.

**Would there still be a responsible Minister for Local Government?**

A minister would still be needed to manage Local Government legislation and assist the Premier in State-Local Government relations. However, as noted earlier, some of the minister’s responsibilities might be delegated or transferred to the Commission – thus enhancing Local Government’s autonomy.

**How would the Commission be funded and staffed?**

Where the Commission brings together established functions, current resources could be transferred to it, but clearly some additional funding and staffing would be required for the Commission to undertake a wider role. Elsewhere in its report (section 7.2) the LEEP proposed a Joint Secretariat, funded by both State and Local Government, to support intergovernment relations and policy development. One option would be for this secretariat also to support the Commission.

**Would establishing the Commission diminish the role of the LGA?**

The LEEP supported a strong ongoing role for the LGA and noted its track record of effective leadership. It will be important to ensure that the role of a Commission is clearly defined and that arrangements are in place to ensure effective LGA influence over matters to be referred; to require ongoing consultation; and to avoid duplication of LGA functions.
What alternatives might be considered?

A counter view to the LEEP’s proposal would be that existing arrangements are broadly sufficient – in particular, the sector-support role of the LGA coupled work carried out under the auspice of the State-Local Government Relations Agreement and the Premier’s State-Local Government Forum. As an ‘evolutionary’ option, those arrangements could be strengthened by re-shaping the Forum, under new legislation, to comprise representatives of the State Government and Local Government (through the LGA), together with independent, expert members. There might also be members nominated by the Parliament, and/or links to a parliamentary committee.

The legislation could specifically task the re-shaped Forum with, for example:

- Aligning the plans and policies of State and Local governments
- Ensuring effective arrangements at regional level for collaboration between Councils and between Councils and State agencies
- Formulating appropriate financial arrangements to ensure effective delivery of services and infrastructure to local and regional communities
- Monitoring State and Local Government performance in areas of shared responsibility, including assessing the impact of programs and projects.

This approach would echo the LEEP’s concept of a Commission, but with a narrower brief and somewhat less scope to provide completely independent policy advice and guidance. The Grants Commission and Boundary Review Facilitation Panel would remain separate.

WORKSHOP

RESPONSE TO THE PANEL’S RECOMMENDATIONS

Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

LGA WORK PROGRAM

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
2.2. PREMIER’S STATE / LOCAL GOVERNMENT FORUM

INTRODUCTION

This consultation paper has been prepared to help Councils consider the implications of the LEEP’s recommendation for priority to be given to strengthening the role of the Premier’s Local Government Forum and establishment of a joint Secretariat to further support ongoing development and improvement of State-Local Government relations.

It also should be read in conjunction with the paper 2A addressing the issue of the LEEP’s proposed Commission or Parliamentary Committee.

CONTEXT

Prior to the 2014

Prior to the 2014 state election the Local Government Act and associated Acts were committed to the Minister for Planning. The Minister for State Local Government Relations continued to be a point of contact for Local Government and the Premier agreed to convene the Premier’s Local Government Forum. The first forum took place in October 2013. Within the State Government the Office of State Local Government relations was housed within the Department of Planning Transport and Infrastructure and the long-term strategy was to ultimately move the unit in a reduced size to Department of Premier and Cabinet.

Post 2014 election

Following the formation of a minority Government with the support from the Member for Frome, the Hon Geoff Brock was appointed Minister for Local Government. The Local Government Act has also now been committed to the Minister for Local Government.

Government Gazette 22 May 2014:

1. The Outback Communities (Administration and Management) Act 2009 and the South Australian Local Government Grants Commission Act 1992 was committed to the Minister for Local Government.
2. The Adelaide Cemeteries Authority Act 2001 and the Private Parking Areas Act 1986 was committed to the Minister for Planning.
3. The ministerial functions and powers of the Minister for Local Government under Chapter 11 of the Local Government Act 1999 are conferred on the Minister for Planning.

* Chapter 11 of the Act deals with acquisition of land, community land revocations and classification, roads, moveable signs etc.

While not specifically related to the LEEP’s recommendation but related to ongoing relations, the omission of the word Relations in the description of the Minister’s title which recognises the independence of both spheres is disappointing to Local Government. The LGA has sought clarification from the Premier regarding the change in title which has historically been (last 10 – 15 years) use and sends a positive message about relationships being important to both spheres of Government.

During the 2014 election campaign the Government also committed to continuing the Premier’s Local Government Forum.
With respect to the State Government bureaucracy, it has been confirmed that the Office for Local Government will remain within the Department of Planning, Transport and Infrastructure however it is not known how the arrangements for the secretariat for the Premier's Local Government Forum will be handled.

The LEEP recommendations suggested that the legislation related to Local Government be committed to the Minister for State Local Government Relations. The recent changes are a positive step and the LGA believes they can only help to strengthen the relationship between the two spheres of Government. (This is no longer an issue and has been addressed in the 2014 election)

With respect to the Premier's Local Government Forum, it provides a vital avenue for Local Government and State Government to discuss matters where a whole of Government approach is required. It does not replace individual relationships and important strategic discussions between Local Government and Ministers, but it does provide an avenue for wide-ranging and strategic approaches to the long-term cooperation between the two spheres of Government in a more coordinated way.

The Secretariat functions of the Premier's Local Government Forum traditionally have been within the Office of State Local Government Relations and up until the last election it was envisaged that the Department of Premier and Cabinet would assume this role. As mentioned earlier, it is unclear what the future secretariat arrangements will be with the State Government.

While the mechanics are important to the operation of the forum, the bigger picture is how actions that arise from the forum can be carried out through to fruition in the most effective and efficient manner to get maximum achievement from the goodwill brought by both parties to the forum.

Most actions will require commitment from Ministers across numerous portfolios and Chief Executives across agencies. They will need to take sufficient heed of the forum's directives and equally important, allocate suitable resources to ensure they are actioned.

For the Forum to operate successfully it will also be important that there is a commitment from Local Government. If the State Government agree with the LGA to make commitments, is important that individual Councils recognise that goodwill and collaborate in the spirit of the forum.

**PANEL’S RECOMMENDATION**

- Priority be given within the agenda of the Premier's Local Government Forum to discussions on:
  - The implications for State/Local Government relations of recent machinery of Government changes
  - Opportunities over time to rationalise ministerial responsibilities for the various elements of the State/Local Government relationship, including administration of the Local Government Act and to strengthen the role of the Premier's Local Government Forum as the centrepiece of the relationship
  - Establish a Joint Secretariat to support the Forum and to drive ongoing development and improvement of State/Local Government relations.
ISSUES ARISING FROM PANEL’S RECOMMENDATIONS

The LEEP’s recommendations have largely been adopted through the 2014 State Election and outcomes arising following the formation of Government with the assistance of Independent MP, Geoff Brock.

There is however no concrete arrangements for the ongoing structures and agreements to assist the two spheres of Government to work co-operatively.

Is there a need for legislation to cement the relationship? An example of an agreement being incorporated into legislation is evident from the current Schedule to the Local Government Act that includes the Stormwater Management Agreement and the City of Adelaide Act-legislates for a Capital City Committee. These are examples of how these arrangements have been cast in legislation.

Paper 2A in this consultation series also raises structural models.

RESPONSE TO THE PANEL’S RECOMMENDATIONS

Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

LGA WORK PROGRAM

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
2.3 FINANCIAL RELATIONSHIPS

INTRODUCTION

This consultation paper has been prepared to help Councils consider the implications of the LEEP’s recommendation regarding Financial Reform in the relationship with the other spheres of Government.

For the purposes of this paper “financial reform” is defined as:

“identifying, exploring and implementing more robust financial arrangements for Councils that: better align to the costs of delivering services; address the increasing roles that they undertake; and enhance financial relationships with the other spheres of government”

Communities don’t discriminate between which sphere of Government should or ought to provide a service, they just want the service but State, Federal and Local Governments argue these issues often. State Governments criticise Federal Government decisions that impact on their “bottom line” as does Local Government raise issues with the State Government.

What is clear is that all spheres of Government tax communities in some way.

Local Government’s tax (rates) is open and transparent as ratepayers get a bill four times a year and are invited to contribute to the annual business planning discussion that drives expenditure policy choices made by Councils on the resultant rates decision. This is not a feature of the other spheres of Government, but it brings the rating decisions of Councils into the public arena and challenges the community (and Government’s) perception of the value they get from Councils. When questioning the value gained from rates and services, issues such as efficiency and effectiveness of service delivery gets attention.

CONTEXT

The LEEP report recognises that Councils in South Australia currently spend around $1.75 billion per annum providing services to their local communities and manage nearly $18 billion of infrastructure and other assets on behalf of their citizens.

Local Government is the lowest taxing sphere of Government. Local Government’s share of overall Government revenue raising in Australia is only 4%, followed by the State Government (22%) and the Federal Government (74%). This is not a well-known fact in the community generally and certainly among media commentators.

Local Government is much more asset intensive than State or Federal Governments. In SA, Councils are responsible for three times more assets in value relative to income than the State Government. The ongoing burden on Local Government of maintaining and replacing existing infrastructure is immense.

The LEEP report reminds us that the days of describing a Council’s functions as “roads, rates and rubbish” are long gone. All Councils to varying degrees provide social, economic and environmental services. Council service activities generally fall into the following areas:

- advocates for the local area;
- strategic planning and policy development to support social, environmental and economic growth in the local and regional area;
- regulator in areas such as public and environmental health, building control etc;
- development control through development assessment;
• provider of infrastructure – roads, bridges, playgrounds, libraries, recreation facilities etc;
• provision of human services – youth, aged care, cultural etc;
• provider of services on behalf of the other spheres of Government where grant funds are made available;
• collaborator with other groups (private sector, community or other Councils) to contribute funds or deliver services in a local or regional setting.

