

Agenda Report

Council Resolution Item

Action is required from the Council Meeting on **05 May 2015** as per the Resolution outlined below.

GM/4 **Fit for the Future**

GM/4: Fit for the Future

RESPONSIBLE OFFICER: General Manager

EXECUTIVE SUMMARY

Since the NSW Government announced its 'Fit for the Future' reforms in September 2014 Mosman Council has been actively engaged in evaluating the options available to Council and the Mosman community prior to the Government's deadline of 30 June 2015.

As well as detailing Council's recent community engagement on this significant issue, this report summarises other action taken by Council since the September 2014 announcement and recommends a path forward in the lead-up to the 30 June 2015 deadline.

It is clear from the community consultation conducted between February and April this year that Mosman residents and ratepayers continue to support Mosman's independence and oppose amalgamation with other local areas. Further, Council has a strong track record in building successful partnerships and affiliations and can demonstrate scale and capacity without the need for formal mergers.

Combined with a collective lack of appetite for amalgamation by lower north shore councils and the lack of robust, demonstrable evidence regarding the benefits of amalgamation, the recommended course of action is for Council to reaffirm its commitment to an independent Mosman and to lodge a 'Council Improvement Proposal (Existing Structure)' as it's Fit for the Future submission to the NSW Government.

OFFICER'S RECOMMENDATION

1. That Council note:
 - a) The results of recent community consultation demonstrating significant community support for Mosman's continued independence
 - b) The views expressed in recent community consultations that Mosman residents and ratepayers are strongly opposed to the lower north shore amalgamation model recommended by the Independent Local Government Review Panel, as well as smaller amalgamations with either North Sydney or Manly Council
 - c) The results of random street surveys in March 2015 indicating a high level of overall satisfaction with the performance of Mosman Council
 - d) Mosman Council's ongoing discussions with northern Sydney Councils and the clear views expressed by those Councils opposing the amalgamation model recommended by the Independent Local Government Review Panel

- e) Mosman Council's discussions with adjoining Councils which have also failed to demonstrate any appetite for amalgamations with Mosman on a smaller scale to that proposed by the Independent Panel
 - f) The verbal update from the General Manager on the business case being undertaken by Morrison Low
 - g) Based on the application submitted to the Independent Pricing and Regulatory Tribunal in February 2015, Mosman Council is capable of meeting the NSW Government's Fit for the Future benchmarks for Sustainability, Infrastructure and Service Management and Efficiency
 - h) Mosman Council operates at a scale and capacity that it considers appropriate to the continued delivery of excellent services to the Mosman community and to effective engagement across the community, industry and government, being an effective member of the Shore Regional Organisation of Councils (SHOROC) and other ongoing and successful collaborations and partnerships as well as being a willing and capable participant in further strategic alliances and co-operative ventures
2. That Mosman Council affirm its commitment to remain an independent local government area (and local authority) and its opposition to merging with other local government areas/Councils, either as recommended by the Independent Local Government Panel or otherwise.
 3. That Mosman Council resolve to prepare a 'Council Improvement Proposal (Existing Structure)' as its Fit for the Future submission to the NSW Government's Expert Advisory Panel
 4. That the General Manager be delegated authority to finalise the submission referred to in 3, above in consultation with the Mayor

