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From: [REDACTED]
Sent: Friday, 31 July 2015 7:41 AM
To: Local Government Mailbox
Subject: Submission opposing proposed council amalgamations

To Whom it may concern,

Please find attached our submission to IPART regarding "Fit for the Future" proposed council amalgamations.

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Our submission Fit for the Future/Council Amalgamations

As residents of the City of Sydney, we wish to lodge an objection to the consideration of an amalgamation of the City of Sydney, Botany Bay, Randwick, Waverley and Woollahra Councils as set out in the Sansom Review and currently being considered by your Tribunal in the context of councils' being 'Fit for the Future'. The reasons for our objection are set out below but we will initially make some comments of a general nature.

We are puzzled as to how the Independent Pricing and Regulatory Tribunal (IPART) became involved in this process (other than by direction of the NSW Government) when it would seem that the most appropriate body to evaluate and assess council amalgamations would be the Local Government Boundaries Commission (LGBC) whereas LGBC would not be the appropriate body to consider pricing and regulation. Perhaps the answer lies in the final report of the Independent Local Government Review Panel (ILGRP), or possibly in the Minister for Local Government Paul Toole's comments in an interview in the Sydney Morning Herald on 29 June 2015 ("Minister may fast-track laws to enforce local body mergers", page 8). In brief, Minister Toole refused to say what would happen to councils if they are found "not fit" by IPART and he also refused to rule out possible changes to the Local Government Act to fast-track amalgamations. Under current legislation, any amalgamations and boundary changes - voluntary or otherwise - must be referred to the LGBC for examination by a public enquiry. Thus, there would be exposure to the light rather than to the dark of an in camera report.

Asked whether he would get rid of the LGBC process (that is, the requirement for public hearings), Minister Toole left his options open by stating that ". . . there is a whole host of various options that can be looked at (*the options were not stated*). The Government has been a partner in this process. We have been very open . . .". With council elections due to take place in 2016, the race is on to get new boundaries before the elections with little scrutiny and even less debate as to the advantages/disadvantages, cost benefits or diseconomies, if any, of amalgamations.

Our real concern is that IPART has taken on this task (incorrectly in our view) probably without considering the totality of the current NSW Government's continuous attacks on local government, some examples of which are set out below. In this regard, IPART's independence is not only being questioned now, but will certainly be questioned more

openly at the time of IPART's in camera report. We would suggest that IPART's final Report will not remain secret for long (Snowden and Wikileaks) as there will be vested interests in place some of which could be political, which may be interested in damaging IPART.

NSW Government's Local Government Actions

By way of example, we note that the authority for certain zones of the City has been transferred to the control of State authorities including Sydney Harbour Foreshore Authority, the Barangaroo Delivery Authority and Urban Growth NSW (these zones include Circular Quay, Barangaroo, King Street Wharf, the Rocks and Darling Harbour, and parts of Eveleigh, Redfern, the Bays Precinct and Waterloo).

In addition, we further note the raft of legislation introduced by the NSW Government in 2013 relating to a new Planning Act, a new Metro Plan and a new local government structure, all contained in 1200 pages (including two bills) of jargon-riddled government-speak. In brief, there are five main documents - three papers, and two bills. *Future Directions in NSW Local Government (Merging NSW Councils from 223 to 97)*, the draft metropolitan strategy, proposes yet more land releases for half a million houses, and the White Paper promises a "consultation blitz" in compensation for bringing all public input up to the front, rule-making end of the process. When you read all 1200 pages together, it means that council amalgamations, with the bill's severe reduction in council powers, cannot enhance regionalism but only dumb-down further to the old "roads, rates and rubbish" model. Conveniently for major parties, it will also make life much harder, given the bigger elections, for Independents to become councillors. Thus, as is probably intended, the "local" will fade from local government, denying residents a sense of place and a voice in neighbourhood affairs, as the "party person" holds sway.

