

## Local governments can show national governments how to plan better: integrated planning and reporting reforms in Australia

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*In most states of Australia, legislation for some form of integrated strategic planning enables local communities to move towards the centre of decision-making and planning for a better future. Experience with these laws is now being researched to determine if the principles and process they embody could also work at the national level. The first part of this paper focuses on the specific model of 'Integrated Planning and Reporting' in New South Wales, while the second part discusses how a modified form of the concept could work nationally.*

### Introduction: the advent of Integrated Planning and Reporting

In 2009 the state parliament of New South Wales (NSW) in Australia legislated to require local governments (typically termed 'councils') to implement what it called Integrated Planning and Reporting (IP&R), a system of long-term strategic and financial planning designed to engage local communities in the process of building the society, environment, lifestyle quality and governance that they want. The reform was intended to empower local communities to take more control of their future, to design it as they would prefer, and to indicate both how it should be achieved (including funding), and by whom.

Although it was not necessarily well understood by the legislators themselves, or even by many of the elected councillors who were newly bound by the legislation, the overarching intent of the reform was to place communities at the centre of local democracy as the owners of integrated, long-term Community Strategic Plans (CSPs) for the economic, social and environmental future of their locality and their quality of life.

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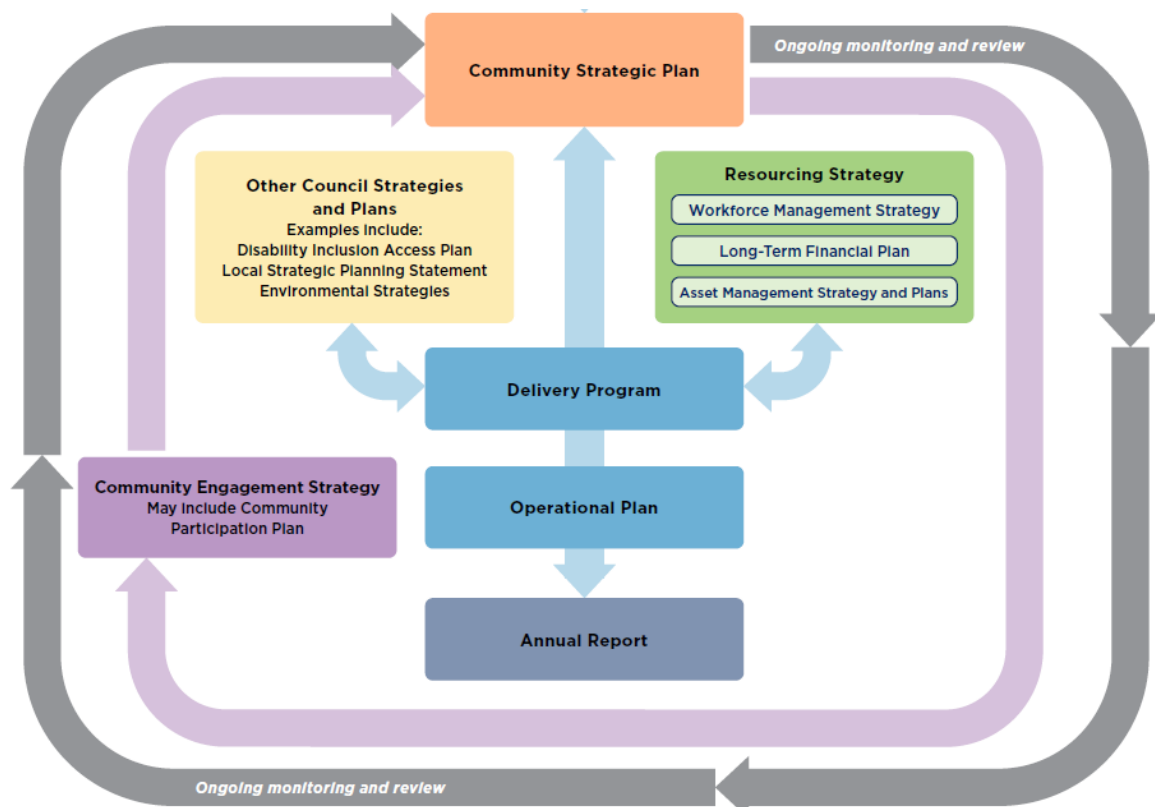
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As researchers from the University of Technology Sydney stated in 2010:

*The community strategic plan reflects the formalization of a previously voluntary form of strategic planning that emerged in many NSW local governments over recent decades. As the name implies, community strategic plans seek to give emphasis to community-led rather than council-led strategy development, the idea being that the plan is owned by the local community, developed through extensive input by the community, and is for the community/whole local government area. It is not developed by a single institution, even though one institution – the council – is required to help bring the plan into being and operates as its ‘custodian’ (Prior and Herriman 2010).*

Guidelines for the structure of the new CSPs and related plans were attached to the legislation (NSW Office of Local Government 2021). These guidelines also set minimum standards for compliance with the IP&R process itself and for community engagement in drafting the plans. In brief, the guidelines require NSW councils to engage in good faith with their communities to develop a CSP covering a minimum time frame of ten years, long-term financial and asset plans, and medium-term ‘delivery programmes’ setting out which aspects of the CSP would be delivered within the term of the currently elected council. Other supporting plans were also required as shown in the diagram below. The planning process was intended to be cyclical with councils being required to adopt new or updated plans from time to time, based again on community engagement and the results of regular reviews on pro



Source: NSW Office of Local Government (2022)

The NSW legislation is mirrored to varying degrees in several other Australian states, notably Western Australia which also uses the term ‘IP&R’ (for a discussion of models in other states, see Martin Bass 2014). However, NSW has perhaps the most detailed and rigorous requirements in relation to councils’ financial and asset planning and the role of councils as facilitators of community engagement for the long-term plans. Moreover, pressure to comply with high standards for genuine engagement became particularly significant in NSW because local government funding through annual rate<sup>1</sup> increases was capped by the state government. Unless a council could display the highest level of compliance with IP&R requirements, they would be unlikely to secure ‘special’ rate increases above the maximum set each year by the state’s independent pricing regulator. In the circumstances NSW councils needed to become adept at implementation of the IP&R framework and particularly its community engagement component. Excellence in IP&R became essential to their financial sustainability.

During the first decade of the operation of the NSW laws the standard of performance and compliance with the legislated guidelines varied from year to year and across different councils, and the guidelines themselves have been amended since the introduction of the framework. But throughout the decade the overarching intention of the legislation was faithfully maintained. The community remained the centre of the planning process and community members were given more power to set the agenda for their council areas. In 2022, consistent with this overarching intention, the NSW Office of Local Government’s Integrated Planning and Reporting webpage stated that:

*In essence the IP&R Framework begins with the community’s, not councils’, aspirations for a period of at least 10 years. It includes a suite of integrated plans that set out a vision and goals and strategic actions to achieve them. It involves a reporting structure to communicate progress to council and the community as well as a structured timeline for review to ensure the goals and actions are still relevant [emphasis added] (NSW Office of Local Government 2022).*

Since the inception of IP&R in NSW and similar long-term planning frameworks in other states, community involvement in those processes has varied across Australia, depending on each council’s skills and resources. In observing how well the laws have been implemented it is evident that all councils are not equally skilled in facilitating processes whereby communities can work with their local government to develop their own plans for the future in line with the intention of the legislation. After initially performing well, some councils have tended to slip back into less consultative and transparent habits. Nevertheless, the reforms have quite definably changed the power-sharing arrangements and relationships between communities and those they elect. Communities now have access to planning systems that can enable them to forge what may be described as new ‘social contracts’ with their elected councils. There is a new way for residents, businesses, interest groups and all other types of electors to increase their shares of power in their local area and to influence how and where money is spent. Not

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<sup>1</sup> In Australia, revenues for local government are heavily (but not totally) underpinned by rates, which are a tax on property values paid by landowners.

everyone takes up the opportunity to become involved of course. But to some degree it is there for everyone in most states.