To provide these services Councils in SA rely significantly on rates, representing approximately 68% of Council revenue. Together with other own source funding (mainly user charges) approximately 85% of Local Government revenue is from its own sources. State and Federal Government grants provide approximately 15% of ongoing revenue.

The size of a Council and its rate base often drives the nature and number of its services.

The LEEP report also highlights that the other spheres of Government are increasingly recognising that Councils are best placed to provide a range of services.

When a new governance responsibility is placed on Councils through changes to the Local Government Act or other legislation, it is often described by Councils as “cost shifting”. The more appropriate description should probably be that the Parliament has increased the requirements for transparency and decision making and it comes at a cost to Councils for compliance.

When a service, traditionally provided by another sphere of Government, is redirected to Councils via legislation or other means, this is “cost shifting” eg the State Government will no longer bear the cost of providing the service, and transfers it to Councils.

When governments pass a service responsibility to Local Government there is generally always insufficient discussion about whether Local Government is best placed to provide the service. The following questions ought to be canvassed prior to decisions being made:

• Does Local Government have the skills, knowledge and experience sufficient to deliver the service or the capability to develop?
• Is local provision the best method of delivery?
• Should an external body or board provide certain services in regional areas or should Local Government be required to establish a board/committee comprising elected and/or non-elected persons to deliver the service?

State governments also provide large and small grants to Councils, community and industry. There is minimal consultation with Councils about the funding provided and the “rules” for accessing funds. Examples exist where Councils are seeking to manage community recreational assets more effectively but governments are offering small grants to sporting groups that don’t match with the aspirations for the management of community assets established by Councils.

The State Government provides grants to Councils in SA (including for State programs such as Council rate concessions for pensioners) of around $100 million annually. Recent Federal Government budget decisions are targeting the issue of funding to the States to pass on these concessions.

There appears to be no correlation between the strategic directions of a Council or group of Councils on a regional basis and the nature of grants on offer or the size of the grants promoted.
The LEEP report recognised that the State Government has numerous plans - Infrastructure, Regional Land Use, Planning, Water for Good – the list goes on. There appears however, to be no natural link between the work they seek to achieve with Local Government and the plans that Councils themselves have.

Many of the fees and charges that Councils can make are determined through regulations promoted by the State Government. While there is consultation on the regulations there is no formal approach to the criteria for setting the fees for these services. There is insufficient dialogue regarding the issues to take into consideration when determining the initial fees or to ensure that the fees are increased annually (or otherwise) to keep pace with the costs of delivery.

The LGA has formed with the State Government, a Treasury Working Party. This Working Party was formed to look at a range of issues associated to fees and charges as well as other matters at the interface of State/Local Government financial relationships. The focus to date of the Working Party has been fees and charges.

Local Government currently receives around $146 million per annum in Financial Assistance Grants from the Federal Government each year and around $28 million in Roads to Recovery Funding. Councils also receive funding under various other grant programs offered by the Federal Government, usually as part of a competitive grants process.

The 2014/15 Federal Government budget has not included ongoing gap funding for Identified Local Road Grants nor has it provided growth for FAGS over a 3 year period. Additional funding has been identified for Roads to Recovery.

The Commonwealth Grants Commission in 2006 highlighted the lack of equity for SA in the Local Roads Grants being received as did the Inquiry by the House of Representatives Standing Committee on Economics, Finance and Public Administration in 2003. Roads to Recovery arrangements following this have recognised the inappropriate allocation under Identified Local Roads Grants and the funding was adjusted to a more appropriate share for South Australia.

Getting and retaining Federal funding to SA is an increasing challenge as our State competes with the eastern seaboard.

The Regional Development Australia (RDA) structures provide an avenue to bid for Federal funds in SA. Councils and RDAs need to ensure that their plans and strategies align well. The future of the RDA structures in the 2014/15 Budget have been maintained at previous levels but the future arrangements may still be subject to adjustment.

The State/Local Government Relations Agreement and the Minster’s State/Local Government Forum provide vehicles to address these issues with the State Government. However, Local Government needs to determine its agenda and develop proposals to take the issues further.

**FUTURE CHALLENGES**

In exploring financial reform matters it is likely that the following questions will be considered as they apply to Local Government in South Australia:

- Are the split of roles and responsibilities between the spheres of Government right for effective community governance?
- Is there duplication of effort or inefficient practices and resourcing between governments in some service areas?
• What criteria is used (or should be used) when assessing whether a service is best provided by Local Government in comparison to another sphere of Government?
• What criteria should be used to determine the contributions of the spheres of Government when they are jointly funding a service?
• Are the financial interactions between State and Local Government as efficient as they should or could be?
• What approaches should be adopted to ensure that when governments set the fees and charges for services provided (in regulation or otherwise) that these fees keep pace with the increasing costs of service provision?
• Do governments plan sufficiently well to jointly bid for funds from the Federal Government?
• Does SA get its fair share of Federal funding?
• Can Councils more adequately access Federal funding by looking at projects on a regional basis and working up cocktail funding which may include private sector contributions?
• Are there revenue sources for Councils, other than rates and fees and charges?
• Do Councils have adequate evidence based research to back up funding proposals to governments?
• Does more prominence need to be given by Councils to the collection and accuracy of data, including measurement of performance across a wide range of reforms and funding areas?
• Are Councils clear about what is meant by “cost shifting” and does increasing costs of governance and transparency sought by the Parliament really mean a “shift in cost”?

PANEL’S RECOMMENDATION

N/A There were no specific recommendation.

WORKSHOP

RESPONSE TO THE PANEL’S RECOMMENDATIONS

Examples:
• Support in principle
• Needs more research
• Needs to be tested
• Need more convincing
• Other

LGA WORK PROGRAM

• More research
• Demonstration sites
• Cost / benefit analysis
• Legislative proposals
• Other
3.1 COUNCIL AUDIT

INTRODUCTION

This consultation paper has been prepared to assist Council representatives consider the implications of the Local Excellence Expert Panel’s (LEEP) recommendations regarding audit.

It provides:
- an overview of the context for the issue;
- the future challenges likely to be faced by Council;
- activities to date in relation to this issue; and
- raises issues that need to be considered as the LEEP’s recommendation is further explored.

CONTEXT

The LEEP recommended:

“That the Auditor General assumes responsibility for Local Government auditing on a basis to be agreed between the LGASA and the State Government.”

FUTURE CHALLENGES

The LEEP observed that in most Councils, annual audits were focussed almost entirely on basic financial management and there was little systematic performance auditing as part of continuous improvement programs.

Local communities are entitled to expect from Councils not only sound financial management, but also an ongoing process of continuous improvement, sustainability and accountability.

ACTIVITIES BEING UNDERTAKEN BY COUNCILS AND OTHERS CURRENTLY

- Every Council is required to have an audit committee, and some Councils also employ an internal auditor.
- The LGA has produced guidance for Councils with ‘Local Government Financial Sustainability Information Paper No. 4 – Specifications for External Audit’;
- For the first time in 2013-14 (in metropolitan Councils) and in 2015-16 (in country Councils) auditors will also be required to provide an opinion on whether a Council’s internal financial controls are adequate. In readiness for this change, many Councils have adopted new practices and processes to monitor internal financial controls.
A Council may, at any time, undertake an “efficiency and economy investigation” of any part of its activities. However, this option is not often taken up.

No matter how well a Council may be doing in these areas, improvements are always possible. The public is entitled to expect Councils to be continually striving to improve the efficiency and economy with which public services are provided.

Councils are audited by private firms, pursuant to contracts. Although the auditing profession has strict standards of professionalism, the contractual nature of the relationship between a Council and its auditor may lead to a public perception that audits might not be as rigorous as those that might otherwise be conducted by the Auditor-General.

**PANEL’S RECOMMENDATION**

In considering this issue the LEEP is recommending that the Auditor-General become responsible for auditing Councils, to:

- ensure a consistency of approach and high standard of reporting;
- add to the legitimacy and autonomy of Local Government by making it subject to the same scrutiny and accountability to both the community and the Parliament as other spheres of Government;
- generate consistent and reliable data that could be used for comparative sustainability assessments and benchmarking; and
- assist in the preparation of an annual overview report to Parliament, on the financial health of the Local Government system.

**ISSUES ARISING FROM PANEL’S RECOMMENDATIONS**

In considering the LEEP’s recommendation (s) it is likely that Councils will need to consider the following key issues:

- the arguments advanced by the LEEP (as outlined above)
- the cost of auditing by the Auditor-General (which the LEEP acknowledges would likely be higher than current arrangements); and
- the autonomy afforded to Councils by the present system under which auditors may be contracted.

**WORKSHOP**

**RESPONSE TO THE PANEL’S RECOMMENDATIONS**

Examples:

- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other
LGA WORK PROGRAM

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
3.2 PERFORMANCE MEASUREMENT

INTRODUCTION

This consultation paper has been prepared to assist Council representatives consider the implications of the LEEP’s recommendations regarding assessment of Councils’ performance.

It provides:
- an overview of the context for the issue;
- the future challenges likely to be faced by Councils;
- activities to date in relation to this issue; and
- raises issues that need to be considered as the LEEP’s recommendation is further explored.

CONTEXT

The LEEP recommended:

“That the LGASA and State Government develop a new performance monitoring, assessment and reporting framework for Councils drawing on the recent initiative in Victoria and which includes a requirement for Council’s performance assessment to be reported publicly in the Annual Report.”