The Government's outrageous support of the Shooters and Fishers Party-initiated legislation to provide two votes for businesses in the Sydney CBD, which, as far as we are concerned, reduced our vote to half a vote. In addition, no one could seriously believe that the initiative for this change came from the Shooters and Fishers Party whose constituents are primarily country based with there only being a few foxes in the City of Sydney and some carp in the City's ponds. They could have little or no relevant interest in the City other than to obtain a quid pro quo for a service rendered, that is initiating the bill.

As for IPART, we are disturbed by articles appearing regularly in newspapers which would appear to indicate IPART positions in relation to specific matters which in most cases would be more appropriately contained in the final report. This would prevent the Government from cherry picking those recommendations it likes and discarding any recommendations it does not like. In this regard, newspapers have reported that the ILGRP has recommended no change to the Hills Shire Council (with some possible alternatives). We further understand from this article, that the Hills Liberal Councillors are not interested in a stand-alone Council but want to take over parts of neighbouring councils (as per their online survey). We have not seen any comment from, or newspaper articles on whether IPART will or will not follow the ILGRP's recommendation as to the Hills Shire Council or indeed, what the position of the NSW Government is regarding this recommendation.

Newspaper articles have also indicated the ILGRP has recommended that small rural councils should become a second tier category of rural council (but with fewer responsibilities). This has not been adopted by the NSW Government which will allow these small rural councils the option of showing how they can improve performance within their current structure (with no change to their name or mandated changes to operations). We would suggest that this has been done to appease the National Party and the Shooters and Fishers Party, which is a further indication of the narrow political nature of a process that IPART has now become involved in.

We also understand from newspapers, IPART has stated that the joint organisational proposal amongst councils, would only be considered after the first stage in which councils were assessed against IPART's criteria. We would suggest again that this further shows the political or ideological nature of the agenda for council amalgamations as we would have thought that IPART in the initial considerations would be interested in these efficiency dividends, but we do realise that for the NSW Government, time is of the essence and consideration of the joint organisational proposals may extend the timeline. Newspapers have also reported that IPART appears now to have distanced itself from the financial standards and benchmarks it had previously supported and from the outcomes of its recommendations, stating that any decisions in these areas "are matters for government".

City of Sydney and why it should stand alone

- * In the Sydney Morning Herald of 27 July 2015 ("Minister has new line on City's light rail", page 3), Transport Minister Andrew Constance says more mass transport is required to prevent Green Square from becoming a congestion choke zone for the whole of Sydney. "I am very keen on seeing light rail go to Green Square." So catchup thinking has finally caught up with the forward thinking of the City of Sydney which always knew that Green Square would rapidly become the densest site in Australia. Unable to persuade NSW governments of this obvious fact, the City of Sydney which had championed a tram line through the area, has bought up properties in order to secure a corridor. The City of Sydney has invested \$800 million to ensure Green Square thrives. This is only one example but it is certainly indicative of a council being **Fit for the Future** and perhaps a State Government needing to go into training to be **Fit for the Future**.
- * The City of Sydney is contributing \$220 million towards light rail to help reduce congestion in the centre of Sydney and to connect the Moore Park sporting venues and the University of NSW. Once again an example of a council being **Fit for the Future**, having foresight, strategic planning and the funding to provide infrastructure which should properly be a function of the State and Federal Governments.
- * The City has also built a number of child care facilities (1,000 places) and has further facilities planned (6 childcare centres to be built by 2016). Once again an example of a council being **Fit for the Future** in caring, educating and looking after children who will be the future, and having the resources to fund facilities which should properly be the responsibility of State and Federal Governments.
- * The City has met its own energy efficiency targets by means of building retrofits and tuneups, improved compliance in targets of existing building codes and mandatory disclosure of energy performance for buildings and has already retrofitted 45 of its properties to reduce electricity and water use (saving more than \$1 million each year). In

2010 the City had cut emissions from its properties by 17% and it is achieving further cuts each year towards its **Energy Efficient Master Plan** to advance the City's work to build green infrastructure and to cut the City's emissions by 70% by 2030. Once again, an example of a council looking to the future, thinking about the future and cutting costs, saving money and being **Fit for the Future**.

