Local Government reform

AGM and General Meeting - Stanthorpe 7 & 8 September 2019

OSCAR Inc

Organisation Sunshine Coast Association of Residents
Greg Smith, President

Background - Belcarra Stage 1...

- In 2017-18, the State government introduced a range of reforms for local government focusing on the recommendations of the:
 - Crime and Corruption Commission's (CCC) Belcarra Report
 - CCC's Windage Report
 - ► The inquiry into local government elections (the Soorley Report)
- ► These reforms covered 5 of the 31 Belcarra recommendations and were primarily about:
 - how Councillors dealt with conflicts of interest
 - bans on developer donations to Councillors
 - establishing the Office of the Independent Assessor (OIA)



Background - Belcarra Stage 1

- Crime and Corruption Commission's (CCC) Belcarra Report
 - ► Following the Queensland local government elections on 19 March 2016, the CCC received complaints about the conduct of candidates for several councils, including Gold Coast, Ipswich, Moreton Bay and Logan
- CCC's Windage Report
 - ► The CCC commenced Operation Windage in October 2016 to investigate allegations of corrupt conduct relating to the then Mayor, Chief Executive Officer and a Chief Operating Officer of the Ipswich City Council.
- The inquiry into local government elections (the Soorley Report)
 - In October 2016, an Independent Panel was established to undertake an inquiry into the performance of the ECQ's conduct of:
 - ▶ the 2016 local government elections
 - ▶ the referendum on fixed four-year terms
 - ▶ the by-election for the state seat of Toowoomba South.



Belcarra Stage 2a

In May 2019 the Minister for Local Government announced a further series of proposed reforms for local government. Colloquially called "Belcarra Stage 2", these reforms included another 25 of the Belcarra recommendations but also proposed a range of issues that were beyond the original Belcarra Report by the CCC.

They also proposed electoral reform to the system of local government.

Eventually, the government introduced a Bill into Parliament on 1 May 2019 called - Local Government Electoral (Implementing Stage 2 of Belcarra) and Other Legislation Amendment Bill 2019. That Bill has now been through the State Parliament Committee process (Economic and Governance Committee) and is expected to be debated in Parliament in the coming weeks.

This legislation will have a significant impact on all Councils across Queensland. The State government is proposing a two-tiered implementation timetable for the provisions in the legislation.



Changes from the date of assent ...

- Mandatory training for candidates and Councillors anyone wanting to nominate as a candidate for a local government election (including existing Councillors) will now be required to complete mandatory training before they can lodge their nomination with the Electoral Commission of Queensland. (NB To be conducted by the Department and not the LGAQ)
- Stricter requirements in relation to how electoral campaign bank accounts and records are kept are proposed. This includes prohibiting the use of credit cards for campaign expenses, requirements for all candidates to keep detailed records of all donations and expenditure of \$500 or more from 1 May 2019.
- Changes to the existing conflict of interest and material personal interest provisions for Councillors. In summary existing references to "material personal interests" will be changed to refer to "prescribed conflicts of interest" and other conflicts of interest will become "declarable conflicts of interest". The prescribed conflicts of interests will include:
 - gifts or donations worth more than \$500 to a Councillor, group or party as an electoral donation or to a close associate of the Councillor;
 - ▶ CEO employment matters if a Councillor is a close associate of the CEO;
 - applications (eg permits, town planning etc) by a Councillor or a close associate of the Councillor;
 - contracts between the Council and a Councillor or their close associate.