Thus, although the quality of implementation has not been uniform, IP&R and similar frameworks have proved on the whole to be successful reforms in terms of achieving their original objectives within a majority of local government areas. This is most clearly evident in NSW, where the concept originated and with more than a decade's experience. Wherever IP&R has been implemented consistent with the guidelines it has:

- drawn local community members into a more active and deliberative role in their own governance and in designing what well-being really means for them
- helped them increase their influence on how public funding is raised and spent
- established a means of sustainable long-term financial and public asset planning, and
- provided communities with a means of monitoring whether councils are delivering whatever their constituents have said they want over the long term.

That last benefit arises from the fact that the concept of IP&R concentrates as much on *reporting* as it does on *integrated planning*, and thus provides communities with opportunities and a means to hold elected councillors accountable to a degree that had not been possible before the reforms. With IP&R, an extra strength was added into the process of local democracy. Accountability was and is still available at the ballot box in local government elections; but in addition to this, it is now possible for electors to send stronger, transparent messages and instructions about what the elected councillors are actually accountable *for*. That degree of specificity had always been absent in Australia's governance and its cycle of democratic elections. With the advent of IP&R it need be absent no longer, at least in local governance.

Additionally, because the IP&R process includes an element of long-term financial planning *integrated with* plans which describe the social, environmental and governance objectives of a given local community, it actually offers those communities a better chance than they have ever had not just to build the sort of future they really want but to build it at the lowest long-run cost. It offers this opportunity precisely because it alters the conventional balance of power within Australia's system of representative democracy – switching from top-down authority to bottom-driven planning and partnership. Power is shared more evenly because the IP&R process changes – indeed creates – the terms of trust on which power is granted or renewed through elections. No longer does power come without any indication of restrictions or instructions, but rather for specified purposes. Long-term community plans roll over two or three terms of a council: they must be reviewed after each election, but their specified purposes can only be amended through a further rigorous process of community

engagement. This requires a dialogue between councils and communities, which runs generally as follows:

1. Councils ask their communities (including individuals, local interest groups, organisations, businesses, and community service providers) what they would ideally like to achieve as a community and for their local amenity over a minimum of ten years (not just one term of office).
2. Communities state their aspirations for the type of society, environment, lifestyle quality and governance they want.
3. Councils then tell them how much that will cost over the decade (in terms of service provision and asset management) and whether there is a shortfall in the council's financial resources for that purpose.
4. If there is a shortfall, the dialogue explores options for either reducing aspirations or raising funds to meet them.
5. Communities (usually by survey) state their final preferences for the future and the degree to which they are prepared to fund that future – as well as the method of funding (be it more by taxes or increases in other forms of revenue generation or a combination of both).

Such a dialogue – specifically designed to enable orderly collaboration in development of a viable (financially sustainable) long-term plan – represents a fundamental shift in the roles played by electors and the elected in democracy. Communities are not limited at the outset in asserting what the CSP should cover, nor can councillors tell communities what they can and can't have. Instead, the IP&R dialogue starts in an entirely different place – with communities telling councillors what they do and do not want. From that starting point, the dialogue is designed to give confidence to all concerned that:

- safe paths and strategies to achieve the expected future have been chosen through meaningful consultation
- a relevant framework for reporting and measuring progress will be available to assess changes in well-being under the plans, and
- expected long-run costs to achieve expected targets are not only as low and sustainable as they can be but that the cost burden itself will be shared in an optimal, efficient and fair manner across all sectors of the community and between existing and future generations.

In short, the dialogue broadens and deepens the terms on which trust is being vested in elected councils. Integrated plans developed under IP&R are effectively partnership agreements made between councils and their constituents. As such, IP&R introduces a new deal between electors and local governments and this new contractual format is built on terms which transparently link – or *integrate* – the social with the fiscal.

