

FACT SHEET

Fit for the Future

5 June 2015

The Independent Pricing and Regulatory Tribunal (IPART) has been appointed by the NSW Government as the Expert Panel to assess local government Fit for the Future (FFTF) proposals.

The FFTF reforms require all councils to assess their current position against the Independent Local Government Review Panel's (ILGRP) preferred options and submit a proposal by 30 June 2015.

This fact sheet explains how we propose to assess councils' FFTF proposals and how you can participate and provide input to our assessments.

What have we been asked to do

Our terms of reference ask us to develop a methodology to assess FFTF proposals in a way that is consistent with the NSW Government's reform agenda, and then to assess councils against that methodology. All councils will be rated as either 'fit' or 'not fit', or will be 'deemed not fit' if they do not submit a proposal.

The first aspect we need to consider is whether a council has sufficient scale and capacity to be broadly consistent with the objectives of the preferred options provided by the ILGRP.

These options vary for different councils and include recommended mergers and joint organisations. Council that choose not to follow these recommendations will need to provide evidence that they have the appropriate revenue base, ability to deliver projects, and leadership quality which is being sought through the reforms. We will also consider if council had a preferred option, but was unable to pursue it due to a lack of agreement by other parties.

Councils able to demonstrate the required scale and capacity will also be assessed against a set of specific benchmarks for their financial sustainability, ability to effectively manage assets, infrastructure and services, and that they are operating in a way that minimises costs for ratepayers taking into account community agreed service levels.

Throughout our assessment, we will consider the social and community context, consultation and the impact of water utility performance.



ASSESSING LOCAL GOVERNMENT FIT FOR THE FUTURE PROPOSALS

The NSW Government has established criteria that NSW councils must meet to be considered Fit for the Future (FFTF). These criteria are:



IPART's role, as the appointed Expert Advisory Panel, is to:



IPART's role is **NOT** to determine the criteria or make the final decision about what happens to councils following the Fit for the Future assessment.

THE STAGES SET OUT BY GOVERNMENT

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| 1 | Release of Independent Panel final report | 8 January 2014 |
| 2 | Release of the FFTF criteria by Government | 10 September 2014 |
| 3 | Councils prepare submissions and consult with their communities | September 2014 - June 2015 |
| 4 | IPART consults on and finalises assessment methodology | April - May 2015 |
| 5 | Councils finalise and lodge submissions | 30 June 2015 |
| 6 | Close of public submissions | 31 July 2015 |
| 7 | IPART's advice to the Minister | 16 October 2015 |

The Minister then considers and announces outcomes and next steps.



How can you have your say?

Community members wishing to provide comment on their council's proposals can do so in two stages:

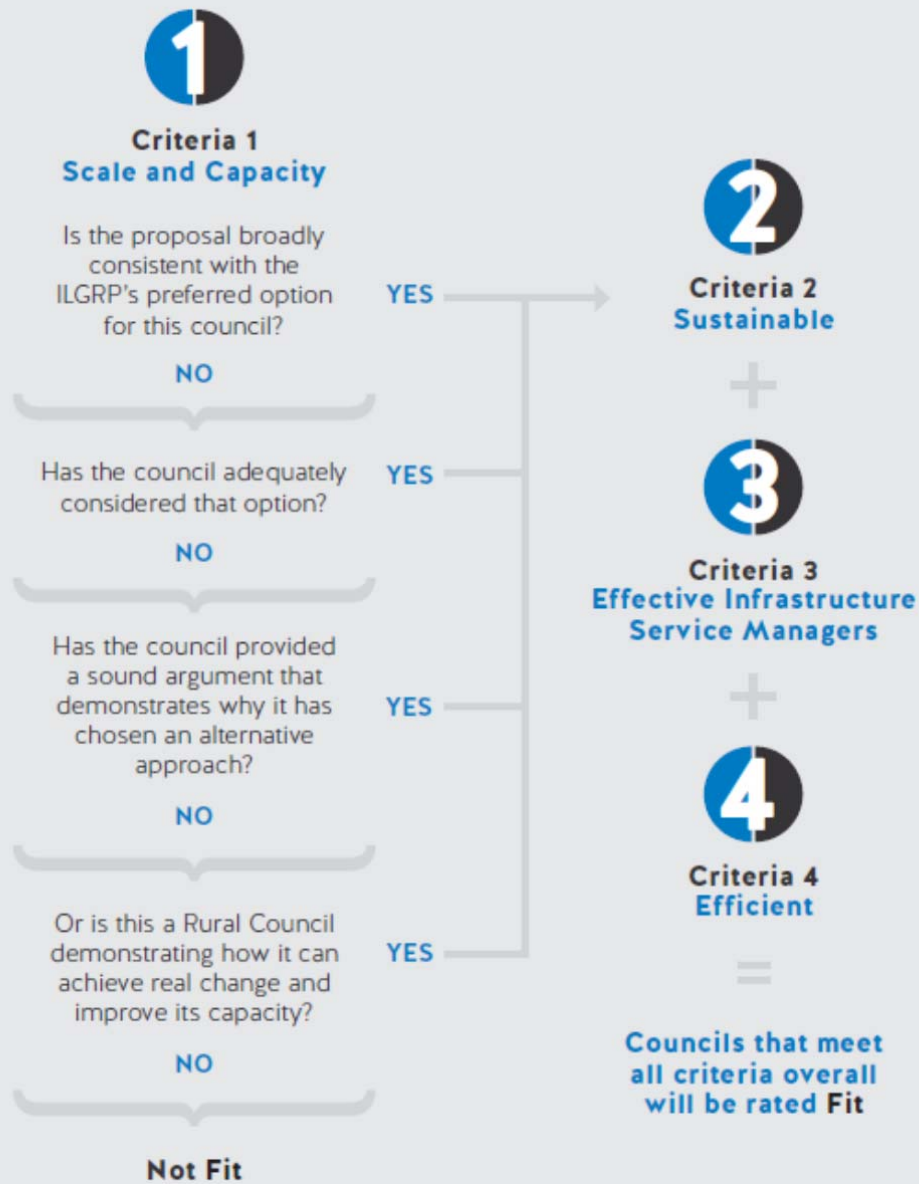
- ▼ to their councils before they submit their proposal to IPART
- ▼ to IPART once council proposals have been lodged by 30 June. Submissions to IPART will close on 31 July to enable them to be considered as part of our assessment process.

You can also subscribe for updates on our process on our website, http://www.ipart.nsw.gov.au/Home/Footer_Links/Subscribe_for_updates.

How will we undertake the assessments?

On 5 June we released the final methodology we will use in undertaking these assessments. The final methodology addressed the feedback received from councils and the community following four weeks of consultation during May 2015, including four public hearings in Sydney, Dubbo, Coffs Harbour and Wagga Wagga. We received over 170 submissions from councils, other council organisations, community and professional groups and the public.

IPART will assess proposals independently based on the Government's criteria and ensure a consistent, fair and impartial assessment.



Councils that do not submit a proposal will be deemed Not Fit except for Far West Councils and County Councils which are not part of the Fit for the Future process, both for which no rating will be given.