

# ***DESTINATION 2036; SOME FOOD FOR THOUGHT***

**A personal message from  
Ross Woodward, Chief Executive  
Division of Local Government**

***“It’s amazing what you can achieve if you don’t care who gets the credit”  
- Harry Truman.***

## **INTRODUCTION**

As we get closer to the *Destination 2036* event in Dubbo on 17 and 18 August 2011, I thought it would be a good idea to give participants a bit more information on what to expect when you get there. That way there’s no surprises.

There is scepticism in some quarters that we may not get to matters of substance because there is no fixed agenda with specific topics listed. Nothing could be further from the truth. There are also rumours circulating that there is a hidden agenda in relation to the event. This is also untrue.

In this paper I will give you a feel for the process we will be following at the event; what sits behind the methodology and some of the possible topics we are likely to be discussing. The priority topics will emerge from your discussions in Dubbo.

These are my personal observations and opinions only, but I think they may be useful to you as background for the event. They are also based on some recent presentations I have given to local government audiences (which have included some of you).

*Destination 2036* is a unique event. It’s about the whole sector, not just the individual parts. It’s a collective approach designed to focus on intersecting areas of agreement rather than areas of disagreement. It’s the beginning of a new way for State and Local Government to work together based on a foundation of trust and mutual respect. Thank you for agreeing to participate.

## **WHY HAVE THE EVENT?**

### **Calls for change**

We all want strong and successful local government, not just for the sake of it but as a key way to support local communities. Many people, both inside the sector as well as outside, claim that the local government system in NSW is due for reform. I have conversations every day with people across the sector who believe that there are vast opportunities for councils to take a lead role in driving economic, social and environmental reform to improve the quality of life for communities across NSW.

There is constant chatter that “someone needs to do it” but there are political, professional and personal risks involved whenever the topic of reform is mentioned. “Reform” is mostly interpreted as code for State imposed amalgamations of councils, because that has generally been the tool of choice in the past in most jurisdictions. This then leads to a perception of “winners and losers”.

Many proponents of reform are unclear about exactly what needs to be done. One thing is apparent though. There is a consistent theme that it's time to review our local government system as a whole to make sure it's appropriate for the 21st Century. I would go a step further and say that it's time for NSW to become the Nation's local government leader by designing the best possible local government system in Australia.

That doesn't mean starting from scratch. It means reflecting on what works already and adding to it. A lot of work in this regard has already been done through the *Modernising Local Government* project undertaken by the Local Government and Shires' Associations (LGSA) and research done by the Australian Centre of Excellence for Local Government (ACELG). There are also opportunities to learn from experiences elsewhere such as other States, England and New Zealand.

The new Government in NSW has been elected on a platform of making the State's economy No.1 again. There are some critics eager to point the finger at local government as one of the weak links inhibiting economic growth: "Lead in the saddlebags", they say.

*Destination 2036* will be the first time the sector has had the chance to address the calls for change by mapping out its own future from a sector wide perspective. It's also an opportunity to silence the critics by embracing the chance to drive reform from within the sector itself.

### **Managing change**

Over the next twenty five years there will be many changes. Some changes we can predict and some that we haven't even thought of yet. Populations will change. In some areas there will be very rapid growth while in others there will be decline. The "seachange" trend will continue to see a shift in the population from rural areas to the coast. There is also likely to be an increase in the "treechange" movement as optimism grows in some smaller communities in rural areas. The population will age but not consistently across all LGAs. The worldwide trends in urbanisation will continue, along with technological advances.

On current projections for example, by the year 2036 there will be 29 councils with populations under 5000, predominantly in the western part of the State, mainly managing infrastructure such as roads and bridges and almost completely dependent on grants. 25% of the populations on these LGAs will be over 65 and the number of young people declining. The employee/skill base for these councils will be limited.

At the other end of the scale, there will be some very large councils in the Sydney region with significant and increasing demands for services due to their rapid growth. For example, Blacktown's population is projected to be over 481,000 by then compared with just under 300,000 today, while Camden's population is expected to grow from 67,000 to around 250,000 by 2036.