Of course, governments have offered ‘new deals’ or ‘social contracts’ or ‘agreements’ in the past. The difference with IP&R is that communities can to a large extent craft the terms of the ‘deal’ and have a tighter method of holding those they elect to account for delivery of what they have agreed to fund (and to fund in a particular way). In this arrangement tax revenue is in the electors’ gift and control; it is not the property of a government. That shift in control over the purse-strings is a remarkable micro-economic reform offering previously unavailable opportunities for efficiency and effectiveness in policy development and distribution of resources (financial and non-financial). It also offers new opportunities for efficiency and effectiveness in the operation of democracy itself.

Obviously, the shifts in power and control described above only apply if the parties honour the ‘deal’ in good faith – which some with vested interests are unlikely to do if the public interest (as represented by the CSP) does not favour them as much as they would wish. The intent of IP&R in NSW is that the adopted CSP, which is the product of a legally binding community engagement process, provides the overarching strategies to be pursued through other plans, such as the four-year Delivery Programme and the Long-Term Financial Plan. This allows councils to determine how their resources – the services they provide and the assets they maintain – can best be used, within a financially sustainable framework, to maximise the community’s chances of being able to make the vision of their CSP a reality over time.

In effect, IP&R offers councils and communities a way to relate to and respect each other that is more likely to result in a financially sustainable pathway to the community’s preferred level of well-being. IP&R also improves efficiency in decision-making simply by setting out the purposes of power: it clarifies the public interest and ensures that everyone knows what they are accountable for. The agreements reached through IP&R, especially in aligning the social with the fiscal, create quite new types of partnerships, which are likely to be more productive because they are based on a clear sense of the benefit every partner will obtain if they honour their part of the deal.

Overall, it is evident that in its first decade of operation IP&R in NSW has functioned well as an experiment in a new arrangement of power and transparent accountability, building on the good faith pre-supposed by the legislation that elected councils will both duly implement the legal requirements for community engagement and honour the outcomes from that engagement as expressed in the CSP and other integrated plans. This flows to a large extent from the reporting component of the IP&R process, which ensures either that councils *do* honour the deal, or that electors will be able to see the extent to which they have *not* honoured the deal and hold them to account at the ballot box.

It is early days and much of the benefit of a shift in the balance of power between electors and elected might still be regarded as theoretical because no reviews have been done of the impact of IP&R on the quality of Australia’s democratic processes. However, no evidence has emerged that local IP&R has negatively impacted local democracy or planning. On the contrary, local IP&R has emerged as a very healthy aid to local decision-making and one which is highly efficient.

## Lifting integrated planning and reporting to the national level

Effective community engagement and integrated planning is neither seriously time-consuming nor elitist for anyone wishing to increase their influence in decisions about their community's future. Indeed, because it facilitates inclusion of the time-poor in a practical and orderly cycle of community futures planning, integrated planning (including effective reporting) speeds up a community's progress toward its preferred future. In Australia, this efficiency is fortunately coincident with a rise in appreciation of the value of localism – meaning – a rise in appreciation of the benefit of making decisions on what is best for a community at the level of that community. A localist approach differs markedly from paternalistic or insensitive interventions in municipal and community affairs often favoured by various federal and state governments. Such interventions reveal central agencies to be essentially disconnected from local concerns and expertise, and to have far less skill than councils and community groups in organising solutions that actually suit local culture and circumstance.

The evidence is that federal and state interventions are therefore inclined to fail. Federal interventionist approaches to Indigenous disadvantage in Australia, for instance, have failed to 'close the gap' between Indigenous and non-Indigenous Australians in almost every measure.<sup>2</sup> Probably the most notable example of this was what became known as the Northern Territory Intervention in 2007, when the federal government sent troops and public servants into remote First Nations communities without consultation, ostensibly in order to impose solutions for protection of children from domestic abuse. This led directly to Aboriginal children being alienated from their families with no corresponding drop in domestic violence. By contrast, community-driven initiatives which capitalise on local expertise (particularly Indigenous expertise) have been credited with success and these self-guided collaborations now set the benchmark for effective and more lasting problem solving and service design in regional and remote areas of Australia.<sup>3</sup>

The advent of various forms of integrated planning across Australia offers the possibility of a boost to the effectiveness of localism inasmuch as it provides an orderly and very efficient process by which communities can organise self-governance and affordable delivery of their preferred future. If anything can be reliably concluded from experience thus far, it is that the more local communities learn how to use the opportunity of integrated planning processes, the more likely they are to move sustainably towards their preferred future rather than away from it.

