



Date: 16 July 2015
Reference: OBJECTION to Forced Council Amalgamations

IPART
Fit for the Future
Community Submissions

At the June 2015¹ meeting of the Alexandria Residents' Action Group (ARAG), we passed a motion in support of the City of Sydney (CoS) in its fight against forced local council amalgamations that is being proposed by the NSW State Government.

The motion was carried unanimously.

ARAG and the Alexandria community have a strong working relationship with the City of Sydney and our residents appreciate being regularly engaged in the decision-making processes of Council.

Our residents have contributed to a number of community engagement activities with Council on issues such as electricity independence and rainwater capture and re-use, from individual meetings and submissions to Councillors, to direct participation in Community Engagement Groups.

As residents, we have an opportunity to shape the future of our locality and to influence the decisions made by the City of Sydney on our behalf.

We have ready access to our Councillors, most of whom take the time when invited to attend local residents' meetings to discuss issues of concern to us.

The NSW State Government proposal to amalgamate councils is one that is ill-considered and that gives the impression of being a political activity seeking to wrest control from residents and to vest control of councils in political parties.

The NSW State Government has not provided any compelling business case for amalgamations. None.

There are sweeping generalisations in relation to cost efficiencies and streamlined work practices, but there is no evidence offered to support such claims.

There are a number of councils with which the City of Sydney might be forced to merge, and each permutation of merger would have to be assessed as a different business case.

The NSW Government's Fit for the Future website states that "*councils that decide to join forces with their neighbours will receive generous funding, which can help to provide better services and facilities for their community*²". Note that the wording used here is "*can help to provide*", not "*will deliver*".

¹ ARAG Monthly Meeting – 10 June 2015, Alexandria Town Hall, 73 Garden Street Alexandria NSW 2015

Again, generalisations are drawn, rather than evidence-based policy-making.

The fact that the NSW State Government is prepared to deliver “generous funding” is itself recognition that amalgamations will cost money – and either way, that will be ratepayers’ and taxpayers’ money – and amalgamations will divert valuable time and resources away from the normal conduct of council’s business on behalf of its ratepayers.

Amalgamations will invariably lead to job losses. There will be a requirement to combine and upgrade multiple computer systems; contracts for services such as waste removal and sanitation will need to be assessed, amended and renewed; thousands of property rate and development records will have to be assessed and merged into new business processes and new supporting infrastructure.

A major factor that can be lost in merging multiple organisations such as councils is that of corporate knowledge. Where will corporate knowledge reside if council departments and staff are done away with?

Not one council has sought to merge with the City of Sydney.

As an example, Woollahra Municipal Council engaged Micromex Research to survey its residents. The survey showed that 81% of Woollahra residents want its council to stand alone, whilst 80% of residents oppose forced amalgamations with other councils.

For the City of Sydney, 82% of residents and 72% of businesses wish no changes to current council arrangements.

As residents, we’re not opposed to change.

We embrace the opportunities to engage with government at all levels and to have our views listened to, assessed, and adopted as part of the change process.

After all, who has more knowledge of and a vested interest in the success and sustainability of our neighbourhoods if not residents and local businesses?

But it is clear that across many local government areas, neither residents nor businesses support council amalgamations, and certainly not unfounded forced amalgamations.

There is no evidence that the NSW State Government is seeking to conduct fair and reasonable consultations with residents and businesses. Furthermore, there is no indication that such assessments would be conducted in a fair, open and unbiased manner, subject to scrutiny by the residents and businesses within the City of Sydney.

The NSW Government “Fit for the Future” initiative was launched in 2014, but it wasn’t until 04 June 2015 that IPART released the criteria by which NSW councils would be assessed – with council submissions to close on 30 June 2015, and community submissions to close on 31 July 2015.

As residents and businesses within councils, we have had valuable council resources in time, money and staff redirected away from serving constituents to unnecessarily serving the whims of the NSW Government – with responses required within unacceptably tight timelines.

² <http://www.fitforthefuture.nsw.gov.au/faq-page#t47n2192> – accessed 07 July 2015

This is irresponsible of the NSW Government, given the announcements for "Fit for the Future" were made in 2014.

Furthermore, IPART's review document released on the 04 June 2015 received very little input from NSW communities and businesses, nor were there any opportunities to offer feedback and assessment of the methodology.

The NSW Government Fit for the Future website states in its Frequently Asked Questions:

*My Council is in good shape, why should it have to change?*³

While a council may be able to balance its budget today, the Government is concerned about building a system of local government that is also Fit for the Future – a future where the local population may have significantly grown or declined, where infrastructure demands have increased, and a coordinated approach with the State Government for service delivery is imperative to meet local needs.

The City of Sydney has a proven record of engagement with the NSW Government, especially in assessing the need for and delivering supporting infrastructure such as childcare and supporting public transport initiatives. The City of Sydney Council's Vision 2030 initiative is evidence of this approach.