*Destination 2036* will enable the sector's leaders to come together to reflect on the future and to plan for inevitable change in a holistic and strategic way. This will enable change in our communities to be well managed by the tier of government with most effect on peoples' daily lives.

## **Collective leadership/ The new way of working**

***“Whatever affects one directly affects all indirectly”- Martin Luther King Jr***

It is my view that local government is the glue that holds communities together. Councils are important. Communities don't exist in isolation.

The roots of local government provide some important clues for our discussions on how the future could look. Local government was set up in the Middle Ages in Britain as a way of generating collective decision making. It was about local representation of collective views and collective memory. The role of service delivery didn't emerge until the 19th Century when disease epidemics drove a role for local authorities to tackle appalling living conditions. The goal was to improve building standards and essential infrastructure like water and waste. Those roles expanded to today where local councils provide a wide array of services designed to maintain and improve living conditions for local communities.

Throughout our history NSW has become a multi layered web of links; economic; social and cultural. Every village, town and city has a reason for being there. It might be a rural centre supporting agriculture, forestry or mining. It could be a university town, a port, a tourist resort or a financial centre. There is a reason for every human settlement. Over time the reasons may change and even disappear (which is why there are ghost towns scattered around the State from bygone eras). Understanding the nature and reasons for change is crucial if we are to face the future with any sense of confidence.

Some leaders from councils in Sydney say to me; why should I care about what happens west of the Blue Mountains? It has no relevance to me or my council. Conversely some regional and remote councils say that Sydney dominates too much and metropolitan issues have no relevance to them. This is a fairly common attitude and not an unreasonable question we need to face. If we are to plan as a sector we need to answer the question. “Why should I care about the other 151 councils?”

You will all have your own answers and may disagree with the question altogether, but this is mine. It is not based on ideology or philosophy. It's based on a genuine belief that NSW is only as good as its weakest council from a social, economic and cultural and environmental viewpoint.

In my view we can't afford to have a Swiss cheese State where there are:

- holes of infrastructure with roads so bad farmers can't get their produce to market or people are dying unnecessarily in road accidents; or
- holes of disadvantage and poverty where communities can't find work and social problems are concentrated, requiring a drain on government resources to meet the bottomless pit of human need; or
- holes of ignorance where natural resources are destroyed or squandered; or
- holes of corruption and poor governance where communities have no confidence in local democracy.

It does matter to Wollongong, Botany and Newcastle if the grain and coal from western NSW can't make it to the ports because the “First Mile” is so unreliable. Local jobs will be affected. Conversely, it does matter to the wheat and coal belts if Wollongong, Newcastle and Botany don't deliver on the “Last Mile” because it will increase the costs and impact on jobs in the rural communities.

It matters to Bankstown and Blacktown if Brewarrina and Bourke fail because some of the State's unique cultural and environmental heritage will disappear, thus denying city residents the opportunity to experience it when they choose to.

It matters if Dubbo, Tamworth, Albury or Armidale fail because it will cripple the surrounding towns and villages and deny residents of opportunities to work, shop and find education and entertainment.

It matters if the City of Sydney fails to achieve its potential because as a global city the impacts will be felt across the metropolitan area and consequently the whole State.

It matters if Manly and Waverly don't manage our beach icons. They do it on behalf of all of us.

We all suffer if councils fail financially.

We all suffer if councils plan poorly or allow environmental damage to occur.

We all suffer if councils can't attract and hold good staff.

We all suffer if there's corruption in Burwood or Wollongong. It offends us all.

What matters, when and to who is always changing. Every community has the potential to be affected by another for a whole range of reasons.

*Destination 2036* is based on thinking of local government in NSW as a collective model of cooperation rather than 152 competing entities where there are winners and losers. It's about a collective responsibility to find solutions to the challenges we will all face. Some work has already been done by Regional Organisations of Councils( ROCs) and the LGSA which recognises the importance of working collectively. *Destination 2036* will build on this and extend it further.