The LEEP noted that in Victoria a “performance reporting framework” and key indicators had been developed, for use by all Councils. This was a co-operative venture involving the relevant Victorian State department, the Municipal Association of Victoria, the Auditor General and other stakeholders.

The reporting framework requires Victorian Councils to report against three sets of indicators: service performance, financial performance and sustainability.

Two of these: financial performance and sustainability, though significantly more detailed and complex, are broadly comparable to the simple high-level reporting required by Councils in South Australia. However, in SA, there is no agreed framework for reporting on service performance.

Of course, the usefulness of indicators in measuring outputs and outcomes is not in the numbers themselves but the analysis of what is driving the indicator. Individually and without associated explanations, they can only ever tell part of the story.

FUTURE CHALLENGES

There is likely to be increasing focus on monitoring not only financial performance, but also the efficiency of service delivery, and even the performance of Council Members, comparable to the assessment of company boards in the private sector.

ACTIVITIES BEING UNDERTAKEN BY COUNCILS AND OTHERS CURRENTLY

In SA, annual financial statements must be prepared in accordance with the Model Financial Statements, so all Councils have a consistent and comparable presentation of their financial results. They also must report consistently on three key indicators of financial sustainability, being the: (a) operating surplus ratio, (b) net financial liabilities ratio and (c) asset sustainability ratio.

A Council annual report must include the Council's performance in implementing its strategic management plans, and its performance against its annual business plan. The annual report must also include any training and development activities for Members of the Council during
the previous financial year. However there is no prescribed format for these reports, and accordingly they vary in presentation from one Council to another.

The LGA has previously provided a range of performance data through its Comparative Performance Management (CPM) program. However, the number of Councils contributing to and participating has reduced in recent years, and the LGA has postponed data uploads, while reconsidering the program’s future.

An increasing number of Councils are introducing performance measurement systems to monitor service costs and quality, and to identify comparable Councils. There are also community surveys and other satisfaction surveys conducted with an increasing use of benchmarking and comparative information.

Some Councils are looking into ways to measure the effectiveness of the performance of the elected body with varying degrees of support and applicability of the survey instruments.

The LGA is currently conducting a project called “Assessing the Performance of a Council” which looks at the scope of areas for assessment of the elected body’s performance and also includes the interaction of the Council with the CEO and management team. The project is also looking at a methodology for the conduct of such an assessment. It is intended that the project will be finalised in time for use after the 2014 Local Government elections.

PANEL’S RECOMMENDATION
In considering this issue the LEEP recommended that the Victorian initiative should be used as the basis for a similar program in South Australia.

The LEEP suggested that the LGA could consider establishing a dedicated unit to assist Councils with performance assessment and broader governance improvement.

ISSUES ARISING FROM PANEL’S RECOMMENDATIONS
In considering the LEEP’s recommendation it is likely that Councils will need to consider the following key issues:

- The range and extent of the additional reporting burden that would be required. Some Councils may already be reporting on performance to the same or similar extent as required of Victorian Councils, albeit perhaps the presentation between Councils may differ. Other Councils may face substantial resource difficulties in reporting to the same degree.
- Public expectations and interest in comparisons between Councils noting that Council responsibilities and priorities vary significantly depending on the needs and expectations of their communities.
- The experiences of the Victorian Local Government sector in adapting to these requirements.
- Building on the already established approaches of Councils, considering regional opportunities and creating benchmarking groups.
RESPONSE TO THE PANEL'S RECOMMENDATIONS

Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

LGA WORK PROGRAM

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
3.3 FUNDING LOCAL GOVERNMENT SERVICES

INTRODUCTION

This consultation paper has been prepared to assist Council representatives consider the implications of the LEEP’s recommendations regarding financial sustainability. It provides:

- an overview of the context for the issue;
- the future challenges likely to be faced by Councils;
- activities to date in relation to this issue; and
- raises issues that need to be considered as the LEEP’s recommendations are further explored.

CONTEXT

Financial Sustainability (including the funding of services provided through infrastructure) has been in sharp focus for the LGA and its members since the 2005 Independent Inquiry into Financial Sustainability of Local Government (which pointed out that, under their then-existing revenue and expenditure policy settings, a significant number of Councils were financially unsustainable in the longer term). Many Councils heeded this advice and have taken up the training that has been offered by the LGA since that time. The result has been an improvement in the overall financial sustainability of the sector:

![Chart 1 – Local Government Sector – operating surplus/(deficit)](chart)

A critical approach used by many Councils in addressing fiscal imbalances was to phase out operating deficits in a manageable way, thus avoiding excessive rate increases or drastic cuts in services. Nevertheless, Council Members often were presented with weighty challenges. One large metropolitan Council improved its financial sustainability from an operating deficit of $5.3 million in 2005-06 to an operating surplus of $5 million in 2012-13. One small country Council improved in the same time period from an operating deficit of $1.0 million to an operating surplus of $0.35 million (after adjusting for the early receipt of Federal Government Grants).

FUTURE CHALLENGES
There is always pressure on Councils to do more, with less. The provision of services through infrastructure cannot be immune from that pressure. The table above also fails to disclose that many Councils (particularly smaller ones) are still not operating in a financially sustainable manner. It is essential that Councils manage their infrastructure assets in a way which minimises whole-of-life costs, while delivering services from that infrastructure, of a standard that is acceptable and affordable to the community. Similar considerations also apply to other services.

**ACTIVITIES BEING UNDERTAKEN BY COUNCILS AND OTHERS CURRENTLY**

Most country Councils recently participated in the Local Government Business Partners’ Program of 2012-13 which was focussed on addressing the most significant gaps that were identified by the Managing for the Future Reports. The Whole-State Managing for the Future Report had earlier identified significant challenges – especially for country Councils - in the area of asset management and financial sustainability.

For example, while nearly all Councils had (as required by legislation) adopted a revised Strategic Management Plan within the past four years; some of those plans (particularly among smaller country Councils) did not provide an assessment of the sustainability of Council's financial performance.

At the time of the Managing for the Future assessments (2010-12) some 87% of Councils had made at least “moderate” progress in setting or adopting financial sustainability indicator targets. Likewise, most Councils (81%) had a long-term financial plan (LTFP) with a 10 year horizon that presented forecast operating expenses and revenue. However, it appeared that some of these LTFPs were not being relied upon for their intended purposes, as one component of a Council’s annual business planning. That is evident because very few of those LTFPs (only 16%) included, over the forecast period, projected operating expenses by major function. And many Councils (31%) at that time, were not (even annually) reviewing and updating their LTFP.

Nevertheless, many Councils have improved their financial sustainability in part by reference to a collection of LGA Financial Sustainability Information Papers, covering topics such as Asset Management, Long-term Financial Planning, Treasury Management, Debt, Annual Business Plans, Rating and Other Funding Policy Options, and Service Range and Levels. These papers (initially published 2006-2009, and then updated in 2012) provide comprehensive advice on all the matters raised by the LEEP recommendations.

Through the Federal-Government funded ‘Local Government Reform Fund’ (LGRF) many Councils have taken advantage of subsidised training, offered to all Councils (between 2010 and 2013) in the areas of asset management and long-term financial planning. Courses were delivered by the Institute of Public Works Engineers Australia (IPWEA).

**PANEL’S RECOMMENDATION**

The LEEP made three recommendations in this area. Perhaps surprisingly, the LEEP’s recommendations appear to have been made without an understanding of either the LGA or the sector’s activities in this area over the past eight years (particularly the LGA’s Financial Sustainability Program) nor other initiatives already underway or planned.

1. That the LGASA and State Government collaborate to undertake a ‘10-Year Sustainability Stocktake’ in order to formulate and later implement a renewed and broadly-based agenda for improved financial and asset management in Local Government aimed at ensuring the long-term sustainability of Councils and the sector as a whole.

2. That in the meantime the LGASA reshape and strengthen the Business Partners Program including further training of Elected Members and staff in asset and financial management.
3. That investigations be undertaken into the establishment of a new facility to provide strategic financial management advice to Councils in relation to the funding of infrastructure.

ISSUES ARISING FROM PANEL’S RECOMMENDATIONS

In considering the LEEP’s recommendation(s) Councils will need to consider (or reconsider) the availability of existing (or planned) LGA initiatives and resources.

1. …the financial sustainability stocktake of all Councils in South Australia, conducted in 2010-12 under the ‘Managing for the Future’ banner, and the Continuous Improvement Plan that was provided for each Council.

2. …the LGA’s intention that the next iteration of the Business Partners’ program is intended to be targeted more towards Councils that have so far made the least progress towards financial sustainability. In general these Councils are the smallest in terms of population and revenue base.

3. …the LGA’s current exploration, consistent with the previous paragraph, of the option of establishing an “Asset Management Support Unit” which (among other things) would offer services of asset management, and long-term financial planning specialists to Councils that require this assistance.

WORKSHOP

RESPONSE TO THE PANEL’S RECOMMENDATIONS

Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

LGA WORK PROGRAM

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
INTRODUCTION

This consultation paper has been prepared to assist Council representatives to consider the implications of the recommendations resulting from the Local Excellence Expert Panel’s (LEEP) recommendations regarding the issue of Aligning the Electoral System more Closely with the States and Commonwealth, including moving to Compulsory Voting.

It provides an overview of the context for the issue and the future challenges likely to be faced by Councils and raises the issues that need to be considered as the LEEP’s recommendation is further explored.

