Minister's Opening Address to the Local Government Association of NSW 2007 Annual Conference

"Anchoring the Future"

Coffs Harbour Ex-Services Club

9.00 am Monday 22 October

Clr Genia McCaffery, President LGA NSW

Clr Bruce Miller, President Shires Association

Councillors

Uncle Tony

Thank you for inviting me to open the business session of your conference today.

I would like to begin by acknowledging the traditional owners of the land we now stand on, and to pay my respects to their Elders past and present.

Thank you for the opportunity to talk to you today.

As many of you will already know, my first experiences as an elected representative was as an alderman on Liverpool City Council, as we were described 20 years ago. I also had the pleasure of being the Chair and on the executive of WSROC during my time as a councillor.

If I have learned anything from my time in this sector, it is that nothing stands still.

Everything changes in local government. We must be prepared for those changes and to meet them head on.

The future for local government is both exciting and challenging and I am looking forward to sharing with you both the highs and the lows of the sector moving forward.

At the outset let me say that I believe whole-heartedly in the system of local government and the value that local democracy brings to NSW communities. It is often said that Local government is the level of government closest to people. It is, in a sense, the most intimately democratic level of government, easily accessible to people.

As I have said before, and I repeat today, this government's vision for the future does NOT include the forced amalgamation of local councils. I have never been a convert to the notion that forced amalgamations are the panacea for the challenges of local government.

I’ve held that view since my days at WSROC.

I should make clear that this does not extend to voluntary amalgamations that make good business sense and has community support. I will not stand in the way of councils wishing to go that way, collectively agreed upon among themselves and their communities. This I think is similar to Genia’s point yesterday.

We often hear about what is “wrong” with local government – you only have to listen to or read the tabloid media.

But if we are going to approach the future with confidence then we need to start focusing on what is “right” with local government - to draw on those strengths and to celebrate the success stories within our sector.

In acknowledging what is “right” with local government, we should never forget the important role that it plays as a responsible employer in our communities.

Across the State, local councils provide career opportunities for more than 50,000 people from a wide range of skills and backgrounds.

This is a significant investment in the future of local communities – local jobs and opportunities, local families who have confidence to stay and contribute to the life of their cities, towns and villages.

I commend you for your continued efforts in this regard and I encourage you to continue to stand firm against the pressures of WorkChoices.

WorkChoices puts at risk vital protections like adequate paid maternity leave.

It creates more red tape for councils; damages productivity and will leave workers with less pay in their pockets.

I applaud the Association's move to have NSW councils exempted from the federal industrial relations system. I agree with the LGA that the award system has worked well for councils.

You know my opinion about Workchoices, and that of the Minister for Industrial Relations, John Della Bosca.

I make it clear again, that should any local government in NSW attempt to enter into an agreement under the Commonwealth legislation, the State Government will commence proceedings making declarations that any such agreement is invalid.

The State Government's view is that Councils should be able to work co-operatively with unions to make interim arrangements to ensure that Council employees continue to receive improvements in conditions such as pay increases that would ordinarily arise out of enterprise bargaining negotiations.

In short, councils should protect their workforces and help retain the strength of local government employment by staying with the State industrial system. Do not undermine a system that has served the State so well and for so long.

I not of course that the worm may resolve this problem.

I am aware that there are differing opinions between some councilors and their senior staff about the roles and responsibilities of councilors and general managers relating to industrial matters.

Let me make myself very clear again on this point – decisions relating to industrial policies are matters for elected councils, not general managers or other senior staff.

I asked the Director General of the Department of Local Government to release a circular to that effect in April this year, just after I became Minister.

The circular is available on the Department's website if you are still experiencing attempts to block the council making policy decisions on industrial matters, although all General Managers would have received a copy on its release in April and should have furnished each elected representative with a copy.

One that point, I have requested the Department add councilors to an email distribution list at the request of the councilor, to enable as many people as possible in the sector to get direct access to the Department's circulars. If you would like to be included in this process, contact the Department and give them your details. This means you may well hear from me or the Department before you hear about it in the media.

As I look ahead, I see three main themes emerging for the future of local government in NSW.

There will be changes, as there always are.

There will be challenges, as there always are.

There will be opportunities, as there always are.

As you are aware, the former Minister for Local Government announced a series of reform proposals – A New Direction for Local Government – at the LGA conference 12 months ago.

These proposals have been subject to considerable industry review and discussion and we are now preparing to proceed with some of the more substantial reforms.

These reforms, specifically the integrated planning and reporting proposals, will bring changes to the way that many councils operate, through streamlined reporting and improved long-term planning. It is envisaged that the newly elected councils of 2008 will play a leading role in the implementation of these changes.

I have also been encouraged by the number of councils currently pursuing opportunities for strategic alliances and other collaborative arrangements. I believe these arrangements will become the normal way of doing business in the future, as councils seek to find new solutions and greater efficiencies.

I would like to make the point that the development of a collaborative arrangement in whatever form is not an

excuse to start to reduce staffing numbers in a misguided attempt to reduce costs. The benefits of strategic alliance in cost savings should flow on to firming staff numbers to allow your councils to provide your communities with the services they need.

The Department has recently released a guidance paper on Collaboration and Partnerships between Councils and I encourage you to consider this document when planning your council's future approach to resource sharing.

The benefits of these arrangements will become apparent over the coming years and will place your councils in good stead to implement the New Direction reforms. I believe these reforms will ultimately bring long-term benefits to the sector and improve the sustainability of local communities.

But let's not pretend for a moment that some of these changes will be easy.

Over the past months, I have given careful consideration to the Associations' position statement on the Inquiry into the Financial Sustainability of NSW Local Government

recommendations. We are currently developing a whole of government response to these matters.

