

**Submission to IPART regarding
Fit for the Future Assessment Methodology – 22 May 2015**

Submission provided from General Manager, AlburyCity:

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QUESTIONS FOR STAKEHOLDER FEEDBACK

- 1. How should the key elements of strategic capacity influence our assessment of scale and capacity? Are there any improvements we can make to how we propose to assess the scale and capacity criterion, consistent with OLG guidance material?**

The key elements of strategic capacity as listed on page 21 are good indicators of strategic capacity and should be used as part of the strategic capacity assessment. It is a qualitative assessment however, and in the absence of firm evidence or examples it may be difficult to gauge the extent of each Council's achievement of the elements.

Certainly it is difficult for Council's to understand the level of importance of each of the key elements – are they all considered to have the same weighting?

The OLG guidance material specifies that each council must use the ILGRP preferred options as a starting point to assess if it has the appropriate scale and capacity. In some cases however, the ILGRP were not definitive in their preferred option. This includes AlburyCity Council where neither option was in bold text. How then can IPART assess whether AlburyCity has submitted a proposal contrary to, or broadly consistent with, the ILGRP preferred option?

- 2. Which of the 'Rural Council Characteristics' are the most relevant, considering a council must satisfy a majority of the characteristics to be considered a rural council?**

Box 2.1 Rural Council Characteristics

- 1. Small and static or declining population spread over a large area***
- 2. Local economies that are based on agricultural or resource industries***
- 3. High operating costs associated with a dispersed population and limited opportunities for return on investment***
4. High importance of retaining local identity, social capital and capacity for service delivery
- 5. Low rate base and high grant reliance***
- 6. Difficulty in attracting and retaining skilled and experienced staff***
- 7. Challenges in financial sustainability and provision of adequate services and infrastructure***
8. Long distance to a major (or sub) regional centre
9. Limited options for mergers.

*Considered the most relevant as they align more readily with the scale and capacity criteria / characteristics – comparisons are therefore more relevant with other councils.

3. Are there any improvements we can make to how we propose to assess the sustainability, infrastructure management and efficiency criteria, consistent with OLG guidance? Are there issues that we need to consider when assessing councils' proposals using the measures and benchmarks for these criteria?

The proposed assessment methodology prepared by IPART requires that regional councils must as a minimum show improvement in the level of building and infrastructure renewal compared to depreciation expense within 5 years.

The adequacy of building and infrastructure renewal should be assessed against movements in the Infrastructure Backlog Ratio rather than depreciation expense. Best practice asset renewal is based on the condition of assets rather than depreciation expense. This will ensure that appropriate asset renewal funding is allocated at the right time in the asset lifecycle. Due to the relatively young age of AlburyCity's infrastructure assets the required renewal of assets is less than depreciation expense.

4. How should councils engage with their communities when preparing FFTF proposals? Are there other factors we should consider to inform our assessment of council consultation? Please explain what these other factors are, and why they are important.

AlburyCity agrees with the proposed level of engagement as suggested by the IPART discussion paper: *"A Merger Proposal would likely require input from residents in multiple councils regarding the implications of change, whereas a Council Improvement Proposal, where the ILGRP recommended that a council already had sufficient scale and capacity, would require more limited consultation, if any. Generally, the nature and extent of the consultation should be commensurate with the significance of the changes involved in the proposal and possible impacts on the community"*

When considering consultation needs in developing the Fit for the Future proposal, IPART could reference the IAP2 Spectrum of INFORM, CONSULT, INVOLVE, COLLABORATE AND EMPOWER, with the level of engagement required consistent with the significance of changes and impacts. That is, for an Improvement Proposal that provides ongoing continuous improvement, and a consistency with the Community Strategic Plan, the INFORM stage of engagement is all that is required.

5. Should council performance against FFTF proposals be monitored? If so, are there any improvements we can make on the approach outlined for councils to monitor and report progress on their performance relative to their proposals?

It is important that Council performance against the proposal be monitored, and this should be consistent with the monitoring imposed by the Integrated Planning and Reporting legislation. Performance against the FFTF Improvement Action plan should be reported annually through Council's Annual Report. If aspects of the FFTF Improvement Action Plan are specifically referenced in the four-year Delivery Program, and therefore working towards the achievement of the Community Strategic Plan, a report on progress could also be included in the End of Term Report. Council's should not be required to bear the cost of additional auditing costs, and all monitoring should be undertaken using existing monitoring frameworks.