FUTURE CHALLENGES

In relation to the issue of compulsory voting in Local Government elections, it is clear that communities, including business, will increasingly have the following expectations from their Councils:

- greater community engagement with ratepayers over issues affecting the local; community;
- consideration of issues on the basis of the community as a whole, with its increasing diversity; and
- more and better services, particularly in light of cost shifting from other spheres of government.

These demands or expectations are driven by:

- The constantly expanding role of Councils in the community; and
- Greater scrutiny by media.

ACTIVITIES BEING UNDERTAKEN BY COUNCILS CURRENTLY

In considering Local Government’s efforts to date in responding to community demands it is clear that, in Council elections:

- Some smaller Councils with large geographical areas struggle to attract candidates; and
• Some Councils have worked hard to meet community expectations and have developed leadership and community engagement skills of a high order, thereby encouraging greater participation in the elections process.

**PANEL’S RECOMMENDATION**

In considering this issue the LEEP is recommending:

*That the electoral system for Local Government be aligned as closely as possible with those for State and Federal Governments, including compulsory voting.*

**ISSUES ARISING FROM PANEL’S RECOMMENDATIONS**

In considering the LEEP’s recommendation it is likely that Councils will need to consider the following key issues:

• Would the move to compulsory voting affect the level of voter turnout?
• Would a move to compulsory voting serve to ‘politicise’ the process in relation to introducing party politics into candidate selection and campaigning?
• How important is it to align the voting system with other spheres of Government?

These key issues are considered below.

1. **Compulsory Voting and Voter Turnout**

Currently, the States of Queensland, Victoria and New South Wales (together with the Northern Territory) have compulsory voting for Council elections. The voter turnout in each of these States is:

• Queensland - 84.5%
• Victoria - 74.4%
• NSW - 83.4%

By comparison, the turn out for South Australia was 33% at the last elections held in 2010. Tasmania's turnout was 54.3% while Western Australia's was 30.5%.

It is clear from these figures that compulsory voting engenders a substantial increase in voter turnout in comparison with voluntary voting systems. In the Report of the Independent Panel in Western Australia (the WA Report) published in 2012, the Panel found that compulsory voting both increased the participation of communities in Local Government and increased the diversity of voters in terms of age, gender, occupation and interests.¹ The WA Report also noted that although candidates facing election would be subject to greater scrutiny, they would have greater legitimacy when elected to office.

2. **Compulsory Voting and Party Politicisation**

The WA Report also examined a common argument against compulsory voting: that it encourages party politics into Local Government, to the detriment of Local Government representation.²

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² WA Report, p148-149.
There is very little information available in relation to this argument. However, analysis of the most recent Queensland election in 2012 gives rise to some interesting observations. In that election, there were 234 Mayoral candidates and only 3 were party nominations. In addition, of the 1,281 nominations for Councillor, only 81 were party nominations. These figures suggest that party political nominations need not be the inexorable result of the introduction of compulsory voting. Further, where it does occur, it may not be as widespread as thought.

It is also possible to mitigate the ‘party politicisation’ of elections by taking precautionary measures in relation to the voting system. For example, in Queensland, ballot papers do not record a party membership against the candidate’s name, meaning that voters who wanted to vote on party lines would need to be aware of any party affiliations of candidates prior to registering their votes. In addition, the way in which votes are counted can affect party political influence, as can the opportunity or otherwise to run on a party ticket (see section 3 below - voting systems).

While concerns have often been expressed about the negative impacts of political party involvement in Local Government elections, the WA Report notes that no evidence has been presented that the impacts are wholly negative. The WA Report suggests that there may be some positive aspects to party political involvement, such as better campaign structures, the ability to reach a broader audience and more candidates with a broader vision.

In conclusion, the only hard information available to date in relation to potential for a connection between the introduction of compulsory voting and the politicisation of Local Government is the Queensland analysis. This may serve to allay fears that party politicisation is an inevitable outcome.

3. Aligning Voting Systems across all Spheres of Government
All State and Federal elections in Australia require compulsory voting. Three out of the seven Local Government elections in Australia have a compulsory voting system. It is arguable that compulsory voting sends a message to voters that elections are an important part of the democratic process, whether the election is for Commonwealth, State or Local Government.

The WA Report was unequivocal in its view that, as a guiding principle, Local Government elections should be conducted in a manner as similar as possible to State and Commonwealth elections. If Local Government is to throw off the yoke of being seen as the ‘poor relation’ in terms of its influence and standing as a sphere of government, it would help to align the voting systems more closely with the States and the Commonwealth.

In addition to compulsory voting, the vote counting systems may also affect the influence of party politics in Local Government. The three main approaches currently used in Local Government are: first past the post (WA); preferential (full or optional) in some form (Qld, NSW, Vic); and proportional representation (SA, Tas, NT). As pointed out by the Australian Centre for Excellence in Local Government (ACELG), there are a number of variations of proportional representation, including the single, transferable vote. This system is designed to ensure that votes are for individual candidates, rather than for party lists. Therefore the system of voting could also usefully be reviewed in any shift to compulsory voting in SA.

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3 Electoral Commission Queensland, Election Information and Results, 2012.
4 WA Report, p145.
5 ACELG/VLGA, Local Representation in Australia, November 2013, p40.
Conclusion
While there remains room for discussion on the question of compulsory voting versus voluntary voting, there are some clear benefits emerging for compulsory voting. These include a higher voter turnout and a greater diversity of voters. More work is required to determine whether compulsory voting leads to more party political influence, but the analysis available to date suggests that these fears may be unfounded, particularly if steps are taken to mitigate the opportunities for party influence.

WORKSHOP

RESPONSE TO THE PANEL’S RECOMMENDATIONS
Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

LGA WORK PROGRAM
- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
4.2 MAYORS ROLE AND TERM OF OFFICE

INTRODUCTION

This consultation paper has been prepared to help Councils consider the implications of the Local Excellence Expert Panel’s recommendation for a review and updating of the role and responsibilities of mayors/chairpersons (section 9.3 of the final report *Strengthening South Australian Communities in a Changing World*). The paper explains the Panel’s thinking, and raises issues that need to be further explored.

FUTURE CHALLENGES

The Panel argued that a fundamental purpose of Local Government is to provide ‘good governance’ and sound civic leadership for local and regional communities. In an increasingly complex and challenging world this aspect of Councils’ role will assume even greater importance. The Panel’s report discussed the role of mayors/chairpersons in that context, linked to ideas around ‘place management’ and ‘place-based leadership’.

Two inter-related challenges were highlighted:

- Finding ways to keep the ‘local’ in Local Government whilst also addressing ‘big picture’ issues as part of the broader system of government
- The need to ask some difficult questions about whether the current political structures of Councils and the way they make decisions match community needs and expectations, and whether Councils will be ‘fit for purpose’ into the future.

CURRENT SITUATION

Relevant provisions of the South Australian Local Government Act are as follows:

<table>
<thead>
<tr>
<th>Method of Election</th>
<th>Responsibilities of All Councillors</th>
<th>Additional Responsibilities of Mayors/Chairpersons</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Mayors are directly elected for the full 4-year term of the council</td>
<td>• To participate in the deliberations and civic activities of the council</td>
<td>• To preside at meetings</td>
</tr>
<tr>
<td>• Chairpersons are elected by and from the councillors: the term of office must not exceed 4 years</td>
<td>• To keep the council’s objectives and policies under review</td>
<td>• If requested, to provide advice to the chief executive on implementation of council decisions</td>
</tr>
<tr>
<td>• Councils may choose which method to adopt.</td>
<td>• To keep the council's resource allocation, expenditure and activities, and the efficiency and effectiveness of its service delivery, under review</td>
<td>• To be the principal spokesperson of the council (but the council may appoint another councillor to this role)</td>
</tr>
<tr>
<td>NB: In 2011 Mayors were directly elected in 49 councils and Chairpersons by Councillors in 18.</td>
<td>• To represent the interests of residents and ratepayers</td>
<td>• To exercise other functions as the council determines</td>
</tr>
<tr>
<td></td>
<td>• To provide community leadership and guidance</td>
<td>• To carry out civic and ceremonial duties.</td>
</tr>
<tr>
<td></td>
<td>• To facilitate communication between the community and the council.</td>
<td>NB: The City of Adelaide Act gives the Lord Mayor additional responsibilities “as the principal elected member of the Council representing the capital city of South Australia”:</td>
</tr>
</tbody>
</table>
PANEL’S RECOMMENDATION

In considering this issue the Panel is recommending:

- That the responsibilities of Mayors and Chairpersons as set out in the Local Government Act be reviewed, with a view to ensuring that the provisions of the Act match the way the role is developing in practice and enable its ongoing development to address future needs for civic leadership.
- That a person elected as a Mayor/Chairperson be limited to serving a maximum of 3 terms in that capacity.

The Panel suggested that amendments to the South Australian Local Government Act could then be considered in the context of the broader review of the Act proposed in Section 13 of its report. Also, it pointed to a recent ACELG discussion paper on Australian Mayors: What Can and Should They Do? as a source of ideas on how the role of mayors/chairpersons could be reframed.

Building on the ACELG report, provisions might be added to the South Australian Local Government Act giving the mayor/chairperson authority to:

- Nominate his/her deputy, establish committees and appoint committee chairpersons, subject to the agreement of the council (as in New Zealand)
- Oversee the councillors in the performance of their functions and in the exercise of their powers (Tasmania)
- Provide leadership and guidance to the community (City of Adelaide)
- Establish (or ensure) processes and mechanisms for community engagement (Auckland)
- Articulate and promote a vision for the area (Auckland)
- Lead the development and implementation of council plans and policies (Auckland/Qld)
- Propose the adoption of the budget (Qld)
- Direct the chief executive officer in accordance with the council’s policies (Qld)
- When necessary, make policy decisions between meetings (NSW)
- Lead the council’s participation in inter-governmental relationships (Adelaide).