Changes from the date of assent

- Broadening the power of the State Government to intervene with respect to local governments (based on the recent Ipswich City Council and Logan City Council scenarios).
- ▶ Broadening the list of matters that Council cannot deal with during the preelection caretaker provisions. The caretaker period commences upon the calling of the poll (opening of nominations) and concludes with the swearing in and statutory meeting of the new Council (normally a few weeks after the election). The extent of matters which cannot be dealt with by Council (including under delegation) during this time is now proposed to include:
 - employment/termination of a Chief Executive Officer
 - contracts of more than \$200,000 or 1% of the value of the Council's rates
 - significant procurement activities such as establishing exceptions to obtaining quotes or tenders when entering into a contract or establishing panels of providers
 - making or amending local laws
 - making or amending local planning instruments
 - varying existing development approvals



Changes that will commence soon

To commence on a date to be determined by proclamation by the Government

- A Mayor will no longer be solely responsible for the preparation of the Council budget. This will be the responsibility of all Councillors.
- A Mayor will only be able to provide directions to the Chief Executive Officer, not other senior staff as is presently the case.
- It is proposed that the Mayor and Deputy Mayor will no longer automatically be included on the selection panel for senior executive staff with the decision to appoint senior executive staff being the sole responsibility of the CEO.
- Compulsory preferential voting will be implemented for all Mayoral and Councillors in divided councils elections commencing with the March 2020 election. There is no change proposed for voting for Councillors in undivided councils for the 2020 March election. The State government has, however, flagged that they will be consulting again on the question of full preferential proportional representation for Councillor elections and it seems to be their intent to implement this for the 2024 local government elections.
- The provisions in relation to registers of interests are being enhanced. For example, there will be a new requirement that, within 30 days from the end of each financial year, every Councillor must provide a written return to the CEO in relation to the accuracy of their register of interest.
- Changes are being made to rules about how groups of candidates (or political parties) can operate in election periods. This includes new requirement about joint bank accounts and donations, shared advertising etc.
- Provisions in relation to election donations are also being tightened to cover issues such as loans, gifts to third parties to enable election expenditure etc. "Live" election donation disclosure requirements by candidates are also being introduced.



Belcarra Stage 2b (LG Regulations) ...

- ► The State government has also announced a number of proposed reforms to governance arrangements for local governments:
 - ▶ Tranche 1
 - ► National competition policy
 - ▶ Interest on overdue rates and charges
 - ▶ Tranche 2
 - ► Register of interests
 - ► Apologies and leave of absence
 - Meeting agendas
 - Meeting minutes
 - Closed meetings
 - ► Councillor briefing sessions
 - Discretionary funds



Belcarra Stage 2b

- ► Tranche 3
 - ► Financial management
 - ► Reporting of budget vs actual figures
 - ► Transparency around rates and charges
 - ► Public consultation of proposed budgets
 - Controlled entities
 - ► Sales of land for arrears of rates
- ▶ Tranche 4
 - ► Procurement arrangements



National competition policy

Current	Post reform	Reasoning
 Councils must assess whether they have engaged in significant business activities or prescribed business activities. Current thresholds for significant business activities are for: a business activity providing combined water and sewerage services — \$13.96M another business activity — \$9.35M Current threshold for prescribed business activities is \$328,000 	 Councils must assess whether they have engaged in significant business activities or prescribed business activities Proposed thresholds for significant business activities are for: combined water and sewerage business activities will be number of premises (10,000 or more) connected to a water service as at 30 June of each financial year another business activity — \$9.7M Prescribed business activity thresholds will be increased to \$340,000. 	 Index thresholds in response to inflation Changing to number of premises instead of dollar figure provides a more accurate reflection of the growth of a significant business activity combining water and sewerage activities.



Interest on overdue rates and charges

Current	Post reform	Reasoning
Councils may impose an interest rate payable on overdue rates and charges of not more than 11%.	 The maximum interest rate payable on overdue rates and charges will be the Reserve Bank of Australia bank bill yield rate plus 8 per cent. Councils must set the maximum interest rate for a financial year as part of the annual budget process Councils may impose a maximum interest rate that is lower than the prescribed maximum. 	 Provide a maximum interest rate that varies in accordance with market interest rates to reflect market conditions. Ensure interest rate payable on overdue rates and charges are reviewed regularly.