- * The City remains carbon neutral and since 2010 has been putting \$2m annually into a renewable energy fund to create a sustainable city. According to newspaper articles, over the past 5 years, 40% of all new jobs across metropolitan Sydney have been located in the city of Sydney but energy consumption has fallen by 5%. Once again, examples of a council being **Fit for the Future**, looking to the future and leaving our political masters in its wake while not only benefiting our city, but also our state, country and the world.
- * In the Sydney Morning Herald Local Government section of 20 May 2014 ("It's a gas: waste to power city buildings", page 29), it was reported that the City of Sydney plans to reduce the amount of waste going to landfill to less than 10% by using an advanced waste treatment system. It is estimated that the new technology could prevent about 196,000 tonnes of greenhouse gas emissions a year. It will also save ratepayers about \$3.9 million a year by avoiding the waste levy. Another example of forward thinking, financial acumen and sustainability, and creating appropriate infrastructure which shows a council **Fit for the Future**.
- * 740 million litres of stormwater each year have been captured from Sydney Park and Green Square and newly installed rainwater tanks are irrigating parks and sports fields and city streets. Another example of a progressive, forward thinking, cost conscious, **Fit for the Future** council.
- * In 2010, newspapers including local ones reported that the City of Sydney was recognised for design excellence and innovative and sustainable projects. As well as 2010 national, international, government and industry awards, six City projects received nine awards from the Australian Institute of Architects (AIA) NSW. AIA awards include:
 - Surry Hills Library and Community Centre
 - the City's Pirrama Harbour Park
 - Redfern Park and Oval
 - Sydney Town Hall
 - Sydney Park Amenities Building
 - the restoration of the Paddington Reservoir Gardens (also won the Prime Minister's Award for Urban Design and received international recognition from the Chicago Athenaeum Museum winning the award for Architecture, Art Design and Urban Studies).

In addition, the Paddington Reservoir Gardens, Pirrama Harbour Park and Redfern Park were honoured by the Australian Institute of Landscape Architects Awards. We also note that the AIA honoured the current Lord Mayor, Clover Moore, with the President's Prize in recognition of the City's sponsorship of innovative and sustainable public projects and its promotion of design excellence in public architecture.

If only buildings which are the responsibility of the NSW Government received the plethora of awards which the City of Sydney receives. These awards certainly indicate the

perspicacity of the City and its insistence on design excellence which one would be less likely to get from developers whose sight is fixed on the bottom line and profit.

- * Last year \$3.95 billion worth of residential development was approved by the City of Sydney and the Central Sydney Planning Committee which indicates a huge vote of confidence by entrepreneurs and investors in Sydney. These approvals and the resulting increased property taxes have helped the NSW Government turn around its state budget but we have not seen any Minister thanking the City for the benefits accruing from these approvals.
- * Newspaper articles have indicated that 60% of Chinese visitors who come to Australia, visit Sydney (one would assume because they consider Sydney to be a global city, which is well run, clean, and vibrant). In 2014, tourists from China spent \$1.4 billion in Sydney and it has been estimated that there will be 600,000 Chinese visitors to Sydney by 2021. Also 110,000 Chinese students who are enrolled in higher education in Australia, list Sydney as their major destination. The newspaper articles did not indicate the number of other nationals visiting or studying in Sydney but one could assume they would probably total the number of Chinese visitors and students. We would suggest this is indicative of a global city destination.
- * In 2007, the City held meetings with and received feedback from residents which helped set its **Sustainable Sydney 2030** which brought about a \$1.94 billion 10 year forward plan for infrastructure. In this regard, **Sustainable Sydney 2030** reflects the desires and wishes of those residents who attended meetings and carried out feedback. A true example of democracy in action compared with a government where the current Premier has not met with the City of Sydney or indeed any local councillors to discuss the future of Sydney. We also believe the Minister for Planning has yet to meet with the Bipartisan Central Sydney Planning Committee (which facilitates much of the city's building boom). Thus there is a council which consults and a government which does not.
- * The City of Sydney is extending its plan to save government buildings by amending development control plans (this would only apply to government-owned buildings leased to the private sector for more than 50 years). The effect will be that the strong demand for heritage space will be met and will also encourage conservation of government-owned buildings. Granting additional floor space to new developments has already contributed to conservation of 76 heritage-listed buildings in the CBD. Thus within our global city which is **Fit for the Future**, we will be able to highlight our heritage.
- * The City has created **The Better Buildings Partnership** with owners of more than 50% of all commercial floorspace in the CBD. These members now save \$30 million a year in energy bills and have cut emissions by 35%.
- * The City has joined forces with the NSW Business Chamber to create a new Sydney City region in the Chamber's prestigious Annual Business Awards. The Awards programme is just one of many City initiatives to support local businesses, as over the past 5 years more than 2,000 new businesses have opened within the City of Sydney area with 40% of all jobs growth in metropolitan Sydney.
- * The City is one of the only local government areas in New South Wales to meet and exceed the housing and job targets set by the NSW Government.

