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**RE: Submission regarding the Review of the Local Government Act 1989**

Metropolitan Melbourne is participating in the 100 Resilient Cities (100RC) initiative, fully funded by the Rockefeller Foundation. In partnership with the academic, community and business sectors, the 32 council organisations of Metropolitan Melbourne (including Mitchell Shire) are supporting the development of a Resilient Melbourne Strategy which aims to equip our city to deal effectively with the ‘shocks’ and ‘stresses’ likely to affect Melbourne in coming decades.

This submission, to the first stage of the Local Government Act review, aims to communicate the value of incorporating resilience thinking and terminology into the new Local Government Act. It also seeks to emphasise the importance of a highly functioning, proactive, collaborative and accountable Local Government sector to the resilience and success of Melbourne and for Melbourne’s diverse communities.

**Background**

Resilience is the capacity of individuals, communities, businesses and systems within a city to survive, adapt and grow not just in the face of shocks (such as heat, fires and floods) – but also to the stresses that weaken the fabric of a city on a day to day or cyclical basis (such as a lack of social cohesion, stressed or failing infrastructure).

Metropolitan Melbourne’s participation in the 100RC initiative is an opportunity for our city to foster the long-term viability, safety and wellbeing of our interconnected communities, municipalities and urban systems. Each participating city draws on the global network, extensive knowledge base and resilience building methodologies of 100RC to develop its own resilience strategy. The Resilient Melbourne Strategy will incorporate resilience building projects and measures and be endorsed by 32 metropolitan Councils, among others. Its development builds on existing structures, avoids duplication and focuses on the delivery of tangible outcomes for communities. It is due to be launched in May 2016.

The review of the Local Government Act is a once-in-a-generation opportunity to improve the operating environment for local government in Victoria, and through this, outcomes for communities. Effective governance arrangements are critical in empowering communities to take responsibility and to build their resilience.

This submission is made in support of Councils in Melbourne and acknowledges that Councils are directly involved in the Review and are contributing individual and group submissions. The success of Melbourne as a global city will rely, in large part, on the effectiveness and success of councils. Two critical elements flowing from the Review of the Local Government Act are central to this:

- **Changing role of local government:** The new Act must recognise and provide for the need for continually changing roles of local government and incentivise and reward innovation, excellence and good governance (Culture).
- **Overcoming fragmentation:** The new Act must foster effective coordination and collaboration across our existing multiple council structure to enable resources to be raised and allocated, informed by need and shared accountabilities (Structure).

## **Changing role of local government**

The world is urbanising rapidly. Historically, urban policies in OECD countries have been narrowly defined and limited to one or two issues, such as infrastructure provision or the revitalisation of distressed neighbourhoods. However, cities are outgrowing their traditional governance arrangements and broadening their role into networked regions supporting community strengthening and economic development. Cities – and local government in particular – have played a leadership role in areas such as climate change mitigation and adaptation, uptake of renewables and resource recovery. As the populations of the world centralise around urban centres there is increasing importance and attention paid to the changing role of the governance of cities. This importance is evidenced by projections that 75% of the world’s population will be living in cities by 2050 and that greater growth in GDP in OECD nations is experienced in metropolitan areas than other populations of the same country. Cities also consume 75% of the world’s energy and emit 80% of the world’s carbon emissions.<sup>1</sup>

## **Overcoming fragmentation**

This submission supports the long established ‘three-level’ system of governance in Australia in recognition that the differing needs of communities are most effectively addressed from local governments that are engaged and close with their communities. It supports an approach that works with the existing framework for the best possible outcomes.

The inefficiencies and challenges of municipal fragmentation is an area of increasing concern. As cities outgrow their traditional governance arrangements there is a disconnect between the metropolitan need for city shaping services and infrastructure with community engagement and service delivery. This manifests generally as a structural challenge, with reduced efficiencies becoming a hindrance to the growth and productivity of cities. Most OECD countries have fragmented systems of city governance, particularly in large metropolitan areas like Melbourne. Data presented in the OECD *Regional Outlook* shows that less fragmented metropolitan areas have, on average, experienced stronger economic growth than more fragmented metropolitan areas over the past decade. Metropolitan areas with appropriate governance systems also experience less sprawl and greater citizen satisfaction.<sup>2</sup> While there are structural responses to this, all have strengths and weaknesses. A collaborative and longer-term outcome focussed culture can mitigate structural weaknesses of fragmentation, just as voluntary cooperation among councils can create structures necessary to foster collaboration.

