

Alexander North

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Independent Pricing & Regulatory Tribunal,

Thank you for opportunity to provide input to this proposal.

I write in support of the City of Sydney's submission, in particular in opposition to amalgamation with neighbouring councils.

Amalgamating large council areas into even larger mega-councils or counties counteracts local government's chief strength in supporting **rapid but sustainable change** on local scales as residents and institutions face compounding challenges in the future. Arguments in favour of expanding councils to achieve a sustainable population and economic capacity evaporate as council sizes reach into the hundreds of thousands of residents. Instead, the **impersonality, resistance to change, structural ossification, temptations to corruption** and tendency towards irrelevance over time that characterise all large concentrations of power will **undermine sustainability and impede necessary change**.

As most of the Sydney metro councils and many metropolitan residents have asserted in [submissions to the Sansom review](#), moderately sized councils are demonstrably more effective than mega-councils in councils' single most important charter: **local government**. Loss of local identity, while not an inevitable consequence of creating larger local government areas is, however, overwhelmingly likely. A range of **extra special efforts** must be made to retain local relevance in amalgamated government areas. Such extra efforts and overhead are a poor substitute for having appropriately sized councils that can keep the "local" in local government with no additional effort.

A collection of moderately sized councils forms a **more robust** system of local government than fewer mega-councils. As more and more power is concentrated into fewer hands, the **temptations to and payoff for pursuing self-interest increase**, as does the scope of damage when it occurs. A larger council is also a more attractive target for subversion and corruption by third parties, including industry groups and property developers. As the payoff for corruption, both internal and external, increases, residents, councils and the state government **will pay more and more** in damage, for additional checks and red tape, and in lost opportunities. A larger number of **moderately sized councils reduces the temptations** to pursue self interest at communities' expense. When subversion inevitably does occur, the scope of damage is **naturally limited**.

In complement to higher robustness, a government of smaller councils is also

better able to innovate, experiment, learn, and apply world-leading governance. Smaller institutions incur less structural and communication overhead when implementing change. New approaches may be **tried more rapidly**, benefits shared swiftly, and mistakes remedied with lower cost. Encouraging **experimentation is crucial to innovation**. Experimentation necessarily carries with it a risk of negative results, but when councils are smaller the errors will be smaller and thus experimentation less heavily penalised. On the other hand, a collaborating network of councils will suffer little delay in implementing the results of a successful experiment by one of their number, and will be better positioned to adjust innovative policy to the particular circumstances of their residents.

Genuine co-operation between moderately sized councils need not be difficult. Collaboration is frustrated by conflicting self-interest, but these **competing interests grow with institution size**. Overhead increases as power is concentrated. **Distributing authority and responsibility widely is a critical property of robust, sustainable systems of all types**.

Amalgamating metropolitan councils does not serve the goal of building a **sustainable system of local government**, robust, locally effective, and embracing of innovation and change. Concentrating power and bureaucracy into few mega-councils will **undermine the local effectiveness** of government, **increase the risks** and costs of selfish parties both within and outside government, and **reduce councils' ability and incentives to innovate** and change.

Sincerely
Alexander North