* Leading independent financial auditors Pricewaterhouse Coopers say that the City of Sydney “is a benchmark against which other councils could be compared”. The NSW Government-owned TCorp rates the City’s finances as “strong” with “a positive outlook” (the only NSW council to receive this rating).

Criticism of IPART Process and Amalgamations

Professor Sansom, Chair, of the Independent Local Government Review Panel

In the Sydney Morning Herald of 3 June 2015 (“Council reform debate dumbed down says report author”, page 3), Professor Sansom accused the NSW Government and IPART of effectively dumbed down his reports, recommendations and trying to rush council mergers. He accuses IPART of overlooking his reform objectives and instead relying too heavily on financial ratios to assess the health of councils and whether they should merge. He states “that anecdotal evidence suggests that . . . 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 his panel intended. He further stated that IPART should consider the broader strategic objectives of creating effective units of government and democratic institutions when making its assessments”. Professor Sansom also said that he understood IPART was considering whether it would declare a population target that councils must meet to be “fit”. IPART’s Chief, Dr Peter Boxall, confirmed this population parameter in the Wentworth Courier of 1 July 2015 (“IPART Chief weighs up the numbers for merger push”, page 5) in which he said “that numbers will help assess whether councils had sufficient ‘scale and capacity’ to go it alone”. In this regard, IPART may be pleased to note that Sydney buses now carry an advertisement for the NSW Government which states “Another million people in 10 years. It’s time to build tomorrow’s Sydney”. Perhaps IPART could ask the Government what local council areas in Sydney this extra million people will be living in to assist IPART in its scale and capacity metrics.

TCorp

In the same article mentioned immediately above, the Government-owned TCorp (which regularly carries out financial analysis of local government) said that the pass/fail approach being adopted by IPART on key financial indicators was too simplistic.

Drs E Sinnewe (Queensland University of Technology) and M Kortt (Southern Cross University) and Professor B Dollery (University of New England)

This trio questions the NSW Government’s Fit for the Future reforms as their analysis is, the empirical evidence shows that council amalgamations of the past have repeatedly failed to meet expectations.

Professor Dollery

Professor Dollery in the Local Government Section of the Sydney Morning Herald of 23 June 2015 (“Tricky tactics as amalgamation deadline looms, page 27), has criticised IPART as “neither expert nor independent” in the context of councils having just 15 working days after the release of IPART’s methodology to finalise their submissions.

Professor Dollery further states that IPART had distanced itself from the financial metrics and benchmarks it had previously supported and from the outcomes of its recommendations “as a political move to isolate itself . . . from future fallout when it becomes apparent that no improvement in the fiscal sustainability of the sector has occurred.”