## **Value of resilience thinking**

This submission intends to provide a broader context and to highlight key opportunities for the revised Act to support councils so that they can more effectively meet their obligations and face the shocks and stresses of the 21<sup>st</sup> Century.

The Act review discussion paper addresses the swing between prescriptive and enabling legislative frameworks and the current state of the Act, which is neither.

A shift towards resilience thinking in policy settings is being seen at national, state and local levels. This provides an approach to supporting the changing role of local government and to overcome the challenges of fragmentation for metropolitan regions in particular. This global shift in thinking is evidenced by the efforts of the United Nations Office for Disaster Risk Reduction’s (UNISDR) global work to build community resilience against catastrophic events through fostering place based, whole of system responses to complex challenges, in partnership with the private sector. This approach is consistent with the work of the Stockholm Resilience Centre and the 100RC program, of which 66 cities and their policy makers are currently taking part; a number that will increase to 100 cities in March 2016.

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<sup>1</sup> AECOM, ‘Urban Governance – What makes cities work?’, July 2015.

<sup>2</sup> Organization for Economic Cooperation and Development (OECD), ‘Regional Outlook: Regions and cities: Where people meet’, 2014.

In Australia, the shift toward resilience thinking is seen in the inclusion of resilience terminology in policies such as the National Climate Resilience and Adaptation Strategy 2015, the National Strategy for Disaster Resilience 2011 and the Victorian Climate Change Adaptation Plan as well as the formation by the Victorian Premier of the Social Cohesion Unit and the position of Chief Resilience Officer, Victoria.

This submission advocates the value to the Review of the Local Government Act in adopting resilience terminology and thinking in its development. The operating environment of local government needs to foster good governance and collaboration while ensuring obligations are met and high levels of probity, transparency and accountability are apparent and maintained.

**Recommendations:**

It is recommended that the following questions, developed by 100RC and Resilient Melbourne and adapted for this purpose, should be asked during the review of the Local Government Act to embed resilience thinking and terminology in the new legislation. Please be advised that these questions are purposefully of a general nature and we would welcome the opportunity to continue to contribute to the review with the resilience expertise of our project team.

- Do the provisions of the Act enable councils to leverage the ability and capacities of a broad group of stakeholders?
- Does the Act enable risks and vulnerabilities to be more easily approached in an integrated, cross-sectoral and comprehensive way? (*i.e. barriers to collaboration and resource sharing are removed*)
- Does the Act take into consideration cross-jurisdictional implications and opportunities? (*i.e. cost shifting becomes accountability sharing, co-design and cost-sharing*)
- Do the objectives of the Act support the delivery of broadly equitable outcomes? (*i.e. are resources available allocated to ensure minimum levels of service are met*)
- Does the Act enable short, medium, and long-term direct and indirect, positive and negative benefits? (*i.e. are today's needs able to be met so as to strengthen future capabilities, for multiple benefits*)
- Does the Act foster collaboration, encourage and reward innovation and excellence? (*i.e. how are high performing and well-governed councils incentivised through reduced regulatory or compliance requirements – AAA councils?*)
- Does the Act support Councils to respond to risks and hazards associated with multiple shocks and stresses facing Victoria (*i.e. Roles and responsibilities are aligned with capability, supported by clear state guidance*)

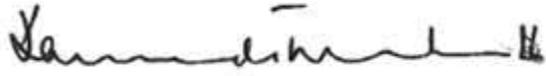
The Review of the Local Government Act is an opportunity to address the challenges of the ever-changing role of local government and potential inefficiencies that can result from fragmented (State and local) metropolitan governance. The application of resilience terminology and thinking will assist to create an enabling framework that defines the important role of local government and empowers and encourages councils to collaborate to optimise their effectiveness and tackle common challenges.

While our three-level system of governance is typical of many western democracies and has been an integral part of our success as a nation, our local governance is most accessible and highly valued.

Structured around multiple urban centres, each with their own character and needs they are supported by tailored local service delivery, despite complex operating environments. The new legislative framework needs to trust and empower Councils, as their need to coordinate across multiple stakeholders to deliver multiple benefits becomes both commonplace and more pronounced.

This submission has been put forward by local government CEOs leading specific elements of the Resilient Melbourne project noting that a further period of consultation will be undertaken with Councils in 2016. The submission is also signed by Melbourne's Chief Resilience Officer, employed the City Of Melbourne.

We look forward to the prospect of on-going dialogue with the Review team.



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