Register of interests

Current	Post reform	Reasoning
Councillors must notify of any changes to their interests within 30 days.	 Initial registration and annual confirmation of interests — as outlined in the Local Government Reforms: Key amendments document Changes to interests — Councillors must notify of any changes to their interests within 30 days Interests to be declared by Councillors include— being an officeholder of any organisation donations made by a Councillor Publication of registers of interest — only Councillors' current interests to be published on Council website (all previous registers must be retained in Council records). 	 Align with the register of interest processes for State MPs Provide for greater clarity and consistency of reporting and reduce duplication and/or ambiguity Improve the quality and accessibility of published registers of interests.



Apologies and leave of absence

Current	Post reform	Reasoning
Councillor's office becomes vacant if the Councillor is absent from two or more consecutive ordinary meetings of the Local Government, unless they have the Local Government's leave.	 Councillor must notify the Council of an intended leave of absence. Council must decide whether or not to grant a leave of absence. Council can delegate the power to grant a leave of absence Council must record the decision. 	 Enhance transparency around Councillors' absence from meetings Clarify the basis on which a Councillor's office becomes vacant due to their absence from meetings.



Meeting agendas

Current	Post reform	Reasoning
Notice of each Council meeting must be given to each councillor at least two days before the day of the meeting unless it is impracticable to do so.	 Agenda to be published on Council website at the same time it is made available to Councillors Reports to be considered at the meeting to be published on Council website at the same time they are made available to Councillors Confidential reports or papers to be exempt from publication on the website. 	Enhance transparency in relation to matters to be considered by Council.



Meeting minutes

Current	Post reform	Reasoning
Minutes must be: taken at each meeting of a Local Government confirmed at the subsequent meeting by the Councillors or committee members present A copy of the minutes must be available for inspection by the public within 10 days of the meeting.	 Committee meetings must be minuted Minutes to include: reports used in the meeting other relevant information Unconfirmed minutes to be published five business days after the end of the meeting Confirmed minutes to be published immediately after the meeting at which they are confirmed Clarification that a Councillor can confirm the meeting minutes despite having a conflict of interest in a matter discussed or decided in the meeting and regardless of whether they participated in that matter Confidential reports or papers to be exempt from publication on the website. 	 Enhance transparency in relation to matters to be considered by Council Enhance transparency and timeliness of community awareness of Council activities and decisions.



Closed meetings

Current	Post reform	Reasoning
Councils may resolve that a council or committee meeting be closed to the public to discuss: the appointment, dismissal or discipline of employees	Matters that can be considered in closed session Fewer matters which Councils may discuss in closed session Councils will not be able to discuss or decide in closed session: appointment, dismissal or	 Enhance transparency of Council decision-making Enhance transparency in relation to dealing with Councillors' conflicts of interests in matters before Council.
o industrial matters affecting employees	discipline of employees other than the CEO	
the local government's budgetrating concessions o	 the local government's budget actions or decisions under the Planning Act 	
contracts proposed to be made by it starting or defending legal proceedings involving the local	'Other business' where public discussion may prejudice the interests of the local government or enable a person to gain a financial advantage to be clarified	
government o any action to be taken by the local government under the Planning Act, including deciding	 Clarification of the level of detail required when stating the nature of the matters to be considered in closed session 	
applications other business for which a public discussion would be likely to prejudice the interests of the local government or someone else or enable a person to gain a financial advantage	Councils will not be able to close the meeting to discuss and/or decide: to delegate the decision of a matter where a majority of councillors have informed the meeting they have a declarable conflict of interest (COI) or	
The resolution to close the meeting must state the nature of the matters to be considered while the meeting is closed.	personal interest in the matter when the meeting has been informed of a councillor's COI in a matter being discussed at the meeting whether the councillor:	
Organisation Sunshine Coast Ass	1) has a COI in the matter2) must leave the meeting.ociation of Residents	

Councillor briefing sessions

Current	Post reform	Reasoning
Nil regulation	 Clarify that Councils cannot make decisions in a briefing session or workshop A Councillor who has a declarable conflict of interest (COI) in a matter to be addressed in a briefing session or a workshop will not be able to attend the briefing session or workshop for that agenda item unless Council has previously approved their participation in that matter. A Councillor who has a prescribed COI will not be able to attend a briefing session or a workshop. Any new or additional information arising at or from the briefing session or workshop to be made available as soon as possible after the briefing session or workshop to all Councillors and the public. 	 Briefing sessions and workshops are intended as information sharing forums Briefing sessions and workshops are not decision-making forums or meetings of a local government or a committee Enhance transparency around the discussions and information provided in briefing sessions.