COUNCIL RESOLUTION

Motion Bendall/Corrigan
That

1. Council note:

- i) The results of recent community consultation demonstrating significant community support for Mosman's continued independence
 - j) The views expressed in recent community consultations that Mosman residents and ratepayers are strongly opposed to the lower north shore amalgamation model recommended by the Independent Local Government Review Panel, as well as smaller amalgamations with either North Sydney or Manly Council
 - k) The results of random street surveys in March 2015 indicating a high level of overall satisfaction with the performance of Mosman Council
 - l) Mosman Council's ongoing discussions with northern Sydney Councils and the clear views expressed by those Councils opposing the amalgamation model recommended by the Independent Local Government Review Panel
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- m) Mosman Council's discussions with adjoining Councils which have also failed to demonstrate any appetite for amalgamations with Mosman on a smaller scale to that proposed by the Independent Panel
 - n) The verbal update from the General Manager on the business case being undertaken by Morrison Low
 - o) Based on the application submitted to the Independent Pricing and Regulatory Tribunal in February 2015, Mosman Council is capable of meeting the NSW Government's Fit for the Future benchmarks for Sustainability, Infrastructure and Service Management and Efficiency
 - p) Mosman Council operates at a scale and capacity that it considers appropriate to the continued delivery of excellent services to the Mosman community and to effective engagement across the community, industry and government, being an effective member of the Shore Regional Organisation of Councils (SHOROC) and other ongoing and successful collaborations and partnerships as well as being a willing and capable participant in further strategic alliances and co-operative ventures
2. That Mosman Council affirm its commitment to remain an independent local government area (and local authority) and its opposition to merging with other local government areas/Councils, either as recommended by the Independent Local Government Panel or otherwise.
 3. That Mosman Council resolve to prepare a 'Council Improvement Proposal (Existing Structure)' as it's Fit for the Future submission to the NSW Government's Expert Advisory Panel
 4. That the General Manager be delegated authority to finalise the submission referred to in 3, above in consultation with the Mayor
 5. That Council endorse a submission on IPART's proposed Assessment Methodology for Council Fit for the Future proposals, with such submissions to be broadly in keeping with the draft document circulated to Councillors by the Mayor on 4 May 2015, and the Mayor being granted delegated authority to finalise the submission for lodgement by 25 May 2015.

CARRIED UNANIMOUSLY

Background

In September 2014 the NSW Government announced its Fit for the Future reform package in response to the Final Report of the Independent Local Government Review Panel (ILGRP) which was released in October 2013. Since that time Mosman Council has been engaged in conversations at local, regional and metropolitan level to clarify options available and to crystallise Council's position moving forward. These conversations have included engaging with Mosman residents and ratepayers, as well Council's partners in the long-standing SHOROC alliance, the northern Sydney councils recommended for amalgamation in the ILGRP's report (and more broadly members of the Northern Sydney Regional Organisation of Councils) and the Sydney Metropolitan Mayors Association.

In conjunction with Lane Cove, Hunters Hill and Ryde Councils, Mosman Council also jointly commissioned consultant firm Morrison Low to undertake an independent assessment of the lower north shore Council grouping (i.e. Mosman, North Sydney, Lane Cove, Willoughby, Hunters Hill and part of Ryde) recommended by the ILGRP.

From the outset of discussions with the lower north shore Councils, there has been unanimous opposition to forced amalgamations and over the past eight months each council has worked both independently and in consultation to determine the best way forward for their respective communities. This has been the same for the northern beaches Councils which, together with Mosman, collectively form the SHOROC alliance. A high level of community engagement has been undertaken across the wider northern Sydney region, with various studies and consultancies employed.

Current Position

The outcome of Council's continued discussions with its neighbouring and other northern Sydney Councils has clearly demonstrated that there is no appetite, either on the larger scale proposed by the ILGRP or on any smaller scale, to voluntarily enter into merger talks with Mosman.

A period of community engagement undertaken by Council from late February to early April this year has reaffirmed the Mosman community's support for continued independence, with strong opposition to any form of amalgamation.

The SHOROC group of Councils, which has delivered excellent results for its constituent Councils in terms of shared resources, procurement and regional advocacy in particular, has continued to work together to progress current and plan future initiatives for the benefit of both member councils and the region. New linkages have also been developed and fostered with the Northern Sydney Regional Organisation of Councils.

Council has also reviewed its operations against the 'Self-Assessment Tool' provided by the Office of Local Government and, based on its application to the Independent Pricing and Regulatory Tribunal for a Special Rate Variation in February this year (with results due mid-May), Mosman is able to demonstrate that it can, over a period of years, meet the NSW Government's Fit for the Future benchmarks of Sustainability, Infrastructure and Service Management and Efficiency. In relation to the Fit for the Future criteria of 'scale and capacity', Council's performance over recent years - including but not confined to the collective successes of SHOROC and other key partnerships - demonstrates that mergers alone do not represent the only way forward for efficient and effective local government.

