



AUSTRALIAN LOCAL GOVERNMENT

I receive positive and considered feedback about my weekly columns in Orange City Life – How to get the best out of our Councils – from many different sources. I always seek to be objective and fair.

I started my career in local government in England where councils are the equivalent of the NSW government and local government combined, so they are much bigger organisations and tend to be more strategic than Australian Councils. For example, the smallest Council I worked for in England was North Lincolnshire Council that served a population of 150,000, had 7,500 staff, and an annual budget of £126 million. It now has 43 Councillors and in my day it had 62 Councillors. Council meetings were more like meetings of the NSW Parliament than NSW Council meetings!! The other major differences are mandatory and preferential voting in NSW and first past the post non-mandatory voting in England and Wales.

So, it is important for me to remember how different Australian local government is from local government in England and Wales, because of the differences in autonomy, however, I still believe that NSW councils can demonstrate better leadership and gain more community trust than at present to get closer to realising their potential. We saw how important local councils were to local communities when forced amalgamations were proposed.

Australia is a constitutional monarchy comprised of 6 States and 2 Territories. Australia has 3 “spheres” of government ... local, state and federal.

Each sphere of government is centred on a body democratically elected by the people as their representatives.

Each sphere of government has its own responsibilities ... though many responsibilities are shared in various ways.

This division of government means that most Australians:

– are governed by 3 sets of laws and

regulatory instruments, and

– deal with 3 sets of public officials.

New South Wales has 138 councils: 128 local councils serving a geographical area and ten county councils formed for a specific purpose.

NSW Local Government:

– is a significant employer with about 50,000 direct staff

– injects approximately \$6-7 billion annually into the NSW economy.

Local government is legally subordinate, not sovereign. This means that local government has been established by State Government to exercise delegated State powers. In that sense local government is part of the State's administrative apparatus.

Local government is a distinct sphere of elected governmental administration or activity in its own right, but powers can readily be changed by State government, and the manner in which councils exercise those powers is subject to overall control by the State.

Local government in NSW was largely imposed by the colonial government to compel local people to accept responsibility for the provision of local services. It was the “user pays” solution to the financial problems experienced by the colonial government in providing services. The tradition has been for the State Government either to require or persuade local councils to accept responsibility for various functions.

This attitude has been reflected in almost all the **legislation** that has regulated local government in this State, as well as in other matters, such as:

- enforced amalgamations
- dismissals of local councils (as I am

writing this I hear that Balranald Shire Council has been sacked)

- centralised land use planning
- loss of local planning powers and autonomy
- pro-developer laws
- rate capping and
- cost shifting from State to local government

Local Government NSW (LGNSW) is the peak organisation representing the interests of all councils in NSW. The LGNSW cost shifting survey is undertaken every two years to monitor, measure and report on the extent of cost shifting onto local government in NSW. LGNSW uses the data to highlight the adverse consequences government regulation can have at the community level, when impacts on local government are not fully considered.

‘Cost shifting is one of the most significant problems faced by councils in NSW. Along with rate capping, cost shifting undermines the financial sustainability of the local government sector by forcing councils to assume responsibility for more infrastructure and services, without sufficient corresponding revenue.

LGNSW's latest survey puts cost shifting onto NSW councils in the 2015/16 financial year at \$820 million. This is a \$150 million increase on 2013/14, and takes the accumulated total cost shifting burden on councils to an estimated \$6.2 billion since the survey began 10 years ago.

The per annum cost shift has more than doubled in a single decade. LGNSW data shows this trend is being driven largely by state government policies....

The federal government is responsible for

just 2% of the cost shifting burden borne by councils each year.

Councils' cost shifting burden now exceeds the estimated annual infrastructure renewal gap of \$500 million per annum (which is the gap between what councils need to spend on their existing infrastructure and what they can actually afford). Cost shifting is increasingly impeding local government's ability to deliver services and maintain infrastructure for communities.’ https://lgnsw.org.au/files/imce-uploads/206/Cost_Shifting_Summary.pdf

The Integrated Planning and Reporting reforms of 2009 aimed for councils to be more autonomous and be held accountable by their local communities rather than the NSW Government. The 2013 Revitalising Local Government Report of the Independent Local Government Review Panel made a number of recommendations as **‘the overarching imperative is to ensure the long-term sustainability and effectiveness of NSW local government: in its present form and under current policy settings the system as a whole will not remain sustainable and fit-for-purpose for much longer.’**

Unfortunately, the NSW Government used the report to propose forced amalgamations rather than emphasise the recommendation - **the focus of policy should be on strengthening ‘strategic capacity’ – ensuring that local government has the right structures, governance models, skills and resources to discharge its responsibilities and realise its potential.**

I am still hopeful that, with an informed community, our councils can achieve a lot more.

I am happy to receive comments from readers about this column and other issues you would like me to cover so please either contact me at Orange City Life or aes@amandaspaldingconsulting.com