But I want to address some of the priority issues here today. First, let me commend your Associations for rejecting any suggestion that we should cut back on social services until the infrastructure backlog is addressed. This is not the way forward for our sector.

While asset management is a fundamental issue for the future, we must not lose sight of the bigger picture. Assets are there to serve communities - and communities consist of a complex network of social, environmental and economic needs. We need to plan holistically for these needs, while strengthening our asset base.

I appreciate that local government is currently facing a difficult climate in terms of asset management…

Skills shortages are impacting on the availability of technical staff and the pool of federal funding, under the financial assistance grants program, continues to decline in real terms.

In 1996-97 financial assistance grants amounted to $1.204 billion nationally, or 0.9663% of the total federal tax receipts. If the same 0.9663% was being spent in 2007-08, financial assistance grants would represent $2.160 billion - almost $400 million more nationally than the current $1.763 billion.

In 1996-97 NSW's share of the national pool was 32.3792%. In 2007-08 NSW's share of the national pool has been reduced to 31.6899%.

Over those eleven years local government nationally has lost over $2 billion. The NSW share of that loss is $558 million.

I will be raising my concerns on these matters with the Australian Government at every opportunity. However, it is important for councils to get a clearer picture of their current and projected asset condition so we can, as a sector, better argue our case to the Commonwealth.

The integrated planning and reporting reforms will help to improve long-term financial planning and asset management within the sector and I encourage you to participate in the ongoing discussion on these proposals.

We are also exploring resourcing options to help drive these reforms and I expect to have these proposals finalised within the coming months. However, let me make it clear that there will be no “trade-off” for this program with the removal of the rate-pegging system.

Rate-pegging was introduced to give the people of NSW - families, small businesses, farmers – some long-term certainty on the cost of essential services.

In the same way that regulatory pricing controls currently apply to other such services in our communities, rate-pegging is a business reality - and we must plan our future around that reality.

However, councils will continue to have the option of applying for rating increases above the standard amount for periods of up to seven years.

This year, I approved special rate variations for 27 councils – and I might say I came under sustained attack from the NSW Opposition for having done so.

As I have said before: come with a proper business case, based on sound long-term planning and community consultation, and a reasonable increase in rates is likely to be approved.

I want to acknowledge those councils that are currently undertaking long-term financial planning and leading open discussion in their communities about funding priorities and options.

This is the way of the future.

So far I have spoken of the changes and challenges ahead for local government. It is also important that we speak of the many opportunities.

The coming council term, 2008-2012, will be one of the most significant our sector has experienced for many years.

This council term will set the stage for the future direction of local government in NSW.

It will see us starting to tackle the infrastructure issues and addressing the difficult questions on long-term resourcing and service delivery.

As with all levels of government, local councils need to truly reflect their local communities to ensure they truly representative.

The gender imbalance in the local government sector for both staff and elected representatives is an issue I take particularly seriously. In the coming weeks, the Minister for Women Verity Firth and myself will be hosting a roundtable discussion for women's groups in local government. I look forward to the involvement of the Local

Government Associations in this important discussion as well as the outcomes from this.

If we are to remain a vibrant and innovative sector, then we need new blood and new ideas and the new opportunities that diversity brings.

In acknowledging that this coming term will be one of great challenge for our local government leaders, I have made a commitment to assist all incoming councillors with leadership development opportunities and to provide them with the information they need to get the job done.

This includes improving access to information, through upgrading the Department of Local Government website, and as I mentioned earlier, offering councillors the opportunity to receive departmental circulars by direct email.

Also, the Department, in co-operation with the LGSA, will be conducting councillor information sessions throughout the State, following the local government elections. These

will cover a range of important matters, such as roles and responsibilities, financial requirements, legal and ethical issues and long-term planning.

I encourage you to take advantage of this opportunity and to support your colleagues in further developing their skills and knowledge.

As part of our focus on leadership, we have also undertaken a review of the Model Code of Conduct for Local Councils. As you know, the Code has been in place since January 2005, so it was timely to reflect on its implementation and to consider an update, as appropriate.

I am pleased to say that the review found the Model Code had generally resulted in positive impacts on councils and the conduct of councillors and staff.

However, there were a number of issues of concern highlighted during the consultation process. These included:

- The process for dealing with Code of Conduct complaints and the operation of conduct committees

- The need for clarification on managing non-pecuniary conflict of interests
- The need for clearer guidance on the nature of gifts and benefits
- And further clarification on interactions between councillors and staff.

The Department is currently finalising its report to me on changes arising from the review and I expect to have this matter finalised in the near future. However, I am pleased to say that the issue of Conduct Committees has been addressed. I know this has been one of your main concerns. It is proposed that the General Manager and Mayor no longer be on the Committee. All members of the Conduct Committees are proposed in the future to be independent to the Council. I will be able to communicate more on the Review outcomes very soon.

Now, having spoken about the future challenges and what will be expected of you in the coming years, it is only fitting that I should conclude with what you can expect from me.

I see the future of local government as a partnership: a partnership between councillors, council staff, State Government agencies, sector organisations such as the LGA, and the State Government itself – your elected representatives.

My commitment to you for the future is this: I will continue to listen – through the Ministerial Advisory Council, through consultation with your sector representatives and through consultation with individual councils. I will continue to work towards reforms that will benefit the local government sector and the communities it represents. I will continue to support the development of an intergovernmental agreement between State and local government. And I will continue to work for a fairer share of Commonwealth funding for local councils in NSW.

Thank you for inviting me here today. I trust your conference will continue to inspire and challenge you in your endeavours for the future.

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