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Performance Benchmarking of Australian
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Productivity Commission
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Dear Commissioner

The Division of Local Government, NSW Department of Premier and Cabinet, welcomes the opportunity to provide comment to the Productivity Commission on the *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments* Issues Paper.

Please find attached a submission prepared by the Division. This submission outlines initiatives being undertaken as part of the local government reform program in NSW, with a focus on recent reforms introducing an Integrated Planning and Reporting Framework. This Framework significantly strengthens the strategic capacity of the local government sector and has particular impacts for land use planning. I should emphasise that these reforms have only recently commenced and are being implemented over a three year period.

I note that the emphasis of the Issues Paper is on matters where the NSW Department of Planning has the most expertise. This submission should be considered in the context of any submission the Department of Planning may make.

I trust this information is of assistance.

Yours sincerely

Ross Woodward
Chief Executive, Local Government
A Division of the Department of Premier and Cabinet



Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments

Submission by the Division of Local Government, NSW Department of Premier and Cabinet

INTRODUCTION

This submission outlines the Division of Local Government's response to the *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments - Productivity Commission Issues Paper* for consideration as part of a NSW whole-of-government response to Government.

The Division is the NSW Government agency responsible for local government across NSW. Its specific role is to provide a clear policy and legislative foundation to local government in NSW so local councils are able to deliver quality services to their communities in a sustainable manner.

The Division is principally a policy advice and regulatory agency, acting as a central agency for local government, with a key role in managing the relationship between councils and the State Government. It is responsible for the overall legal, management and financial framework for local government.

In this context it must also be understood that NSW councils have statutory responsibilities under legislation administered by other State and Commonwealth agencies. In NSW, land use planning is regulated by the *Environmental Planning and Assessment Act 1979* administered by the NSW Department of Planning. The Division of Local Government's responsibilities are limited to facilitating the integration of land use planning with other council responsibilities. The following comments are submitted in this context.

INTEGRATED PLANNING AND REPORTING FRAMEWORK

Following an extensive period of consultation the *Local Government Amendment (Planning and Reporting) Act 2009* was passed by Parliament in October 2009. These amendments introduced a new Integrated Planning and Reporting framework, the aims of which are to:

- improve the integration of various statutory planning and reporting processes undertaken by councils as required by the *Local Government Act 1993* and the *Environmental Planning and Assessment Act 1979*
- strengthen councils' strategic focus
- streamline reporting processes
- ensure that the *Local Government Act 1993* and the Division's guidelines support a strategic and integrated approach to planning and reporting by local councils.

These reforms are being implemented over a three-year transitional period. The first group of councils commenced under the new framework from 1 July 2010 and all councils will be operating under the new framework by 1 July 2012.

The reforms introduce a new requirement to prepare a long-term Community Strategic Plan (CSP) and Resourcing Strategy based on the quadruple bottom line which incorporates social, economic, environmental and civic leadership issues. There is a requirement that the CSP and Resourcing Strategy are informed by the implementation of a comprehensive Community Engagement Strategy.

This integrated approach seeks to ensure that planning activities, including land use planning, do not occur in isolation, but are integrated into a broader planning framework which considers the other aspects of the quadruple bottom line in the planning process.

The key elements of this framework are:

- **The Community Strategic Plan** – this identifies the community's main priorities and aspirations and develops strategies to achieve these goals. While a council has a custodial role in initiating, preparing and maintaining the CSP on behalf of the local government area, it is not wholly responsible for its implementation. Other partners, such as State agencies and community groups, may also be engaged in delivering long-term objectives in the Plan.

The CSP sets a vision and high-level objectives for the community and covers a timeframe of at least ten years. The Local Environmental Plan (LEP) will be a tool for councils to achieve many of the objectives set by its CSP. Councils are required to consider the NSW State Plan and State agency plans when developing their CSPs. They are also required to implement a community engagement strategy to ensure that all members of the community have an opportunity to provide input into the CSP.

Each council is also required to prepare an LEP in accordance with the *Environmental Planning and Assessment Act 1979*, and associated Regulations and standard templates. It is intended that the LEP will be informed by the CSP, and as such councils' community engagement strategy informs both planning processes.

The LEP and the CSP are required to be complementary planning instruments. The CSP is endorsed by a council and does not require State Government endorsement, while the LEP requires the approval of the Minister for Planning. The Gateway Test, which is conducted by the Department of Planning prior to the draft LEP going on public exhibition, ensures that State Government priorities are addressed and informs the Minister for Planning of local community issues identified through the community engagement strategy.

The requirement for CSPs to be informed by strong community engagement strategies will strengthen the transparency of the consultation process and ensure that all groups with a strategic interest in a community have the opportunity to be heard and acknowledged. This will facilitate a balance between business, environmental, resident and social justice group interests.

One of the challenges for the local government sector is how to best manage regional land use planning. The Integrated Planning and Reporting Framework allows for councils to develop a regional CSP collaboratively. There is some evidence that councils have begun to consider regional collaboration on land use planning, but this is in its infancy. This is primarily led by Regional Organisations of Councils.

Future local government reform needs to further consider better strategies for regional council collaboration on land use planning.

- **The Resourcing Strategy** – this consists of three components: Long Term Financial Planning, Workforce Management Planning and Asset Management Planning. The Resourcing Strategy informs, and is informed by, the CSP.
- **The Delivery Program** – this details the principal activities to be undertaken by the Council to implement the strategies established by the CSP within the resources available in the Resourcing Strategy.

The LEP and Resourcing Strategy inform the Delivery Program which sets out the strategies in the Community Strategic Plan which Council will implement during its four-year council term.

- **The Operational Plan** - supporting the Delivery Program is an annual Operational Plan that spells out the details of the Program and includes the annual budget and rates, fees and charges.
- **The Annual Report** – this reports on a council's implementation of the Delivery Program and Operational Plan. The Annual Report that falls in an election year also reports on the progress of implementation of the Community Strategic Plan.

These reforms have a three-year transition phase, concluding in 2012, and it is anticipated that a longer period of time will be required to realise the full benefits of the improved planning process. The reforms require many councils to undergo major cultural change and develop new skill sets. The Division has in place an implementation support program and an evaluation plan to determine if the Framework is meeting its objectives.

OTHER RELATED INITIATIVES

The Division is also undertaking related initiatives to strengthen the strategic capacity of councils. In May 2010 the Local Government Leaders Briefing was held, aimed at strengthening the partnership between State agencies and local councils. The forum brought together Mayors and General Managers of 150 councils from across NSW with representatives of State Government agencies to help chart the way forward for 2010 and beyond. This was a significant opportunity to ensure that local government strategic planning was aligned with State agency strategic priorities.

Further work is underway aimed at enabling local government leaders to develop proposals for ongoing reform in the NSW system of local government. This work may consider the important role of local government in land use planning.

The Division continues to implement its Promoting Better Practice Review Program. This program aims to improve the viability and sustainability of councils. The reviews act as a 'health check', giving a council confidence about what is being done and helping to focus attention on key priorities. The process has the following objectives:

- to generate momentum for a culture of continuous improvement and greater compliance across local government
- to provide an 'early intervention' option for councils experiencing operating problems
- to promote good governance and ethical conduct principles
- to identify and share innovation and good practice in local government
- to enable the Division to use review information to feed back into its work in identifying necessary legislative and policy work for the local government sector.

The Promoting Better Practice review program includes modules on strategic planning and land use planning, which include consideration of:

- strategic land use planning instruments
- development application processes
- contribution plans/planning agreements
- State of the Environment reporting
- environmental management
- compulsory acquisitions.