ISSUES ARISING FROM PANEL’S RECOMMENDATIONS

The Panel’s report identifies a number of issues that need further consideration:

- There is overwhelming support for direct election of mayors, but this often creates an impression in the community that mayors have more authority to ‘get things done’ than is actually the case.
- Compared to similar places such as Queensland (especially the City of Brisbane) and New Zealand (especially Auckland), the role definition of South Australian
mayors/chairpersons in the Local Government Act looks somewhat vague and ‘weak’ (but submissions to the Panel did not indicate much support for ‘stronger’ provisions).

- In practice, mayors/chairpersons often do play a demanding leadership role that requires long hours and considerable skills. A more detailed ‘job description’ in the Act might make this clear and discourage candidates who lack the skills and commitment required.
- More rigorous professional development programs tailored to the specific challenges facing mayors would be highly desirable.
- There could be value in a requirement that mayoral candidates must have served at least one term as a councillor (but on the other hand this may deter suitable candidates).
- Where the mayor clearly exercises significantly increased responsibilities (eg through delegations from the council), this should be recognised with increased remuneration. (In Queensland all mayors are directly elected and paid on a full-time basis.)
- Consideration could be given to a cap of three terms for a mayor.

In considering the Panel’s recommendations Councils could consider the following questions.

Did the Panel propose ‘executive’ mayors as in parts of the United States and Europe?

There is no suggestion of this. The Panel refers to the ACELG discussion paper which outlines: ‘a possible Australian model for what might be described as a “semi-executive” mayor: one … who remains subject to a ‘separation of powers’ between the political realm of policy and strategy on the one hand, and the management realm of administration and program implementation on the other.’ (p.5 of the ACELG paper)

Why strengthen local leadership?

The Panel argued that there will be growing pressures on councils and local communities across South Australia due to economic and social trends and increasingly scarce resources within government to tackle emerging problems. If this scenario is correct, having leaders with more authority to represent local and regional communities could assume critical importance. The Panel also notes the need to ensure ‘good governance’ and hence the credibility of local government. Does all this amount to a sound case for stronger leadership?

Should leadership authority be more focused on a single person?

At present the South Australian Local Government Act spreads the responsibility for local leadership across all councillors and (except in the City of Adelaide) the mayor/chairperson does not have any special role. Is this realistic and effective? Does it cut across community expectations that directly-elected mayors will be local leaders? A Victorian councillor interviewed by ACELG commented that: ‘the mayoralty is about making the whole government function, making it work better with greater consistency.’ Is this correct?

Can Mayors claim an electoral ‘mandate’?

Claims and counter-claims about ‘mandates’ are commonplace in politics. Direct election of mayors, which is widely supported across South Australia, raises the question of whether they should have some additional authority to pursue specific policies and projects promised during their election campaigns. At present there is no difference between the powers of mayors and those of indirectly elected chairpersons, and mayors can be overruled on any
issue by a majority of councillors, regardless of their ‘mandate’. Is this a significant problem? Does the current legal position lead to tensions between mayors and other councillors?

**Are there risks involved in giving more authority to Mayors / Chairpersons?**

As noted above, the ACELG discussion paper only canvasses the option of a ‘semi-executive’ mayor, not the ‘mayor as CEO’ model that applies in parts of the United States, Europe and elsewhere. Nevertheless, concerns have been raised that giving any more power to mayors/chairpersons could result in some of them ‘running wild’ and a loss of democratic checks and balances. Is this a major risk?

Even with a ‘semi-executive’ model, consideration would need to be given as to how the actions of mayors/chairpersons should be regulated and scrutinised. For example, the powers of English mayors can be limited by council ‘constitutions’, and their decisions can be overruled by a two-thirds majority. In New Zealand, councils can reject the mayor’s decisions concerning their deputy, committee structures and chairpersons. In Tasmania, the mayor is required to ‘represent accurately the policies and decisions of the council’ (as are all councillors).

In South Australia the Local Government Act says very little about such checks and balances around the actions of mayors/chairpersons. Section 58 sets out the role of the mayor and says that councils may also determine some other functions for the mayor to exercise (which can later be withdrawn by the council). As well, they may appoint someone other than the mayor/chairperson to the role of ‘principal spokesperson’ – although there is no guidance as to why this might be done. Also, the Code of Conduct states among things that councillors (including mayors/chairpersons) must discharge their official functions and duties with reasonable care and diligence at all times, and not exercise or perform a power, duty or function unless authorised to do so. These provisions provide a basis for the actions of mayors/chairpersons to be scrutinised, but do they need to be strengthened, and if so, how?

**What about the ‘separation of powers’ between the elected Council and management?**

Concerns have been expressed that a stronger ‘semi-executive’ mayor/chairperson could interfere too much in the role of the CEO and management. Interviews conducted as part of the ACELG research suggest the risk of this occurring is small and that most mayors who have additional authority use it to focus on strategic issues and building partnerships. Does experience in South Australia confirm that? Would there be serious drawbacks in enabling the mayor/chairperson to direct the CEO in accordance with council policies? What recourse should be available to a CEO if a mayor/chairperson over-reaches their authority?

**Should political leadership of strategic planning and community engagement be reinforced?**

The South Australian Local Government Act requires consultation with communities on annual plans, strategic plans and key policies, but there is no clear role for political leadership in the process. Draft documents are normally discussed and developed to some extent by the elected body, but this may not occur until a late stage or when a final determination has to be made. By contrast, a key role given to mayors/chairpersons in some other jurisdictions is to ‘lead the development’ of council plans and policies (not to actually prepare them), and to ensure community consultation and engagement. Should

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8 Issues around mayor-CEO relations are discussed in an ACELG paper *Political Management in Australian Local Government: Exploring Roles and Relationships between Mayors and CEOs* (September 2012)
mayors/chairpersons in South Australia have authority to make sure planning, budgeting and community consultation is 'kept on track' in accordance with the council's objectives? What happens if the mayor/chairperson is not interested or skilled in these issues and fails to support adequate community consultation?

**Is there a sound case for limiting mayors to three terms?**

This debate revolves around balancing, on the one hand, the value of experience and continuity, plus the democratic rights of communities to elect whomever they wish; and on the other, the desirability of introducing fresh talent and ideas, and avoiding excessive, long-term dominance of a particular approach to local governance – perhaps based more on personality than sound, up-to-date policies. Is this a pressing issue in South Australia?

**On what basis should remuneration be increased?**

There seems no doubt that in many cases the role of mayor/chairperson becomes effectively a full-time job, and that current levels of remuneration fail to reflect that reality. The key issue then becomes the criteria to be applied in reviewing remuneration. Is the essential first step a clearer ‘job description’ in the Act, or specific delegations to the mayor/chairperson from the council? Should remuneration be linked to professional development? Should ‘full-time’ remuneration be limited to directly elected mayors?

**WORKSHOP**

**RESPONSE TO THE PANEL’S RECOMMENDATIONS**

Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

**LGA WORK PROGRAM**

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
INTRODUCTION

This consultation paper has been prepared to assist Council representatives consider the implications of the Local Excellence Expert Panel’s (LEEP) recommendations regarding Community Engagement and Community Governance.

It provides:
- an overview of the context for the issue;
- the future challenges likely to be faced by Council;
- activities to date in relation to this issue; and
- raises issues to consider as the LEEP’s recommendation is further discussed.

CONTEXT

Community Engagement

The Local Government Act 1999 (SA) (the Act)\(^1\) requires Councils to have a public consultation policy. The Act prescribes some features of the policy with flexibility for Councils to determine and set out the steps it will take in consulting with the community. Councils are required to consult on specific matters, such as strategic plans, annual financial plans and budgets, and community land management.

“Consultation” has been commonly used when Councils seek community input. However, the use of this term has at times created unrealistic expectations and confusion about whether and to what extent community input might influence Council decisions.

To support Councils to strengthen and enhance their relationships with local communities and other stakeholders the “Community Engagement Handbook - A model Framework for leading practice in Local Government in South Australia” was released by the LGA in 2008\(^2\). The model framework for community engagement is adaptable and flexible and may be applied equally by small rural Councils as well as large metropolitan Councils, and for small or large projects. The framework is based on the International Association for Public Participation (IAP2) model which defines various levels of community engagement along a spectrum as inform, consult, involve, and collaborate.

The IAP2 spectrum continues on to include “empower” as a level of community engagement (autonomous community governance), whereby final decision making is in the hands of the public. The Act currently does not provide for autonomous community governance structures.

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\(^1\) Section 50

\(^2\) Access via www.iap2.org.au. The Handbook was a collaborative initiative between Local and State Governments.
where decision making is delegated to an independent from Council body. In this respect “empower” in the Local Government context sits at an operational level through community development and community capacity building initiatives.

Community Governance

The Act prescribes Council Members role as representative, informed and responsible decision makers in the interests of the whole Council area. Councils must provide, open responsive and accountable Government and be responsive to the needs, interests and aspirations of individuals and groups within its community.

The LEEP report refers to community governance as taking the notion of community engagement to another level and refers to this as “working with a broad range of other Government and community stakeholders to determine preferred futures and to facilitate shared decisions and joint action to achieve agreed outcomes”. For the purpose of its report, the LEEP defines “community governance” as:

- a collaborative approach to determining a community’s preferred futures; and
- developing and implementing the means of realising them.