### **New opportunities/models**

Since the oil crisis in the 1970s the trend in government has been towards better efficiencies and more value for money. The focus was on the "delivery state" where more and more sophisticated processes and measures were developed like a production line.

Social scientists are saying that while some of those measures have been successful, societies want something different now. Governments are concluding that better results may come from addressing the quality of their relationships with the public rather than only meeting targets and measures. In the jargon it's called "co-production". This has been accelerated by the internet and the digital revolution.

Changing community expectations brings a whole new set of challenges and opportunities for local government. Actions based on relationships and acting with others rather than doing things for them or to them starts to look quite different. For example outcomes and goals are expressed in terms of values like better health, less crime etc. There is more engagement in policy development with discussion papers and consultation. Networks and collaborations are encouraged. Information and data is provided so people and organisations can organise themselves in joint problem solving with governments. People are prepared to come to their own solutions and work in partnership with governments.

Increasingly, they are also prepared to spend some of their own capital, including time, to achieve results.

It's a very simple example but it shows the point. Not so very long ago you left the cleaning up in a fast food restaurant to the waitress or waiter. Now you do more and more yourself because there is an unstated understanding or contract that says if you do it yourself the food will cost less.

The same thing is happening in some government services like health where there is a debate about self responsibility and what role governments should have and what the individual should do under models of shared responsibility.

Even in local government we all religiously separate our garbage for recycling rather than expecting councils to do it for us.

Governments have traditionally measured targets with numbers but are now starting to measure different things. Some measures are subjective like fear of crime rather than just numbers of criminal acts. Hospitals have to pay attention to patient experiences as well as waiting lists.

*Destination 2036* is designed to pick up on these principles by creating an environment that encourages a new way of working within councils, between councils and their communities, between councils and between local government and state government generally.

It's based broadly on the theory of Jack Welch who was the CEO of General Electric from 1981 to 2001. For many years Jack had struggled to get improvements to his business through the use of external consultants. Finally he decided to take a risk and ask his own workforce to design the optimum process. It was a great success so Jack wrote extensively about it while acknowledging that it's really a simple concept. He said;

“In the old culture managers got their power from secret knowledge. In the new culture the role of the leader is to set the vision, get buy in and implement it.”

*Destination 2036* is based on Jack Welch's principle that the users of the system are best placed to design the system because they have a vested interest in getting it right. His five elements are:

- don't make it overly complicated
- face reality
- don't be afraid to change
- use the brains of the people working in the business
- discover the best ideas and implement them

## **WHAT WILL HAPPEN AT *DESTINATION 2036*?**

Enough with the theory! I will now give some details about what will happen at the event so there are no surprises in terms of process. (I'm hoping there will be surprises in terms of new ideas.)

a) Who's attending?

- Mayors and general managers from all general purpose and county councils have been invited. Most are attending or are sending a representative.
- The Minister for Local Government
- The Minister for Western NSW
- Executive officers from Regional Organisations of Councils (ROCS),
- Key State agencies and Unions.
- Division of Local Government

b) What are the ground rules?

Consistent with the principles I have spelled out earlier in this paper, *Destination 2036* is about ideas. It's not about individuals. Therefore the participants represent the whole State rather than their particular council or agency. Nor do they represent their particular position in their council. While titles may give a particular perspective on an issue, the event is designed to examine issues from many viewpoints without being bound by traditional or predetermined positions. All participants therefore have equal say regardless of whether they are from the largest or the smallest council.

All participants are encouraged to speak freely as individuals with extensive local government knowledge and experience. The outcomes of the event will be published but not individual comments or views. We will identify areas of intersecting agreement via an Outcomes Report including an action plan. I will cover possible next steps at the end of this paper.

c) Starting with a vision

***“First comes thought; then organisation of that thought into ideas and plans; then transformation of those plans into reality. The beginning, as you will observe, is in your imagination”- Napoleon Hill***

*Destination 2036* will follow the traditional strategic planning process of form following function. In other words, we will start with a vision then look at what steps we need to get there. We will end up with an action plan of what needs to be done by all of us so the outcomes can be delivered.