Discretionary funds

Current	Post reform	Reasoning
 Councils may allocate discretionary funds to Councillors to allocate for: community purposes capital works o grants to community organisations. 	 Councils will be capped at 0.1% of general rates for the amount of funds allocated as discretionary funds (excluding capital works). Councillors will be prevented from rolling funds over financial years. Discretionary funds expenditure will be published within 7 days. Discretionary funds will not be allowed to be expended from 1 January in election years until the conclusion of the election. 	 Enhance accountability about allocation and use of discretionary funds. Prevent use of discretionary funds to raise the profile of sitting Councillors before an election.



Reporting of budget vs actual figures

- ▶ Should the requirements for local governments be generally aligned with those that apply to State and Commonwealth Government Agencies in relation to the publication of budget vs actual figures?
- ► For local governments should this information be included in the "statement of estimated financial position" (under section 205(2) of the LGR and section 197(2) of the COBR)? Specifically, should the original budget figures be included in the statement of estimated financial position (for the previous financial year) presented at the annual budget meeting?
- ▶ Should the information also include an explanation of major variations (>X%) between original budget and statement of estimated financial position figures, by line item? How should major variances be defined: >10%? >20%? Regardless of the percentage variation should there also be a minimum \$ amount variance (e.g. >10% and >\$1,000)?



Transparency around rates and charges ...

- 1. Should the revenue policy have the same status/relationship with the budget as the corporate plan and the annual operational plan, in that the budget must be consistent with the revenue policy rather than the revenue policy being included in the budget? Should section 169 of the LGR and section 160 of the COBR be amended to:
 - remove the requirement that the budget must include a revenue policy; and
 - provide that the budget must be consistent with the local government's revenue policy?
- 2. Should the revenue policy have a long-term outlook longer than one year? How long should this outlook be:
 - at least three years so that it is consistent with the statement of income and expenditure?
 - at least five years so that it is consistent with the corporate plan?
 - at least ten years so that it is consistent with the long-term financial forecast or relevant measures of financial sustainability?



Transparency around rates and charges

- 3. Should the revenue policy include the following information or should some of this information be included in the revenue statement?
 - 1. the principles that the local government intends to apply for
 - levying rates and charges; and
 - granting concessions for rates and charges; and
 - recovering overdue rates and charges
 - levying infrastructure charges; and
 - levying cost-recovery fees; and
 - if the local government intends to grant concessions for rates and charges—the purpose for the concessions;
 - the estimated total revenue requirement for each of the years covered by the revenue policy and the percentage of this amount that will be met by the following sources:
 - rates and charges
 - infrastructure charges
 - recoverable works
 - grants and subsidies
 - all other sources:
 - IV. the extent to which physical and social infrastructure costs for a new or upgraded development are to be funded by charges for the development;
 - v. how annual decisions on rates and charges affect financial sustainability; and
 - VI. the extent to which the operating capability of the local government is to be increased or decreased by annual decisions on revenue?



Transparency around rates and charges

Possible amendments

4. Would the inclusion of a statutory obligation in the LGR and CBR that the CEO certify to the local government (in a prescribed form) that the final adopted budget complies with all legislative requirements be appropriate to address the QAO's concerns? Would an amendment to section 13 of the *Local Government Act 2009* (section 15 of the *City of Brisbane Act 2010*), which prescribes the responsibilities of local government employees, to include a specific obligation relevant to the budget and other financial requirements, be a better option?