It is to be noted that the Act currently goes some way to address this recommendation as it requires Councils to participate with other Councils and Governments in setting public policy and achieving regional, State and national objectives, and giving due weight to State and national objectives and strategies. The Act also requires Councils’ strategic management plans to be informed through participation with other Councils, State and national governments, and “to adopt a process to ensure community members are given a reasonable opportunity to be involved in the development and review of its strategic management plans”.4

In addition, Section 41 of the Act enables Councils to establish committees which may include persons who are not members of Council, that is, to include skilled professional members of the community with specialist knowledge that is additional to that of elected members and staff, thereby enhancing the collective wisdom on the subject which is of interest to the committee.

The LEEP Report recommends legislative amendments to require Councils to promote Local Government through establishing committee structures with community representation and refers to the benefits of involving community members who are motivated, may have fit-for purpose knowledge expertise or skills but who are not constrained or burdened by numerous Local Government responsibilities. The Report also cites examples of autonomous structures with no direct representation of Council Members but with requirements to report to Council.

FUTURE CHALLENGES

Community Engagement

The broader framework of community engagement (rather than “public consultation”) has increasingly been acknowledged by Councils and local communities as a more meaningful approach to informing Council’s decision making. Some of the key challenges for Councils into the future are as follows.

- Maintaining the momentum along the spectrum to enhanced community participation.

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3 10.2 Community Governance, Page 45
4 Section 122 (6)
• Ensuring access as an organisational priority to suitably skilled professionals to manage community engagement policy, planning and processes; an additional challenge during times of budgetary restraints.
• Including community engagement (orientation and principles) training for existing and newly elected Council Members.
• Supporting locally based organisations and interested community members to participate effectively in decision making processes, including through training and development.
• Keeping up with expanding information technology and social media options to engage in an appropriate and timely fashion.
• Dealing with the immediacy of social media communications. Difficulties have emerged where inaccurate information has “gone viral” in advance of Council completing the feedback loop about how community input has shaped Council decision making.
• Addressing the issue of internet coverage, which is patchy in rural and more remote Local Government areas with slow connections limiting access and reports of frequently occurring outages in some areas.
• Continued efforts to engage with those who have been traditionally hard to reach - indigenous communities, those who are housebound or living remotely from civic centres and community hubs, and people from culturally and linguistically backgrounds.

With respect to the recommendation for Regional Councils (referred to elsewhere in the LEEP report) a particular challenge will be establishing effective means of assembling coherent information from each diverse and geographically separate community, and to build networks that will inform and assist in delivering the outcomes sought.

Community Governance

As stated, the Act currently enables community representation on Council committees. It is observed that moves towards greater involvement of communities in local governance has evolved over time through a shift in Councils historical focus on “control and respond to demand” to a participatory governance approach. Council Members are increasingly taking up community leadership roles as encouraged by the 1999 Act, with decision making informed by community input.

It is questionable whether Councils are ready for the transition to legislated community governance structures, and whether communities are prepared in terms of knowledge of Local Government administration and practice, and accountability requirements. There are likely to be a number of incremental steps to transition to legislated community governance as referred to in the Report.

In considering Local Government’s efforts to date consideration needs to be given to whether there is an existing or emerging need for prescribed community governance structures (representative or autonomous) and for provisions to enable communities to trigger the formation of such structures. Local Government will need to embark on an informed debate about the principles and practices, and the benefits and dis-benefits of community governance structures, to address the following challenges.
• Defining the topics/issues that would be appropriate for a community governance structure and how it would support Council Members role.
• Attracting suitably skilled and experienced participants to Committees who are inspired and motivated (historically challenging) and avoiding the risk of volunteer “burn out”.
• Clarifying community expectations about potential roles in Council business, and distinguishing between decision making and operational matters.

5 The formation of autonomous community governance structures is generally driven by a critical local need or emergency response, for example, the community initiated the formation of the Bendigo Bank when services were mooted to be withdrawn from the town.
- Ensuring community governance structures are efficient and cost effective and do not place an unnecessary burden on the Council organisation.
- Ensuring long term sustainability of community governance structures (resourcing and administration) and the practical implications of servicing an autonomous body.

It will also be important to ensure any new legislative requirements do not put at risk the effective community engagement and community governance work that is already occurring, as described below.

**ACTIVITIES BEING UNDERTAKEN BY COUNCILS CURRENTLY**

Many Councils are demonstrating leadership through their commitment to effective community engagement and community governance initiatives in local areas.

**Community Engagement**

Councils have generally embraced the rhetoric and principles of community engagement to varying degrees since the release of the Handbook as reflected in many Councils “Public Consultation Policies”. Some larger Councils have engaged specialist community engagement personnel, whilst others have allocated community engagement responsibilities to designated positions. For smaller Councils, the task has been more challenging with the responsibility being taken up by Chief Executive Officers in some cases. These challenges are exacerbated for Councils with small populations in large geographic areas, and in times of budgetary constraints.

There has been a notable shift in community engagement initiatives away from the traditional public meeting (referred to in the Act) to more meaningful forums such as workshops, staffed displays, issues forum, focus groups, and representative community reference groups. However it is understood that there is still opportunities to enhance translating policy into practice.

Whilst the LGA Training and Development Program on this topic has been well attended (other than by Council Members) there is an increasing requirement for basic training and a further demand for more extensive training in techniques and managing difficult and conflict situations. The Handbook is in the progress of being updated and will continue to provide guidance in the use of a range of techniques and flexible approaches to community engagement.

The use of social media, on-line forums and surveys, and community and culturally specific media are also being recognised as cost effective and efficient ways to reach targeted audiences. However, it is acknowledged that these mediums are not accessible to many in the community due to affordability or geographic location. The important role that Council libraries play in community engagement is acknowledged, particularly through wireless network access, free access to computers connected to the internet, and digital platforms for information sharing.

**Community Governance**

There is strong evidence that many Councils work with “a broad range of other Government and community stakeholders to determine preferred futures and to facilitate shared decisions and joint action to achieve agreed outcomes”\(^6\) and \(^7\)

The mechanisms for this include:

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\(^6\) Refer to 10.2 Community Governance, Page 45,
\(^7\) Council Strategic Management Plans and Annual Reports
• Collaborative approaches with State and national Government and non-Government agencies, through strategic planning processes in consultation with local communities and key stakeholders – taking on the role of advocates, brokers and facilitators as well as service provider.
• S40 Committees with community representation.
• Council Members nomination to community boards and committees, and community member representation on Council Committees.
• Local/Regional partnerships or alliances - co-operative and collaborative approaches to areas such as environmental management, economic development, social planning.

Anecdotal evidence suggests that some governance structures (S40 Committees and those convened for a specific topic or project) have varying degrees of good outcomes which generally depend upon community members understanding of the objective/role of the structure, their interpretation of the terms of reference and their role in Council decision making. Conflict emerges around issues of performance, accountability, transparency, and sometimes unrealistic expectations of Council Members and/or staff.

Finally, the LEEP report refers to the requirement for periodic Representation Reviews, and suggests that the Reviews would provide an opportunity for communities to comment on existing community governance mechanisms and suggest new structures. The public consultation requirements with respect to Representation Reviews are prescribed in the Act and this recommendation would require a legislative amendment if the community governance recommendations are progressed.

**PANEL'S RECOMMENDATION**

**Community Engagement**
The Local Government Act be amended to:
• Ensure Councils prepare and adopt a community engagement plan; and
• Enable Councils to adopt a flexible approach to community engagement depending on the nature and needs of their communities, while requiring far-reaching community engagement in specific circumstances such as to communicate and receive feedback on the annual business plan and budget.

**Community Governance**
The Local Government Act be amended in consultation with Local Government and representatives of community organisations in the interests of the further development of community governance so that Councils have an obligation to promote community governance, through:
• the establishment of Council committees comprising in part at least, persons who are appointed for their relevant knowledge and skills;
• enabling a community to trigger the process of setting up a community governance structure in its locality or neighbourhood or for a particular purpose or goal;
• setting out the extent of the function and powers available to community organisation structures;
• setting out goals/principles for community governance and the establishment of structures (rather than prescribing processes);
• providing opportunities for a range of support options for community governance structures and;
• encouraging Councils to facilitate community governance and developing capacity in communities.

**Representation Reviews**
The Local Government Act be amended to extend representation reviews to include an obligation on Councils to consider the need for additional processes and mechanisms to
ISSUES ARISING FROM PANEL’S RECOMMENDATIONS

Community Engagement

- To what extent is Council currently working within a community engagement framework?
- What are the risks of mandated statutory provisions (as currently apply) vs a flexible model of community engagement that allows a range of techniques (as proposed)?
- Does Council support a flexible approach into the future to deal with specific issues rather than the current prescribed requirements?
- How effective are current legislative provisions to facilitate community engagement around strategic planning, annual business plans and budgets?
- What are the barriers to Council Members developing community engagement principles and practice knowledge and capabilities?

Community Governance

Councils are progressing community involvement in decision making through community engagement initiatives.

- Are existing Council committees linked to strategic directions and how effective are they in achieving stated objectives?
- Is Council able to attract suitably skilled community members to existing committees?
- Are there lessons we can learn from existing structures when considering community Government structures into the future?

The recommendation proposes a leadership role for communities as well as Councils.

- How would community governance structures assist Council Members to fulfil their role?
- Is there a community demand in your area for community driven community governance structures?
- Is Council ready to consider community governance structures as recommended?
- What circumstances would trigger this to happen?
- What building blocks would be needed for Councils and communities to take up this recommendation?
- What would it take to support and sustain community governance models in the longer term?

