

Changes to the Local Government Act

Inner West Council Local Representation Advisory Committee Meeting

**John Davies
Manager, Council Governance**

Overview

- Background
- What are the key changes
- What are the next steps?

Phases of legislative reform

- In its 2014 *Fit for the Future Blueprint*, the Government affirmed its intention to put in place streamlined legislation *...that cuts red tape and puts Integrated Planning and Reporting at the centre of council activities*".
- In recognition of the scale of the task, in 2015 the Government announced it would modernise the *Local Government Act* in phases.
- The Act has been split into focus areas, with the redrafting and restructuring work to be undertaken over phases.

Focus of Phase 1 reforms: the system of local government

- Phase 1 reforms relate to the “system of local government” – that is, the structural, governance, strategic and performance frameworks councils operate under.
- The reforms draw on the outcomes of the work of the Independent Local Government Review Panel and the Local Government Acts Taskforce.

The Phase 1 amendments: A History

- In early January, the Government released an Explanatory Paper setting out the reforms for Phase 1.
- Online feedback on the proposed Phase 1 reforms closed on 15 March 2016.
- The *Local Government Amendment (Governance and Planning Bill 2016)* was introduced into Parliament in June 2016 and passed with minor amendments in August.
- Many amendments are yet to commence

The Phase 1 amendments

- Guiding principles for the Act and local government
- Structural framework of local government
- The governing body of councils
- Councils' workforce
- Procurement
- Ethical standards
- Councils' strategic framework
- Council performance

The Phase 1 amendments

- **1. Guiding principles**
 - Modernise the guiding principles for councils and prescribe principles to guide council decision making, community participation, sound financial management and IP&R
- **2. Structural framework of local government**
 - Respond to the need of some small rural councils to streamline governance

The Phase 1 amendments

- **3. The governing body of councils**
 - Greater clarity in the roles of the governing bodies of councils, councillors as members of the governing body, mayors and general managers
 - The term of office of mayors elected by councillors has been increased from 1 to 2 years
 - Councillors are required to swear an oath of office

The Phase 1 amendments

- **3. The governing body of councils (continued)**
 - Councils will be required to adopt and deliver induction and ongoing professional development programs for their councillors and report publicly on councillor attendance
 - Mandating a Model Meeting Code

The Phase 1 amendments

- **4. Councils' workforce**

- Clarify organisation structure determination and the role of general managers

- **5. Procurement**

- Councils able to delegate decisions to accept tenders (other than outsourcing) and to grant financial assistance (in certain circumstances)

- **6. Ethical standards**

- Consolidate all ethical standards into the Model Code of Conduct

The Phase 1 amendments

- **7. Council's Strategic framework**
 - Make IP&R central to the exercise by councils of their functions (eg, through the prescription of IP&R and other principles, prescribed roles in relation to IP&R development and the expanded scope of the community engagement strategy and delivery program)
 - A principles-based approach to the regulation of councils' financial governance practices (based on the principles of sound financial management prescribed under the *Fiscal Responsibility Act 2012*)

The Phase 1 amendments

- **8. Council performance**
 - Enabling introduction of a performance measurement framework
 - Mandating internal audit and making it a driver for improved council performance
 - Placing external audit under the auspices of the Auditor-General
 - Auditor-General has been given oversight from 16/17 financial year but subject to transitional arrangements
 - Sector-wide performance audits possible

The Phase 1 amendments

- **8. Council performance (continued)**
 - Within the existing performance improvement order framework, the Minister may appoint a financial controller.

The next steps in Phase 1 implementation

- Prescription of induction and professional development for councillors
- Review of the Model Code of Conduct
- Development of a Model Code of Meeting Practice
- Development of regulatory framework for internal audit and implementation

Conclusion

- Phase 1 begins the process of modernising local government legislation in NSW.
- The Government has announced its intention to create better legislation in stages.
- Implementation of the Phase 1 reforms has commenced and will continue over the next year in consultation with the sector.