The independent review conducted by Morrison and Low over the last two months is yet to be finalised, however a verbal report on this project will be provided to Councillors by the General Manager at the Council meeting on 5 May 2015.

Consultation

Council's recent round of community engagement on Fit for the Future options follows on from six previous polls of electors in Mosman (1962, 1974, 1977, 1983, 2004 and 2012), each of which clearly demonstrated the community's support for independence.

The consultation undertaken in February - April 2015 provided residents and ratepayers with four independence/amalgamation options as follows:

Option 1

Maintain Mosman's independence along with extensive collaboration with other councils, especially with SHOROC

Option 2

Mosman Council 'mega merger' with North Sydney, Lane Cove, Hunters Hill, Willoughby and part of Ryde Councils

Option 3

Mosman Council merger with North Sydney Council

Option 4

Mosman Council merger with Manly Council

Various methods were used to inform and engage the community on the options presented. These included:

- A dedicated consultation page on Council's website including an online survey of the four options commencing 27 February 2015 and concluding 2 April 2015 (five weeks)
- An information brochure letterboxed to local households and businesses in the week commencing 2 March 2015, including a reply-paid feedback card allowing respondents to indicate their level of support (across a five point scale from 'Strongly supportive' to 'Strongly opposed') for the four options, as well as provide further comments
- Prominent news items and linkages to the engagement page on Council's homepage, as well as alternative opportunities to comment on the four options through Council's regular online submission form
- Information packages and feedback cards available at the Civic Centre and Library
- A public meeting chaired by the Mayor on the evening of 9 March 2015, with close to 100 people in attendance
- Regular use of social media to advise of upcoming engagement opportunities and to encourage participation
- Four large-format newspaper advertisements (half page and quarter page advertisements in the Mosman Daily), together with media releases and coverage in the Autumn 2015 edition of the Mosman Now newsletter delivered to local households and businesses
- An intercept survey of almost 450 local residents conducted during the last two weeks of March at Mosman Junction, Spit Junction and Balmoral

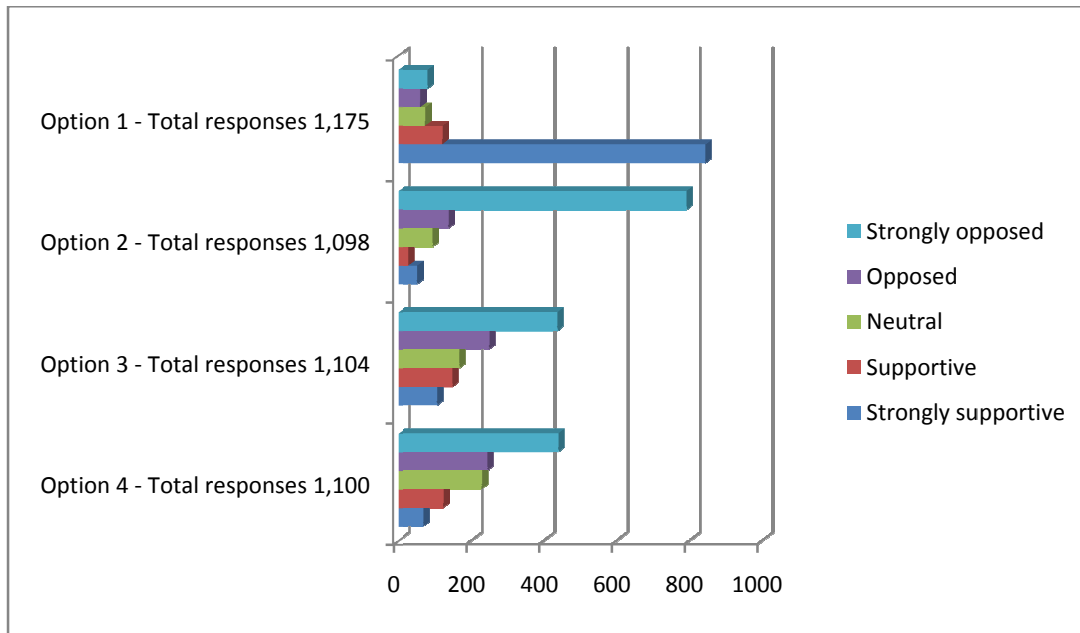
At the conclusion of the engagement period on 2 April 2015, a total of 1,211 responses were received to the four options presented by Council.