Public consultation on proposed budgets

- ▶ Should the LGR be amended to provide the community some formal process or opportunity to provide input into the budget during its preparation or a requirement that a local government must consult with the community on a draft budget prior to its formal adoption?
- If such a requirement was included in the LGR what minimum period of time should be allowed for public consultation? Would 14 days or 28 days be adequate?
- In the absence of the publication of a draft budget would the publication of the revenue policy prior to the budget being presented to and adopted by the local government provide the community with sufficient information on which to make submissions to or provide input to a local government about its proposed budget?



Controlled entities ...

- Advice on the creation of new controlled entities
 - ▶ It is proposed that the LGR and the COBR be amended to prescribe that:
 - ▶ a local government must notify the Minister of a notifiable event (as defined under the A-G Act) within 14 days.
 - ▶ a local government must provide the Minister with a copy of a controlled entity's governing documents (e.g. constitution, statement of corporate intent, etc) when it is established or when any change is made to the governing documents within 14 days.
 - ▶ in respect to an entity jointly controlled by more than one local government, each local government that jointly controls the entity must notify the Minister of the notifiable event and provide a copy of the entity's governing documents to the Minister within 14 days.



Controlled entities

- Controlled entities audited financial statements to be publicly available
 - ▶ It is proposed that the LGR and the COBR be amended to prescribe that:
 - ▶ the audited financial statements of a controlled entity (as defined under the A-G Act) be tabled at the next meeting of the local government following certification by audit.
 - ▶ the audited financial statements of each controlled entity of a local government be published on the local government's website within 14 days of tabling at the meeting of the local government.
 - in respect to an entity jointly controlled by more than one local government:
 - ▶ the audited financial statements of each jointly-controlled entity be tabled at the next meeting of each local government, that jointly controls the entity, following certification by audit.
 - ▶ the audited financial statements of each jointly-controlled entity of a local government be published on the website of each local government, that jointly controls the entity, within 14 days of tabling at the meeting of each local government.



Sale of land for overdue rates ...

- 1. Do the current sale of land provisions provide adequate protection to land owners regarding land being sold at or near to market value or should the LGR and the COBR be amended to require a local government to take reasonable care to ensure that the land is sold at the market value at the auction or subsequent sale if the land fails to sell at auction?
- 2. Should the current requirement under section 137 of the LGR (section 129 of the COBR) to obtain a valuer's report relating to the market value of the land be retained? Does it currently serve any useful purpose? If the LGR and COBR were amended to require a local government to take reasonable care to ensure that the land is sold at the market value, is the argument for retaining the requirement a valuer's report relating to the market value more compelling?
- 3. If the LGR and COBR were amended to require a local government to take reasonable care to ensure that the land is sold at the market value and the requirement to obtain a valuer's report is retained, is the current requirement that all land must be first offered for sale by auction still necessary? Alternatively, should a local government be allowed to offer the property for sale by private contract without first offering it for sale by auction?



Sale of land for overdue rates

- 4. Are the current provisions relating to the reserve price confusing? Does the current ability to set a reserve price at the amount of the overdue rates or the value under the Land Valuation Act 2010 provide adequate protection to land owners if this price could potentially be set at a value which is less than the market value? Should the requirement to set a reserve price be retained? If the LGR and COBR were amended to require a local government to take reasonable care to ensure that the land is sold at the market value, should the requirement to set a reserve price be retained but provide that the reserve price must be consistent with the obligation to take reasonable care to ensure the land is sold at market value;
- 5. Should the LGR and COBR be amended to provide that if the land fails to sell at auction, a local government may sell the land by private contract to any person not just the highest bidder at the auction? Should the LGR and COBR be amended to remove the restriction that the price at a subsequent private sale must be more than the highest bid received at the auction?
- 6. Is the requirement that land is deemed to be sold to the local government if the land does not sell at the auction or following any subsequent negotiations for sale unnecessary, given that there are separate provisions in the LGR and COBR which allow a local government to acquire land for overdue rates in certain circumstances where the amount of the overdue rates is more than the market value of the land or the value of the land under the Land Valuation Act? Should the LGR and COBR be amended to remove this "deemed sale" requirement? Would the removal of the deemed sale requirement obviate or allay concerns about setting a reserve price which is at or near to the market value?