There is no magic in picking the year 2036 as the time horizon. It had to be long enough to lift our thinking beyond immediate political cycles but not too long to be unrealistic. We have chosen that year because we have population projections to give us some broad trends, it fits with infrastructure planning horizons and it is also a local government election year.

At the event we will have a futurist to challenge us to think long term. Obviously, no one can tell what the future holds but it's important to see what the experts are saying about long term social, economic, technological and environmental trends so we can build a local government future that is flexible enough to accommodate anything that might come at us.

d) When do we get to the hard questions?

After we set the vision we will be straight into the detail. We'll be work shopping what issues need to be addressed to achieve the vision both long term and short term.

The broad themes and sequencing of the process are:

1. Vision
2. Roadmap to achieve the vision
3. Shared view of local government models
4. Priorities for the next four years

The program is designed to be flexible so we can focus on the issues of concern to you.

We have been following this process in the DLG so it might be useful to briefly explain how that worked. Following the State election we prepared a new draft strategic plan in light of the new Government's goals and objectives. First we redefined our purpose, then we listed our outcomes/goals. This was followed by an action plan and now we are doing a voluntary restructure to align our resources to our goals and plans. It's all been done with full involvement and ownership of the staff. The process is largely the same as the Integrated Planning and Reporting process that you are all undertaking. As you know, there is no escaping the hard questions through this process.

e) How will we maximise consensus?

With so many people in the room, arriving at agreed positions will be difficult. There will be a range of techniques including smaller facilitated working groups on specific topics. The online survey that you have already completed will also assist.

In addition, we will be able to gauge the mood of the room through an electronic audience feedback system. It will be used to gauge the group's thinking at relevant moments. It's not a voting system where the votes will be tallied and the majority view wins. It will simply be a way of quickly getting an understanding of what the room thinks on any particular issue. If there is wide disagreement we will then be able to drill down and see instantly if a particular view is coming from any particular section of the room, e.g. rural councils/cities, councillors, county councils, staff etc. It is not intended to divide. To the contrary, it is designed to enhance the debate by finding out quickly what people are thinking about an issue and have further informed discussion. There will be no recording of individual opinions. At the end we will issue a communiqué outlining broadly what we have achieved.

f) Seating

As one of the goals of the event is for the cross fertilisation of ideas, seating takes on an important dimension. For that reason we will be allocating seating so there is a mixture of experience at all the tables - small/large; rural/metro; elected/staff etc. At times an issue may emerge that requires some specific knowledge to inform the debate so we may need to move people around to enable that discussion to take place.

## **WHAT WE WON'T BE DOING AT DESTINATION 2036**

It's important to set some boundaries to our discussions so time isn't wasted on things that are outside the scope of the event or outside the scope of our control or influence. These may be significant external factors to be taken into account in our discussions but some matters won't be able to be solved by ourselves now.

There will also be issues of concern to the sector where work is already underway so little would be gained by further discussion at this point.

These include such things as:

- Federal Government issues such as constitutional recognition of local government. On this topic we will assume that everyone supports the constitutional referendum subject to the detail. It will also be assumed that if local government is recognised it's unlikely to affect the quantum of funding to local government.
- National issues like climate change or the Murray/Darling basin.
- Local issues that are relevant to only one or two councils.
- Specific policy areas where action is already underway such, as the review of the *Environmental Planning and Assessment Act 1979* or the review of the Model Code of Conduct.

While we won't spend a lot of time discussing these types of issues we will be recognising them and capturing them in the action plan where the group thinks it's appropriate/relevant.

## **GETTING THE QUESTIONS RIGHT/GETTING THE RIGHT QUESTIONS.**

Former British Prime Minister, Margaret Thatcher, when she was first elected, is reported to have said to her Chief of Staff, something like "I know where to get the answers, what I really need to know is what are the better questions".

It's critical to get the right questions if we are to find good answers.

At *Destination 2036* there will be more than two thousand years of local government experience in the room coupled with vast intellectual capacity and life experience. In my opinion, it's not a matter of the group not having the answers. The real challenge will be whether participants are willing to disclose the answers at the forum.