A summary of the (quantitative) responses received during the engagement period, including the level of support for each of the four options, is attached to this report. Councillors have also been circulated a further document including all qualitative commentary received from respondents. By way of summary, key take-outs from the community feedback included:

- The highest number of responses was provided through the reply-paid feedback card, followed by the number of respondents to the random intercept survey
 - The highest level of support was for Option 1 - Maintain Mosman's Independence, with 82% of respondents either 'Supportive' (10%) or 'Strongly Supportive' (72%) of this option
 - The highest level of opposition was for Option 2 - Mosman Council 'mega-merger', with 84% of respondents either 'Opposed' (12%) or 'Strongly Opposed' (72%) to this option
 - There was a definitive correlation (72%) between the number of respondents 'Strongly Supportive' of Option 1 and 'Strongly Opposed' to Option 2
 - Options 3 and 4, which foreshadowed 'smaller' mergers with either North Sydney or Manly Council, also attracted significant levels of opposition (61% and 62%)
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respectively), with support for a North Sydney Council merger (23%) only marginally higher than that for a Manly Council merger (17%)

- The level of 'neutral' polling for Options 3 and 4 was noticeably higher than that for Options 1 and 2, demonstrating stronger community sentiment and more definitive views on large scale mergers versus independence
- The trends between those indicating support, neutrality and opposition to the four options were broadly consistent between the results of the (random) intercept survey and the overall results, although typically with higher levels of neutrality expressed through the intercept survey



The qualitative responses received via the feedback cards, online submissions and following prompting in the intercept survey were extensive, with some of the more common feedback relating to:

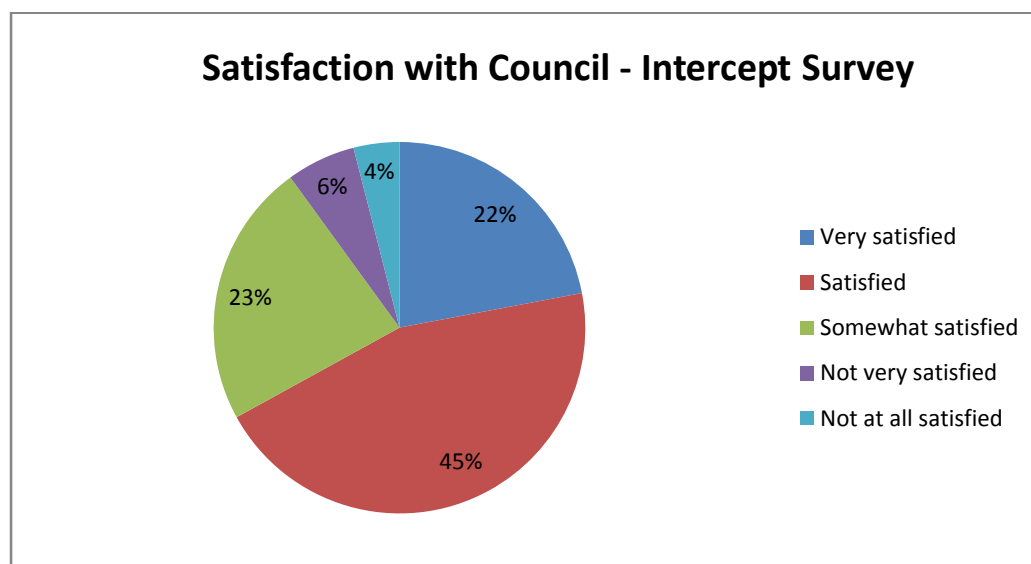
- Mosman should maintain its distinctive identity
- There is no reason to amalgamate (or not amalgamate)
- Amalgamation will reduce community spirit, representation and democracy
- Mosman has different issues and Mosman Council is attuned to local needs
- Mosman is too small and lacks influence on important issues
- Amalgamation would provide vision, efficiency and economies of scale
- Collaboration with other Councils is important
- Concern that development will be less appropriate under a larger Council
- Larger councils increase administration and bureaucracy
- Services could diminish with amalgamation
- Mergers can reduce cost and duplication
- Mergers elsewhere have not produced good outcomes
- Mergers could increase administrative efficiency and reduce overheads