Procurement arrangements

Current	Matter under consideration	Reasoning
The Regulation prescribes procurement matters which local governments must abide by.	Consideration of feedback from stakeholders regarding the procurement provisions in the Regulation, with a view to ensure greater accountability and simplification where possible.	Enhance transparency, accountability and equity.



Belcarra Stage 3

Proposed reform by the State government on electoral matters

- It is likely that the State Government will introduce the following reforms for local government electoral matters:
 - ▶ Election expenditure caps The government has announced that it is not proposing to introduce election expenditure caps for the March 2020 local government elections. (This was Recommendation 1 of Belcarra)
 - Full preferential proportional voting and representation for the election of Councillors in undivided. Again, it proposes to consult further with stakeholders but appears likely to introduce this requirement for the March 2024 elections.
 - Public funding of candidate election. It will consult further on this issue but appears to be keen to introduce public funding of election campaigns for the March 2024 elections.
 - ► Councillor vacancies for later stakeholder engagement
 - Choose whether standing for LG or State to avoid by-elections
 - Advertising guidelines
 - Limits on appointment of political staff probably only for larger councils



Planning reforms ...

Primary concerns:

- Lack of transparency
 - code assessment v impact assessment
- Excessive relaxations of density, height, setbacks, parking and community space requirements
- Lack of assessment of the cumulative impact of approved development applications in any one area
- Deemed approvals
- Short time frames for community responses
- Poor definitions and loose performance outcomes
- ► Lack of environment and biodiversity protection



Planning Reforms

Primary concerns:

- ▶ Lack of transparency of decision making by council planning staff and councillors.
- ► There are far too many **code assessments** of development applications (98% on the Gold Coast) which lock the community out of the opportunity to lodge an objection and appeal to the Planning and Environment Court if necessary.
- In addition to this is the practice of giving excessive relaxations of density, height, setbacks, parking and community space continues apace, with no demonstrated community benefit for the purported improved performance.
- Aligned with these issues is the lack of assessment of the cumulative impact of approved development applications in any one area. While each development might be assessed on its merits the failure of the planning system to consider the context of the approved development in terms of cumulative impact is negatively impacting on ordinary suburbs and residents can no longer have any certainty that the character of their neighbourhood will be maintained.
- No deemed approvals. The maintenance of the practice of deemed approvals must be removed and the planning system revert back to the previous system of deemed refusals, as the current system is being exploited by some developers, especially in those areas with high volumes of applications.



Planning Reforms

Primary concerns:

- Short time frames. Time frames for community objections/ submissions on complex developments are too short. The one size fits all time frame for simple and complex development applications is unfair to the general public, who do not have at their disposal ready access to planning experts often needed to make informed submissions.
- Poor definitions and loose performance outcomes. The subjective interpretation by council planning staff of terms such as public interest, amenity, community need, and community wellbeing is not acceptable. It is essential to ensure that when planning instruments including planning schemes use terms such as "public benefit"; "community need" or "community wellbeing" these terms are defined in the planning instrument (in a form that can be evaluated) so the community has some input and a clear indication of the scope of that term. Best practice planning guidance should be issued to all councils urging them to minimise the use of discretionary statements, vague terms and opportunities for exceptions to be made. Performance outcomes should be tightly drafted to ensure clarity and serve as the 'final say' on the requirements for development. Exceptions should occur rarely and on well justified grounds by reference to the planning scheme as it applies in the area of the application.
- Environment and biodiversity protection. In development applications in areas of good quality conservation value the Department of Environment should have the status of a concurrence agency returned to it. Too often environmental matters are ignored or minimised in favour of growth and jobs. This is clearly seen in the lack of inadequate planning legislation to protect koalas and their habitat despite their listing as Vulnerable under the EPBC Act and worthy of protection and conservation under the Nature Conservation Act.



Questions/comments?

What should happen now?
What should the QLGRA be doing?
What should your organisation be doing?

