

Attachment 2 - Excerpts from the NSW State Government's Destination 2036 Action Plan that are relevant to the Green Paper

DIRECTION: STRONG RELATIONSHIPS

There was a strongly held view throughout the Destination 2036 workshop that Local Government has not been treated as an equal partner by the other spheres of government. Rather, there is a perception that Local Government is just another stakeholder for consultation, rather than a legitimate and equal partner in strategic decision making. In particular, there has been growing frustration within the sector that even when it has occurred, consultation by the State Government has historically been tokenistic, particularly where State Government policies impact on councils. Participants did, however, recognise that the new State Government wanted to improve the relationship.

The lack of clarity in functions, roles and responsibilities and the often poor communication and consultation manifests not only in a strained relationship between State and Local Government, but it can result in poor planning, duplication or gaps in service provision, additional unfunded financial pressures for councils and ultimately poor outcomes for local communities.

Initiative 10 Align State and Local Government planning frameworks

Why is this important?

Both the State and Local Government have important roles in strategic and land use planning. The Environmental Planning and Assessment Act (EP&A Act) sets out how responsibility for environmental planning is determined between the NSW Government and Local Government. As a result of a range of amendments over the last 30 years, the NSW planning system is now characterised by its complexity, multi-layering of plans and policies, multiple development approval pathways and consent bodies, and lack of integration of land use and infrastructure planning.

More broadly, under the Integrated Planning and Reporting reforms, councils are now required under the Local Government Act to prepare a long term Community Strategic Plan and Long Term Financial Plan for their area. The Community Strategic Plan is for the entire community, not just those elements within the council's control. Under the reforms, councils are required to give due regard to the State Plan and any regional plans, although there is no requirement for the State to consider council plans.

What is the current situation?

The State Government has already set in train a number of significant initiatives to improve the alignment of state and local planning.

In terms of land use planning, the NSW Government has abolished Part 3A determinations under the EP&A Act. More broadly, it has commenced a

comprehensive review of the Act. The review includes a comprehensive process of consultation across the State. DLG has been liaising with the EP&A Act Review Panel to ensure that issues of commonality are understood.

In terms of strategic planning, the new State Plan – NSW 2021 gives explicit recognition of Local Government as an important element of and contributor to the delivery of the State Plan. Regional Ministers and Members of Parliament are consulting with Local Government and communities across the State to develop Regional and Local Action Plans aligned to NSW 2021. These plans will focus on the most important actions the NSW Government can take to improve outcomes in each region and locality.

What actions need to be undertaken?

There are a number of actions that can be undertaken by the Local Government sector and other stakeholders to improve planning systems and outcomes.

Firstly, all councils and other affected stakeholders should take the opportunity to contribute to the review of the EP&A Act. The LGSA, as the sector's representative body, should make representations to the Review to ensure greater integration of planning processes and greater involvement with Local Government in the development of Strategic Land Use Plans. The DLG will also continue to liaise with the EP&A Act Review Panel.

With regard to the alignment of strategic planning, local councils and their communities and ROCs must be actively engaged in the development of the Regional and Local Action Plans. The process for the development of these plans will, in itself, help to strengthen the relationship between individual councils and their ROCs and their respective Regional Ministers and Regional Coordinators. Strengthening these relationships will assist councils to establish broader State Government relationships. DLG will be an important advocate for councils' involvement in this.

The DLG will also continue to develop tools and provide information, including data sources, to assist councils in preparing their Integrated Planning and Reporting plans and will review the IP&R framework at the conclusion of the first cycle.

DIRECTION: FINANCIAL SUSTAINABILITY

Financial sustainability is arguably the key requirement to achieving strong and sustainable councils that can deliver services that the community wants and can afford. Financial sustainability was identified as the most important challenge currently facing councils in NSW. This is particularly important in terms of "own source revenue". Councils need to ensure that they are collecting income from their local communities efficiently and effectively and at levels that are sustainable.

Our communities have differing capacities and willingness to contribute more. The Productivity Commission, for example, found significant variation between classes of councils in their 'fiscal capacity'. It concluded that "...capital city councils have the highest fiscal capacities and urban fringe councils the lowest, on average". It also

found that, if all councils increased their own source revenue to capacity "...the majority of rural and remote Local Governments would remain highly dependent on Australian and State Government grants". Unfortunately, however, the greater a council is reliant on grants from other levels of government, the less autonomy it has over its own future.

It is therefore essential that the revenue framework for Local Government in NSW provides sufficient flexibility for councils to optimally utilise their revenue bases, while ensuring that local communities and businesses are protected from excessive taxes and charges that are economically and socially damaging. It should also address the inherent differences between local government areas, particularly between rural and metropolitan, in their capacity to fund infrastructure investment. In addition, the revenue framework needs to recognise that smaller rural and regional councils do not have access to the broader range of income sources that many larger councils have, such as parking meter revenue, which means they are more reliant on general rates as their main form of own source revenue.