The following are some possible questions I have compiled so you can start thinking about your own questions. These have no status and are only designed to let you see the types of things I envisage will arise for detailed discussion in the groups. They are also in no particular order:

- What is the role of local government in NSW? Are councils service providers or are they also "place shapers" with a prime responsibility for civic capacity building through local political representation. Can they be both?
- What are the core functions for NSW councils?
- What is the additional range of functions that councils could perform if supported by their communities? What should the Local Government Charter contain?
- Should one size fit all? Should there be a differentiated system of councils depending on size/capacity/location? To what degree should councils be autonomous? What would be the principles for a differentiated system?
- Should there be a hierarchy of regional centres in NSW? Should a threshold measure be developed and adopted so accredited regional centres are supported

as growth centres (with funding priority).The role of adjoining LGAs would be to support the growth LGAs.

- What should be the minimum standard of governance required for councils?
- Should local government be recognised and supported as the training ground for State and Federal politicians?
- What sort of training should councillors be required to undertake?
- How small is too small? How big is too big?
- Is the governance model right? Is the balance between managerial and political leadership right?
- What benchmarks do we need to measure performance of councils? Should councils be measured by efficiency and effectiveness only (financial indicators) or should there be measurements of community well being? Should we move towards the well being model/legislation developed in the UK? ie should councils be held accountable for the wellbeing of their communities?
- Should there be a different service delivery model/models for remote communities in the far west of the State? If so what should it/they look like?
- What are the disincentives/incentives for ongoing reform including voluntary amalgamations of councils?
- Should we have an independent continuous process for reviewing council boundaries as a step before the formal Boundaries Commission process? ie an ability to transition?
- How do we maximize the opportunities of Sydney as a global city particularly in terms of local governance?
- Should there be a new integrated service delivery model for State and local services? If so, where could we conduct a pilot?
- What should the role of ROCs be?
- How can technology be used to maximum benefit?
- Is the financing model right for local government? If not what could it look like?
- Is there another way to fund local government infrastructure?
- Can we pilot some new resource sharing models? What should they be?
- Do councils fully utilise the powers currently available to them?
- Has the *Local Government Act 1993* delivered its aims? If not what hasn't been delivered and why?
- What are the principles that should underpin the review of the Local Government Act?
- Should there be a separate Act for approvals/statutory applications and enforcement etc?
- Should a system be developed for peer review of council performance?
- What should be included in the new Intergovernmental Agreement (IGA)?
- Should there be a change to the role of the DLG? If so what should it be?

## WHAT HAPPENS AFTER WE LEAVE DUBBO?

This event is not a “talk fest”. It is designed to achieve actions and results so councils can better support their local communities. The specific outcome will be an action plan with collective responsibilities and a focus on the next four years. There will be some actions that can commence immediately while others will need refinement.

The facilitators will quickly write up the outcomes of the event into a report for the sector to see what we achieved. It is then intended that a steering committee comprising the DLG (Chair), LGSA and LGMA will further refine the action plan into specific proposals for consultation with the sector and the wider community. Working parties will then develop the proposals for implementation. The goal is that by Christmas we will have a clearly articulated vision for local government and a detailed roadmap to get there.

## A FINAL WORD

I spent some time in the early 80’s in the United States. Near where I was living in Denver, Colorado, was a major road called Colfax Ave. It was a major thoroughfare and was also the boundary between four LGAs. Land uses that none of the four wanted was pushed to the extremity with the result that Colfax was the worst street you could imagine. It was a common joke that because the councils didn’t talk to each other the Not In My Back Yard (NIMBY) syndrome prevailed with pretty terrible results.

I was back there again in 2008 and this time Colfax was noticeably improved. I asked a resident what had happened and he said without hesitation “Oh the Councils talk to each other now”.

*Destination 2036* will be the first opportunity NSW has ever had for all councils to talk to each other and to work collectively for the entire sector. It’s the beginning of a new dialogue.

I’m looking forward to seeing you all in Dubbo.

Regards,

Ross

8 August 2011