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<sup>2</sup> For an update at March 2022 see Australian Community Futures Planning (2022a, pp. 51–53 and 120–136) *The State of Australia 2022*. Available at <https://www.austcfp.com.au/state-of-australia>

<sup>3</sup> A pace-setting example of localism at work is the success of the Maranguka community of Bourke, NSW in achieving remarkable rates of reduction in domestic violence and juvenile crime. See Australian Institute of Health and Welfare (2019, p. 107). Available at <https://www.aihw.gov.au/getmedia/b0037b2d-a651-4abf-9f7b-00a85e3de528/aihw-fdv3-FDSV-in-Australia-2019.pdf.aspx?inline=true>

That said, it is also likely that even if local communities master the art of achieving beneficent social contracts through integrated planning, advances arising from those plans may still be lost or reversed if that same art is not matched at higher levels of government. Almost every aspect of a well-made community plan could be undone by bad faith or incompetence at the national level, especially in economic management or in suboptimal distribution of national wealth. That being so, a new and irresistible question now arises:

Can the concepts and processes of integrated planning and reporting be adapted and applied effectively at a national level to avoid the risk of federal government actions undermining local achievements, and also to improve the quality of federal engagement with and accountability to the Australian community?

In 2019, ten years after the introduction of IP&R in NSW, experienced practitioners began to ask precisely that question and to explore pathways towards a form of ‘National IP&R’ that would:

- help Australians build their own long-term, integrated *national* plans; and
- broaden the reporting system so that Australians would have a clearer insight into the well-being and security of the nation and the country’s environmental sustainability.

In short, could integrated planning and reporting be scaled up as the basis for development of social contracts between electors and federal parliaments, contracts which express the will of the people about the sort of nation they want to become and the country they want to live in and care for? Could ‘National IP&R’, with an emphasis on community engagement, shift Australia’s form of democracy into a more efficient participatory model (instead of a merely representative democracy)? Could it remain genuinely inclusive?

In sorting through these questions it became clear that a successful scale-up would require a national process that could deal with two things it had not been required to deal with at the local level:

1. the extraordinary cultural and socio-economic diversity that now prevails within the Australian nation (a diversity which is also apparent in many local communities but usually to a narrower degree), and
2. the national economy.

Practitioners knew that integrated planning processes operate efficiently and effectively as a means of addressing social, environmental and governance matters. They also knew that those processes dealt well with conflicts that might arise from diversity within a given community, not least because they are essentially *inclusive*. But there was no guarantee that the sort of community engagement previously relied upon – mostly face-to-face interaction supplemented by community surveys – would scale up well to be successful at a national level and still retain the efficiency features found locally. Important questions about applying integrated planning in such a way as to reflect diversity and inclusivity on a



national scale therefore needed to be resolved before it might be expected to work well as a nation-wide process in a country like Australia – a federation of quite different states and territories governing more than 500 local government areas spread across a continent.

Practitioners also knew that experience with integrated planning had as yet provided no insight into whether a long-term integrated plan could be developed for a local economy, let alone a whole national economy. Integrated planning processes had rarely dealt in any depth with issues economic, except insofar as communities could develop proposals to stimulate local business development. Because local governments in Australia have little if any influence on economic development beyond their boundaries, and because long-term economic plans simply have not been formulated and implemented successfully in Australia by any level of government – researchers found that they were at the very beginning of exploring whether integrated planning processes could be adapted to inject the diverse Australian community into development of national macro- and micro-economic reforms, such as those for:

- fiscal and monetary policy
- market regulation and competition policy
- economic structure (eg the composition of industries and incentives to influence that composition)
- employment planning (particularly during economic transitions)
- income and wealth inequality
- taxation and national wealth distribution
- scientific and technological development
- urban and regional development
- international trade rules.