During the random intercept survey, interviewers also took the opportunity to ask respondents the following question:

"In general, how satisfied are you with the performance of Mosman Council and their services, not just one or two issues but across all responsibility areas?"

The percentage responses to the question were as follows:

Very satisfied	22%
Satisfied	45%
Somewhat satisfied	23%
Not very satisfied	6%
Not at all satisfied	4%



With 90% of respondents at least somewhat satisfied with Council's performance, this is considered a positive affirmation of the levels of service currently being delivered.

Financial Implications

Council has allocated up to \$50,000 in 2014/15 to undertake the business case currently being prepared by Morrison Low (with Mosman's share being \$25,000), together with appropriate communications and the consultation process. An estimated total of \$41,000 has been committed or expended to date.

Relationship with MOSPLAN

MOSPLAN commits Council (*Strategy 2 - Leadership and Engagement*) to "Provide strong and effective leadership on issues of significance to Council and the Mosman community". Further, it commits Council (*Strategy 3 - Leadership and Engagement*) to "Explore, develop and maintain partnerships, networks and affiliations that support and enhance local governance and improved community outcomes". Council's actions in response to the Fit for the Future reforms have demonstrated Council's willingness to build on current partnerships, explore new affiliations and to engage both its local government counterparts and local community in consolidating its position moving forward.

Recommended Action

Given the strong affiliations Mosman Council has already developed (and continues to foster), its ability to demonstrate appropriate scale and capacity without the need for

amalgamation, the continued support of the local community for Mosman's continued independence and high level of satisfaction with Council performance, the collective lack of appetite for amalgamation by lower north shore councils and the lack of robust, demonstrable evidence regarding the benefits of amalgamation, it is recommended that Council affirm its commitment to an independent Mosman and that Council lodge a 'Council Improvement Proposal (Existing Structure)' as it's Fit for the Future submission to the NSW Government's Expert Advisory Panel by 30 June 2015.

In this regard, it is noted that the Minister for Local Government issued a media release on 26 April 2015, advising that the Independent Pricing and Regulatory Tribunal (IPART) would serve as the Expert Advisory Panel to review the Fit for the Future submissions. IPART will be assisted by Mr John Comrie, a former CEO of the Office of Local Government in South Australia and former CEO of Local Government South Australia.

On 27 April 2015 Local Government NSW forwarded Council the relevant media release, together with the NSW Government's Terms of Reference for IPART to act as the Expert Advisory Panel, and a Consultation Paper from IPART dated April 2015 titled 'Methodology for Assessment of Council Fit for the Future Proposals'.

This consultation paper provides a further level of detail in relation to how proposals will be assessed and comments on the paper's contents are being sought up until Monday 25 May 2015. While it is suggested that a short submission to the paper may be in order to clarify some elements such as the perceived relationship between scale and strategic capacity, the paper in itself does not otherwise impact any of the recommendations being presented in this report.

ATTACHMENTS

Minute Book Attachments

Fit for the Future Community Engagement Feedback - Combined Responses