Representation Reviews

This recommendation relies on adoption of the Community Governance recommendation.

- To what extent would an amendment to the Act achieve a greater level of community engagement?
- Are there other mechanisms that could be used to achieve this?
RESPONSE TO THE PANEL’S RECOMMENDATIONS

Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

LGA WORK PROGRAM

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
INTRODUCTION

This consultation paper has been prepared to assist Council representatives consider the implications of the Local Excellence Expert Panel’s (LEEP) recommendations regarding planning reform, outlined in Section 11 of the LEEP report.

It provides:

- an overview of the context for the issue;
- the future challenges likely to be faced by Councils;
- activities to date in relation to this issue; and
- raises issues that need to be considered as the LEEP’s recommendation is further explored.

CONTEXT

Good planning at the state, regional and local levels is fundamental in delivering and maintaining vibrant, healthy and sustainable communities. The legislation governing the planning system in South Australia has now been in place for more than 20 years and despite a rolling program of reviews and amendments, there are elements of the system that are not meeting the needs of Local Government. The system is also falling short of the community’s expectations about the extent to which they can participate in and influence decision making about the future of their city, town or neighbourhood.

The State Government has recognised the need for a wholesale review of the planning system and has charged this important task to an Expert Panel on Planning Reform, which will be making recommendations to the Minister for Planning in December 2014. Therefore, this is an opportune time for the Local Government sector to be thinking about and responding to ideas about the future role of Councils in the planning system.

The Local Excellence report outlines that the responsibilities that Councils have to ensure that local planning initiatives are kept up to date with State level strategic, transport, land use and infrastructure plans can be quite onerous. These responsibilities include preparing a Strategic Plan under the Local Government Act, preparing a Strategic Directions Report under the Development Act, investigating and initiating regular amendments to the Development Plan and assisting with the development of Structure Plans. This work occurs in addition to the development assessment responsibilities delegated to Council staff and Development Assessment Panel.
The LEEP report addressing a number of planning issues, including:

- opportunities for a regional approach to planning activities undertaken by Councils;
- the inadequacy of current community engagement activities in local vision setting;
- the importance of a collaborative urban renewal precinct development framework;
- the benefits of expanding a Regional Development Assessment Panel model; and
- a more inclusive and transparent model for the assessment of ‘major projects’.

The planning reform issues addressed in the Local Excellence report are broadly consistent with the key themes that have emerged during the LGA’s consultation with Councils on reform options.

**FUTURE CHALLENGES**

In relation to planning reform it is clear that communities, including business will be seeking from Councils:

- greater efficiency and certainty in the development approval process and less red-tape and bureaucracy across the entire planning system;
- increased public participation in planning decision making, particularly at the strategic planning and policy making stages;
- more transparency and accountability in decision making;
- greater Local Government influence over local decisions that are currently made at the State level, particularly in regions; and
- a more equitable and coordinated approach to the funding and provision of the infrastructure associated with growth.

These demands or expectations are driven by:

- the difficult economic times, which are exacerbated in some regions by the withdrawal of the car manufacturing industry;
- the need to capitalise on and diversify economic opportunities to stimulate job growth;
- an apparent deep-seated mistrust from community in the existing system and processes to deliver high quality development outcomes;
- increasing expectations from community and industry about what the planning system can and should deliver; and
- A lack of coordination and planning in the delivery of infrastructure, which drives up costs and makes housing less affordable.

**ACTIVITIES BEING UNDERTAKEN BY COUNCILS AND OTHERS CURRENTLY**

There are numerous examples of Councils tackling various matters related to the future, including:

- 10 Councils across 3 regions realising the benefits of establishing a Regional Development Assessment Panel.
- Three Riverland Councils have taking steps to align their Development Plan policies to provide greater consistency across their region;
- All Councils in the South East region preparing a joint Strategic Directions Report (Section 30 Report);
- There are several examples of Councils undertaking joint Development Plan Amendments for a specific purpose.
- Some Councils measuring and monitoring their performance in assessment timeframes and making this information publicly available to increase openness and transparency;
- Many Councils going beyond the minimum statutory consultation requirements to engage their communities in strategic and policy planning exercises. Initiatives include open...
days, community reference groups, design charettes, online forums, independent members on Planning and Development Policy Committees etc.

- Councils entering into more sophisticated agreements with developers to reach an upfront understanding about processes, funding and the provision of infrastructure.
- The South East Local Government Association working with the LGA to prepare a Discussion Paper on the feasibility of establishing a Regional Planning Authority, with delegation to approve Development Plan Amendments.

In considering Local Government’s efforts to date in responding to community demands it is clear that there is an appetite for regional collaboration in delivering planning functions and services. However, the approach is quite ad hoc and appears to be driven by the financial incentives of cost and resource sharing rather than the output benefits of greater collaboration. It is also considered that some Councils may be cautious about adopting regional planning structures as this may result in reducing control or influence over local planning decisions.

**PANEL’S RECOMMENDATIONS**

In considering this issue the LEEP is recommending:

**Regional Development Plans**
- With the support of State Government departments, Councils collaborating with each other to develop regional Development Plans.

**DPA Process**
- Introducing time limits for State agency responses and ministerial decision making

**Regional Development Assessment Panels**
- Regional DAPs replacing individual Council DAPs
- Precluding anyone currently employed in a strategic planning or development assessment role in any level of Government from membership of an RDAP
- Allowing RDAP meetings to lawfully proceed using e-meeting technology
- Delegating some current functions of the Development Assessment Commission (DAC) to RDAPs once they are established.

**Community Planning**
- Councils engaging with communities using best practice methods and social media.

**Urban Renewal**
- Precinct Authorities working collaboratively with any directly interested Council from the commencement of the preparatory stages for a precinct plan or its amendment.

**Major Projects**
- specified criteria used to determine whether any development constitutes a major project
- Councils and communities having input into the guidelines for the Environment Impact Statement which are formulated by the Development Assessment Commission
- Specified time periods for the performance of tasks assigned to DAC and the Minister
- Providing a right of appeal to the ERD Court in relation to a Minister’s Assessment Report
- The Minister and Local Government considering how local and regional communities could have greater involvement in the assessment of major projects.
ISSUES ARISING FROM PANEL'S RECOMMENDATIONS

In considering the LEEP’s recommendation (s) it is likely that Councils will need to consider the following key issues:

- In relation to Regional Development Plans, regard would need to be given to the process of amending and updating the Plan in terms of who would be responsible and how conflict about policy directions would be resolved.
- Statutory timeframes for DPA processes would possibly improve efficiency, but it is not clear from the LEEP’s report how this would be enforced.
- The LEEP recommends that planners who are currently working in any level of Government in a strategic planning or development assessment role should be precluded from sitting on a Regional DAP. The rationale for this position is not clear and there is concern that this might detrimentally limit the availability of suitably qualified people.
- An investment in video conferencing facilities would be required to facilitate remote participation in RDAP meetings. This is considered to be a sound investment given the myriad of benefits this technology would provide across an organisation.
- The proposal to decentralise some of the functions of the DAC to Regional DAPs is broadly supported. Regard would need to be given to how this is resourced, whether through development application fees or another mechanism.
- The LGA secured a number of amendments to the Urban Renewal Act to ensure that Councils are strongly engaged in any precinct planning process, from the inception of the project to its delivery. Some of the detail of this process will be resolved through future Regulations.
- The goal of increasing community participation and engagement in planning processes is broadly supported, but it needs to be acknowledged that comprehensive engagement strategies are expensive to implement. Regard needs to be given to how engagement should be appropriately funded.
- The LGA made a submission to the productivity commission inquiry into Major Project assessment processes in 2013. This submission was prepared in consultation with the Local Government sector and the issues considered in the LEEP report are consistent with the LGA’s submission.
- The LGA’s Major Project Submission did not raise the issue of timeframes being imposed on DAC or the Minister. It is considered that some caution needs to be exercised in this regard given that the timeframe performance standards imposed on Local Government are seldom enforced.

WORKSHOP

RESPONSE TO THE PANEL’S RECOMMENDATIONS

Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other
LGA WORK PROGRAM

- More research
- Demonstration sites
- Cost / benefit analysis
- Legislative proposals
- Other
INTRODUCTION

This consultation paper has been prepared to assist Local Government representatives consider the implications of the Local Excellence Expert Panel’s (LEEP) recommendations regarding environmental issues.

It provides:
- an overview of the context for the issue;
- the future challenges likely to be faced by Councils;
- activities to date in relation to this issue; and
- raises issues that need to be considered as the LEEP recommendations are further explored.

CONTEXT

Environmental management has become an increasing part of Local Government business, although there is a wide diversity in priorities and approaches. Environmental issues intersect with economic and regional development, community health and wellbeing, urban planning, asset management and many other areas of operations and service delivery.

Resourcing has not necessarily kept pace with community expectations and other key drivers such as accelerated climate change. Many environmental and sustainability projects are dependent on external funding which is highly variable and difficult to plan for. Regionalisation of planning and project delivery is emerging as an important response to ensure consistency and efficient use of resources and this trend will continue. Achieving secure, on-going funding sources and stable partnerships is also required.

