



United Services Union

USU *update*

DESTINATION 2036

ACTION PLAN FLAWED

INDEPENDENT REPORT IDENTIFIES NUMEROUS PROBLEMS WITH NSW GOVERNMENT'S DESTINATION 2036 DRAFT ACTION PLAN

In December 2011, the State Government released its *Destination 2036 Draft Action Plan*. This Action Plan made a number of bold statements including that there are "some hard decisions to be made". It is the USU's concern that our members will be the ones dealing with outsourcing, job cuts, and cuts to Award conditions as a result of the "hard decisions" that the Government is considering.

The USU commissioned Professor Brian Dollery from the University of New England to prepare an independent report on the Government's Draft Action Plan. Professor Dollery is an eminent academic who attended the Destination 2036 Conference held in August 2011. He has significant experience in local government matters, and has worked with local government across all Australian states, largely looking at issues of structural change, sustainability and urban water problems. Professor Dollery has also researched and published numerous articles and books on issues affecting local government.

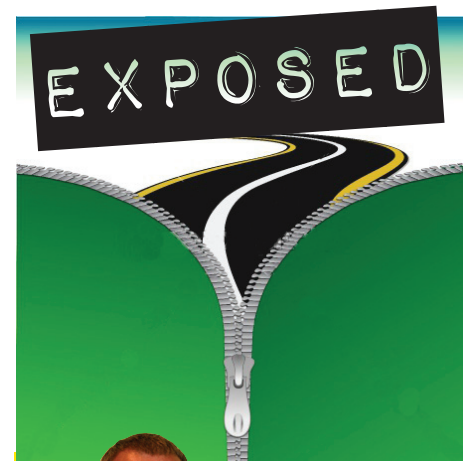
Professor Dollery's report, titled "*Inter-Council Cooperation and Financial Sustainability in NSW Local Government*" sets out a number of concerns with the Draft Action Plan:

Proposition 1: The *Destination 2036 Draft Action Plan* exaggerates the benefits likely to flow from shared services and thereby falsely inflates their impact on the financial crisis in NSW local government.

The *Destination 2036 Draft Action Plan* exaggerates the potential effectiveness of shared services in generating cost savings and efficiency gains in NSW and thereby creates false expectations of the impact of

shared services on improving financial sustainability in NSW local government. The *Destination 2036 Draft Action Plan* should thus be re-drafted to reflect more realistic gains.

Proposition 2: The *Destination 2036 Draft Action Plan* under-estimates the barriers to the adoption of successful shared service arrangements, especially the importance of retaining shared services firmly in the sector under the local



Professor Dollery's report sets out a number of concerns with the O'Farrell

government's *Destination 2036 Draft Action Plan* which must be addressed.

In 2012 the USU, along with our members, will be campaigning to protect jobs and services in local government.

As part of that campaign we will be urging the state government to ensure that ALL stakeholders - including employees, councils and local communities have a say. Industry unions have an important role in discussions about the future of local government.

**Graeme Kelly
USU General Secretary**

government employment award.

The *Destination 2036 Draft Action Plan* under-estimates the barriers to the introduction of shared services, including the vital need for shared service arrangements to achieve widespread acceptance in the sector. This is best secured by ensuring that shared services remain firmly within the local public sector, rather than be outsourced, privatised or incorporated, and that shared service entities use sound governance models, such as the familiar county council model, and operate under existing NSW local government employment awards.

The *Destination 2036 Draft Action Plan* should thus be re-drafted to ensure shared service arrangements remain in the local government sector under the local government award.

Proposition 3: While many of the elements contained in the *Draft Destination 2036*

Action Plan 'Strategic Direction: Financial Sustainability' represent welcome initiatives, the size of the NSW local government backlog is so immense that the measures falling under Initiatives 8, 9 and 10 come nowhere near solving the problem.

There is a massive local infrastructure backlog in NSW local government and acute problems of financial sustainability. These problems are so large that their resolution lies far beyond the current financial capacity of NSW local government.

A final version of the *Destination 2036 Draft Action Plan* will have to be revised to provide a realistic account of the size of the NSW local government infrastructure backlog. As it stands, the *Destination 2036 Draft Action Plan* does not accurately define the dimensions of the problem nor does it place the problem in national context. This will have to be corrected in the final version of the *Destination 2036 Action Plan*.

Proposition 4: A final version of the *Destination 2036 Draft Action Plan* should amend the 'Strategic Direction: Financial Sustainability' Initiatives 8, 9 and 10 to include the creation of a NSW bond bank.

The NSW local government infrastructure backlog has arisen at least partly because Commonwealth and NSW government transfers to local government have not kept pace with the fiscal demands placed on the local government sector.

This has meant that private capital funding has become essential for remediation of the infrastructure crisis. Under these circumstances, a NSW bond bank provides a feasible method of enabling the NSW local government sector to secure access to long-term private capital to tackle its infrastructure shortfall. The *Destination 2036 Draft Action Plan* should thus be revised to include a NSW bond bank as an option.

Professor Dollery's independent report demonstrates that the State Government's Draft Action Plan contains numerous oversights and flaws. It is an inadequate and short-sighted way of addressing the problems in local government.

In order to ensure that local government reforms are beneficial for all stakeholders, including employees, councils and local communities, the State Government needs to ensure that employees and Industry Unions have an important role in discussions regarding the future of the sector.

The USU submitted a copy of Professor Dollery's independent report and a copy of a report prepared by Mr Stephen Hughes, Manager Northern Region, to the Department of Local Government. If you would like to see the full version of these reports, ***please see the USU website.***



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