In an article in the Sydney Morning Herald dated 27 May 2015 by Leesha McKenny titled "IPART to assess whether Sydney councils must merge"⁴ it is stated that:

"[the NSW Government] has handed over the responsibility for making a decision about each council's proposal to IPART, which will develop a methodology for assessing the written submissions before delivering its recommendations to the state government.

[Local Government Minister Paul] Toole said he was confident IPART would perform the role "transparently and effectively".

"Councils and communities deserve these proposals to be considered independently, and assessed with consistency, fairness and impartiality," Mr Toole said."

Communities have zero exposure to the recommendations that IPART will make in secrecy to the NSW Government.

So, how can communities be confident that decisions will be made "transparently and effectively"?

Furthermore, the Cabinet will approve recommendations by IPART that have not been seen by communities.

Nor will communities see the decisions made by Cabinet – rather, communities will be told by Cabinet of the fate of their councils, with no opportunity to assess the transparency or rationale, or to review or appeal the decisions.

Such practices are NOT those that foster fair, open, transparent and honest governance and the development of quality public policy.

³ <http://www.fitforthefuture.nsw.gov.au/faq-page#t47n2199> – accessed 07 July 2015

⁴ <http://www.smh.com.au/national/ipart-to-assess-whether-sydney-councils-must-merge-20150427-1mospd.html> - accessed 07 July 2015

As Minister Toole said, "*Councils and communities deserve these proposals to be considered independently, and assessed with consistency, fairness and impartiality*" – but this is NOT what this process is delivering.

Indeed, many newspaper articles have been critical of the process and the methodology, scathing of the fact that no business case has been presented to carry the argument for amalgamations.

Even the author of the council reform process, Graham Sansom is on the record as being critical of the process.

In an article published in the Sydney Morning Herald⁵, Mr Sansom makes the following points:

"The Independent Local Government Review Panel" report (ILGRP) has been somewhat overshadowed by the perceived focus on financial ratios and benchmarks," Mr Sansom said.

"Anecdotal evidence suggests that as a result, the need for wide-ranging, longer-term measures to build sustainability and capacity is often being confused with short-medium term 'budget repair', which is not what the ILGRP intended."

"The latter would represent a much narrower (and almost certainly less fruitful) approach."

"Contrary to the views expressed in some quarters, the ILGRP did not base its case for metropolitan mergers on the need to improve financial sustainability or to achieve increase efficiency and cost saving as the primary objective."

"[The regulatory authority] may wish to give some weight to the Panel's broader strategic objectives [creating effective units of government and democratic institutions] when making its assessments."

Why has the NSW Government departed so radically from adopting the findings of the ILGRP?

ARAG requests that the IPART take full note of Mr Sansom's submission.

In the same article, the NSW Government's own Treasury Corporation (T-Corp) stated that:

"In a separate submission, the government-owned T-Corp, which has regularly done financial analysis of local government, said the 'pass/fail' approach being adopted by the regulatory authority on key financial indicators was too simplistic and inconsistent with the advice T-Corp had been giving councils for years about improving their financial position."

ARAG requests that the IPART take full note of T-Corp's submission.

ARAG expresses its strong support for the City of Sydney and affirms that in all respects the City of Sydney is "fit for the future".

We see that the City of Sydney is:

- sustainable;
- efficient;

⁵ <http://www.smh.com.au/nsw/graham-sansom-author-of-council-reform-criticises-government-ipart-20150602-ghex4j.html>

- an effective manager of infrastructure;
- an effective deliverer of services for communities, and
- of a scale and capacity to engage effectively across communities, business and government.

ARAG also expresses its serious objection to the NSW Government's forced council amalgamation processes; the fact that a cogent or compelling business case supporting change has not been developed or delivered; the lack of transparency in the evaluation and decision-making processes; and mostly, that residents and businesses have not been consulted or advised of the need to force amalgamations.

Premier Michael Baird recently passed comment regarding the state of politics in Australia, stating that:

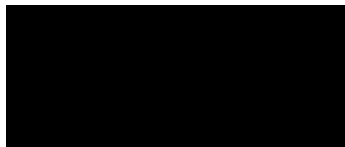
*"Like many of you, I'm sick of politics in this country. Petty bickering, sloganeering, chasing the next cheap headline."*⁶

Residents too are sick and tired of our governments forcing change upon us without due regard to the proper processes of developing and presenting considered and robust business cases to support their proposals.

Residents are sick and tired of narrowly focussed "consultation" processes that **tell** us what will occur, merely giving a nod to consulting with residents, but having no impact on the pre-determined outcomes already decided by governments.



Vanessa Knight – Co-Convenor



Ben Aveling – Co-Convenor

⁶ <https://www.facebook.com/mikebairdMP>