FUTURE CHALLENGES

Environmental challenges will continue to become more complex with community expectations about Local Government’s role and responsibility likely to expand. These demands or expectations are driven by:
- Population growth and trends
- Economic and technological change
- Climatic conditions that are expected to continue to become warmer, drier and with more evaporation and more intense rainfall events. Sea level rise and extreme bushfire weather are additional risks.
- Continued pressure on natural resources including biodiversity
- Increasing awareness of the linkages between public health and environmental issues.
- The general accessibility of Local Government to the public
The combined effect of these drivers will require environmental management becoming even further integrated into the day to day business of Councils. Collaboration between all spheres of Government will also be of increasing importance, as will active linkages between research, policy and practice to maximise the benefits from investment in all areas.

Sharing information about policy and on-ground project delivery will also become easier and more critical as complexity increases and new technologies and approaches are introduced.

The following areas have been identified by the LEEP as key areas of challenge for the Local Government Sector in the future.

**Community leadership and engagement**

Councils play a significant role in facilitating community engagement in environmental programs and household/private sector uptake of more environmentally sustainable behaviours. With limited resources available, the respective roles of Commonwealth, State and Local Government in information provision on environmental issues and facilitating household, business and community action requires clarification.

Councils also have a key role in managing their own operations as efficiently and effectively as possible to minimise expenditure and maximise environmental outcomes.

**Climate change**

As identified above, climate change will be a key driver of reform across all areas of Council operations and poses significant risks, and opportunities. More frequent and intense heatwaves, more intense rainfall events that create greater flooding risks, increased bushfire risks and coastal inundation and erosion will require an integrated and strategic approach to prepare for.

Public and private infrastructure in particular needs to become resilient to changing climatic conditions. This will require better integration of climate change considerations within both urban planning frameworks and long term asset and infrastructure planning. Councils role in managing their own operations as efficiently and effectively as possible to minimise expenditure and maximise environmental outcomes will continue.

Climate change will also demand a greater reliance on regional partnership based governance processes that tap into a broad range of stakeholder interests and evolve over time. Local scientific data will be important to inform decision making and planning.

**Energy**

The future direction of energy technologies, energy networks and energy markets indicates that a radical transformation is underway¹. A more strategic approach is needed in order to identify the most appropriate roles and responsibilities for Councils in meeting the energy needs of their own operations and that of their communities. Such an approach would take into consideration both opportunities and risks and seek out stronger collaborations with energy network businesses in particular. Links to other infrastructure such as water and telecommunications can leverage opportunities and efficiencies.

Pursuing efficiencies within Council’s own operations and seeking alternative low emission sources of energy will continue to be an imperative. Buildings will be designed or retrofitted to minimise their carbon footprint.

Water

Water management will continue to evolve as technologies, community expectations and environmental conditions change. Facilitating efficient water use in Council operations and across households and business/industry and community organisations will remain on the agenda.

Stormwater will increasingly be managed as part of an integrated approach to urban water management that also considers the interconnections between land and water management. This will require increased collaboration and a long term strategic approach, particularly across Greater Adelaide. Increasing the adoption of practices such as Water Sensitive Urban Design (WSUD) also requires greater understanding of long term costs and benefits and sharing of best practice between Councils.

The private sector may play a future role in managing large complex stormwater harvesting projects, bringing commercial expertise and access to finance. If this eventuates, Councils will need to consider issues/implications associated with their own water management practice but also the needs and wants of the wider community.

Local Government must continue to advocate to State Government for leadership in water management.

Waste

Waste management will continue to be a core activity undertaken by Local Government, with different service levels across the State. Significant resources have been devoted to the implementation of household recycling over the past decade. Household waste diversion rates have plateaued in most areas while expenditure continues to increase and now comprises nearly 10% of overall Local Government operating expenditure. Introduction of food waste collection, e-waste collection and upgraded services for multi-unit dwellings have contributed to cost increases.

A key future challenge is how to improve cost efficiencies while maintaining or improving household diversion rates and streamlining service levels. The solutions are likely to differ between urban and regional parts of the State but with a consistent focus on operating at a regional scale and informed decision making. As community expectations grow, the respective roles of State and Local Government also need to be well defined.

Leadership from the State Government is critical in this area as the primary market based instrument, the Solid Waste Levy and the associated Waste to Resources Fund (WRF), which holds $60M and growing annually, is at its discretion. Recent announcements regarding the cessation of Zero Waste SA and the formation of a new body Adaptive Futures SA, indicates the States intentions to shift its policy focus however this announcement included a 50% reduction in funding and no commitment for access to the WRF.

Another opportunity for the next era of waste management is for Councils to become a more active stakeholder in the waste management cycle, including closing the loop on recoverable materials and driving advanced manufacturing opportunities. Councils will also continue to expand the use of recycled materials in their own projects and construction works. Remediation of landfill sites needs to maximise their re-use potential.
Natural Resources Management (NRM) and urban greening

Councils are active players in NRM and have important roles as land managers, advocates and partners with multiple stakeholders including regional NRM Boards.

NRM bodies are likely to continue to provide a forum for regional planning to ensure a landscape approach to management and coordination of different stakeholders. Within this model, Councils may play a bigger role in delivering NRM related projects, including aspects of native vegetation management. Councils continue to be frustrated by native vegetation approval processes, including associated off-set costs and this is a key area of reform likely to gain momentum in the near future.

The NRM levy is essential to provide a stable financial resource however the levy and on ground delivery arrangements will need review in the future. Councils role as stewards of the land and water will increase as existing threats to our natural resource base escalate.

Methodologies for valuing natural resources and ecosystem services in asset management frameworks and business case development will need to be in place to ensure they are accurately and appropriately considered.

As private green space shrinks – public open space, trees, remnant biodiversity and water systems will become of increasing importance to the quality of life for urban communities. Tree management on public and private land is likely to remain hotly contested. Responses should include coordinated community education about the multiple benefits provided by trees, coupled with ongoing adaptation to ensure appropriate plantings.

ACTIVITIES BEING UNDERTAKEN BY COUNCILS AND OTHERS CURRENTLY

There are numerous examples of Councils tackling various matters related to the future demonstrated by:

- Considerable planning has, and continues to be undertaken in climate change adaptation across the State. Under the Climate Change Sector Agreement, Local Government has also participated in many collaborative projects with State Government.
- Strategic investigation into future directions for waste management in collaboration with the wider waste industry, in particular opportunities for advanced manufacturing
- Large investment in energy efficiency and water efficiency upgrades in a high proportion of Councils across the State.
- New approaches to water management – ranging from large scale stormwater harvesting schemes to WSUD, such as rain gardens.
- Integrated Water Management Plans developed for a number of Councils across the State.
- Trial of hybrid streetlamps at City of Victor Harbour. Hybrids are a mix of small scale wind turbines and solar panels that provide power to an LED array.
- Solar Councils Pilot Program and Solar Councils Innovation Fund projects.
- Provision of expanded range of recycling facilitation and services in some Councils.
- An active network of information sharing between Council staff working in the environmental sector and a high level of professionalism.
- Community education and incentive programs in water, energy and waste.

In considering Local Government’s efforts to date in responding to community demands and environmental and political pressures it is evident there is strong leadership coming from Councils.
PANEL'S RECOMMENDATIONS

In considering this issue the LEEP is recommending:

Climate change
That the collaborative partnership between State and Local Government for climate change continue beyond 2017.

Waste management
Collaborative and cooperative approaches to waste management be explored on a Local Government wide basis and/or regional basis to identify structures that would delivery greater efficiencies and improved outcomes for Local Government in the waste management sector.

Energy
That Local Government investigate how it can position itself as a key stakeholder in the energy sector by developing appropriate organisational structures which optimise collaboration and partnerships and will deliver the best possible energy outcomes for communities in the most efficient and cost effective way.

NRM
The authority to manage natural resources and native vegetation clearance become the responsibility of Regional Councils, once established, on condition that technical expertise and support is provided by relevant State agencies.

Environmental nuisance
The responsibility for investigating and resolving matters of local environmental nuisance be accepted as part of the function of a regional Council on condition that the EPA provide support in the form of expertise and equipment.

ISSUES ARISING FROM PANEL'S RECOMMENDATIONS

In considering the LEEP’s recommendations it is likely that Councils will need to consider the following key issues:

Climate change
How can existing governance models for climate change evolve to facilitate the best outcomes? How do Councils facilitate linkages between key climate related issues such as public health and asset management to minimise complexity?

Waste
In exploring regional approaches, it is important to consider core policy objectives, whether Councils should take a more commercial approach to waste management, and the future shape of the State and Local Government relationship. This includes legislative reform and a review of the role of the Solid Waste Levy for municipal waste and Local Government access to the Waste to Resources fund.

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2 The Panel recommends the establishment of Regional Councils across all areas of the State and would play a key role in determining regional policies, programs and projects with local Councils continuing to operate to provide local services and representation for their communities but with an increased emphasis on regional collaboration and shared services.
Energy

In considering the future role of Councils in energy, potential synergies with other infrastructure should also be explored.

NRM

The model proposed by the LEEP needs careful consideration. Local Government must play an active role in shaping governance structures and delivery mechanisms that facilitate regional cooperation and maximise on-ground outcomes within a framework of best NRM practice. NRM is complex and multi-faceted, and proposed Regional Councils need to be adequately resourced and have appropriate legislative frameworks in place to be effective.

Environmental nuisance

The State Government wishes to pursue a legislative proposal for Local Government to accept the role of managing local environmental nuisance with EPA maintaining its role in investigating and resolving matters of significant environmental harm.

WORKSHOP

RESPONSE TO THE PANEL'S RECOMMENDATIONS

Examples:
- Support in principle
- Needs more research
- Needs to be tested
- Need more convincing
- Other

LGA WORK PROGRAM

- More research
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