Professor Dollery and Dr Joseph Drew

Professor Dollery and Dr Joseph Drew (University of New England) in the Local Government Section of the Sydney Morning Herald of 5 May 2015 (“Mergers: Is bigger actually better?”, page 20), criticise the ILGRP proposal for radical council amalgamations because, despite earlier assurances that it would be “evidence-based”, the Panel simply relied on ideological assumptions that “bigger is better” in local government. The limited research that did occur was almost all farmed out to commercial consultants. The authors state that all the Panel actually did was engage Jeff Tate Consulting to conduct a cursory non-quantitative assessment of only 5 merged councils which neither used key performance indicators nor compared merged with untouched councils. The authors evaluated those mergers which took place in 2004 by comparing the performance of amalgamated councils against all NSW councils and against a group of peer non-merged councils in the same council classification category. They found no statistical difference between merged and unmerged councils on all indicators (indicators developed by TCorp). They also stated that the NSW public has every right to be dismayed by the waste of public resources on the Panel and the prospect of a further futile waste of millions of dollars if the proposed mergers proceed.

David Shoebridge MP

In the Local Government Section of the Sydney Morning Herald of 9 June 2015 (“Merger support lacks separation: Greens”, page 29), it was stated that IPART has been criticised for its “uncritical acceptance” of the NSW Government’s methodology for assessing whether councils should be merged, with IPART’s final methodology being lifted almost entirely from the recommendations of the ILGRP. David Shoebridge said “IPART has added almost no independent value to the process . . . this is hardly surprising when it took just 8 working days to consider its response to 4 public hearings and 174 written submissions”. He further stated that “when IPART’s assessment starts with such a politically biased formula, its conclusions will very likely be rejected by a majority of MPs in the NSW Upper House who oppose forced amalgamations.”

The concerns which we have as to the methodology, process, transparency, absence of all embracing and forethought communication from government, the speed of the process and the evaluation, the absence of cost benefit analysis, the lack of independence of IPART as well as the blatant political nature of the push for amalgamations, are only confirmed and reinforced by the comments and/or research evaluations of the abovementioned. As far as we are aware, none of the above, with the exception perhaps of Professor Sansom, are connected with local government or have any axes to grind. As for Professor Sansom, it was his Panel which set the process in train (which he has now lost control of) and perhaps he is trying, at this late stage, to distance himself and his Panel from the whole process and its consequences.

Conclusion

The City of Sydney, in our opinion, is certainly **Fit for the Future**, functions efficiently, has no debt, and to date, unlike many other organisations, businesses, politicians and governments, there has been no indication of corruption in its processes. We have lived in Darlinghurst for 35 years and have been through amalgamations, first as part of the City of Sydney, then as part of South Sydney Council, and once again as part of the City of Sydney. We believe amalgamations are time-wasting exercises diverting councils from their proper functions, and they are usually politically based. The money spent on amalgamations could be better spent on more important projects, and the end result is usually not beneficial to residents.

For the last 10 years, we can see within the City and our local area, where our rates are being spent. The City of Sydney is spending money on important services, is encouraging major events and is developing major infrastructure such as libraries, parks, pools and playgrounds. We have the ability to easily speak to our local councillors and to attend council meetings on issues that concern us, our community and our city, and to be heard and to have our concerns considered. Our councillors represent all political interests and agendas - Liberal, Labor, Greens, Independents and business. Truly a reflection of our democratic values and cosmopolitan society. We have never felt that the wealthy, well connected, business interests, lobbyists or developers are given more favourable treatment than we are, as all proceedings are in public and in the light of day.

There is no doubt that the City satisfies all of IPART's overarching criteria in that it has scale and capacity, financial sustainability, infrastructure capacity, capable and dedicated management and is efficient as to its functions, its resources, its plans and its ideas for the future of Sydney to 2030 and beyond.

We have no wish to be part of a mega-Council which has to deal with a population of 500,000 residents as we are concerned about the detrimental effect that this will have on the services which council provides particularly during an integration stage. We are asked to accept the possibility of council amalgamations by a government which shows no transparency in the council amalgamation process, and has not provided any evidence that amalgamations will result in better governance, reduce costs or the maintenance of present services.

In the Local Government Section of the Sydney Morning Herald on 14 July 2015 ("Third Tier overlooked in reform of Federation Discussion Paper", page 30) states that the "recently completed **Why Local Government Matters** survey found that 93% of respondents want to be involved in decision making about local services and that Australians view councils as an integral part of service delivery and democracy.

Yours faithfully,

Alan Dawson and Avril Ingram