These economic issues have not been viewed traditionally as ones to be addressed by everyday Australians, even though they are the people most affected by them. The Australian population is, however, quite capable as an educated and legitimately interested community of articulating what they want their economy to be *for*. What they lack is an orderly engagement and planning process by which to make their view of the overarching purpose of their economy clear to federal and state governments. And by extension, parliaments lack understanding of the very thing on which a fair and viable economic plan should be based – specific agreement about the type of nation the people want to build, the country they want to protect, the resources they wish to share and sustain, the level of well-being and security they wish to attain, and the place to which they aspire in international citizenry.

From the work conducted to date, it emerged that only small adjustments were required to make current integrated planning concepts and processes fit for use at the national level. It was a straightforward task

to establish a workable draft structure for a long-term national plan, integrating social, environmental, economic and governance objectives and strategies capable of supporting and indeed capitalising on diverse aspirations. And it was only a small step to develop an efficient engagement process capable of drawing diverse Australians into the centre of decision-making and planning for their future.

Of course, this rendition of ‘National IP&R’ is likely to be more complicated in delivery than in concept – complicated, that is, for the facilitators of engagement and participation in planning, not for the users within the community itself. Accordingly, researchers are currently testing the process at a pilot scale and a four-part research programme has been established by a community-based organisation of experienced integrated planning practitioners.<sup>4</sup> The research programme has so far focused on:

1. development and design of an efficient integrated planning process that any and all Australians can use to build and monitor their national plan together
2. formulating a structure for the integrated long-term national plan itself – one that will be easy to follow<sup>5</sup>
3. a draft vision for a national plan based largely on the results of surveys and community engagement processes over the decade to 2020 in which Australians were able to freely express their aspirations for their future as a nation and as diverse individuals, and
4. assembly of a database – a national well-being index – to help everyone monitor whether the nation is moving towards or away from the vision and whether there is a need for a change of course.

These components of a ‘National IP&R’ framework may soon prove to be of increasing relevance and usefulness to Australia’s recently elected federal Labor government, which intends to introduce a well-being measurement framework and to structure federal budgets to support the well-being of Australians in an equitable manner. Treasurer Jim Chalmers has foreshadowed the need for ‘a serious conversation’ with Australians about how to “*pay for the services that they need and deserve and have a right to expect*” (Chalmers 2022). ‘National IP&R’ is well-suited to helping government and communities have an orderly conversation, based on sound evidence. It is a powerful tool to enable communities to articulate what well-being means for them and how it can be equitably funded and delivered at the lowest long-run cost. As currently designed, it includes a long-term financial planning component which has significant capacity to align the social with the fiscal, in a fashion similar to what can and does already occur at the local level in New South Wales.<sup>6</sup>

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<sup>4</sup> This organisation is registered as Australian Community Futures Planning (ACFP), established in March 2020 for purposes of trialling and supporting forms of national integrated planning and reporting driven by the community. For full information on all activities of ACFP visit <https://www.austcfp.com.au/>

<sup>5</sup> This document is titled *Australia Together* (ACFP 2022b). See <https://www.austcfp.com.au/australia-together>

<sup>6</sup> For ACFP’s current design of a national long-term financial planning component, see *What is National Integrated Planning & Reporting?* ACFP (2021) available at [https://www.youtube.com/watch?v=S1\\_B6rNba1c&t=497s](https://www.youtube.com/watch?v=S1_B6rNba1c&t=497s).

Whether integrated planning concepts and processes can indeed be adapted and scaled up well enough to work efficiently at the national level is yet to be finally determined, but the signs are encouraging. The indications are that ‘National IP&R’ can be just as successful in drawing Australians into the centre of decision-making in their democracy at the national level as its forerunner has been locally. To watch the experiment as it unfolds, and to become involved in the process, visit the Australian Community Futures Planning website at [www.austcfp.com.au](http://www.austcfp.com.au)

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