

AUBURN CITY COUNCIL

May 20, 2015

Deputy General Manager
Direct's Report

To the Ordinary Meeting of Council

104/15 Council Submission on the Methodology for Assessment of Council Fit for the Future Proposals

L-29-05/02

BE : MP

LINK TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

Operational Plan Code	Relationship to Community Strategic Plan	Relationship to Operational Plan
4.a.1	Effective and accountable governance	Represent Council at State, agency workshops, information sessions and forums

SUMMARY

The Independent Pricing and Regulatory Tribunal (IPART) has invited written comment on the Methodology for Assessment of Council 'Fit for the Future' proposals by May 25, 2015. A draft submission on the *Local Government - Consultation Paper* is provided herein for Council's consideration and endorsement.

RECOMMENDATION

That Council endorse and forward the attached submission on the Methodology for Assessment of Fit for the Future Proposals to IPART.

REPORT

The NSW Government has asked IPART to perform the role of the Expert Advisory Panel to assess how council proposals meet the 'Fit for the Future' criteria. The role of IPART is to consider proposals independently and ensure a consistent, fair and impartial assessment.

On April 22, 2015 IPART released its *Consultation Paper* explaining its proposed methodology to assess council proposals and is seeking submissions on the *Consultation Paper* by May 25, 2015. A number of public forums have also been delivered by IPART in May 2015 to enable councils to learn more about how their 'Fit for the Future' proposals will be assessed and to facilitate further discussion on the methodology for assessment. The public forum held in Sydney on May 11, 2015 was attended by a Council representative.

Following feedback via public forums and written submissions, IPART has advised that they will release a *Final Report* on June 1, 2015. Councils are then required to prepare proposals as to how they will meet the criteria for submission to IPART by the existing deadline set by the NSW Government at June 30, 2015.

The methodology released by IPART outlines how it will assess council proposals against the four criteria established by the NSW Government it considers are necessary for a Council to be considered 'Fit for the Future.' These criteria are: 'Scale and capacity to engage effectively across community, industry and government'; 'Sustainability'; 'Effectively managing infrastructure and delivering services for communities'; and 'Efficiency'.

IPART's methodology also identifies other factors that may be taken into consideration in addition to the above criteria, including:

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Proposals (cont'd)

- The social and community context of the Council.
- That nature and quality of the supporting information, including the rigour by which the ILGRP's preferred options for scale and capacity were explored by the Council, and the robustness and consistency of the assumptions underlying the Council's forecasts.
- How the Council consulted with its community regarding its proposal or alternative options as relevant, and the outcomes from these consultations.

A full copy of the *Consultation Paper* released by IPART is available at: www.ipart.nsw.gov.au

Council has prepared a draft submission on the IPART methodology for Council's consideration and endorsement. Council's submission highlights the following key areas of concern in relation to the proposed methodology for assessment:

- Lack of a clear definition in relation to the 'scale and capacity' criterion;
- Unequal status of the Independent Local Government Review Panel (ILGRP) options over potential alternatives proposed by councils despite a lack of clear 'science'/methodology outlined within the ILGRP Report;
- Potential use of inconsistent data across councils;
- Unclear value of community input.

In addition to the above, the timeframe for IPART to consult on and revise their proposed methodology based on feedback from councils between May 26 and June 1, 2015 results in further concerns about the nature and extent of consultation being undertaken. Moreover, the limited timeframe for councils to amend their proposals in light of the late release date of the *Final Report* and the forthcoming 'Fit for the Future' deadline also places considerable time pressures and limitations on councils when preparing their proposals.

A copy of Council's draft submission is enclosed under Attachment 1 for consideration and endorsement. Council has been informed that LGNSW will also be making a comprehensive submission on the proposed methodology for assessment. The contents of Council's submission will also be shared with LGNSW for this purpose.

ATTACHMENTS

1. Draft Submission on 'Methodology for Assessment of Council Fit for the Future Proposals.'

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Council Submission on the Methodology for Assessment of Council Fit for the Future
Proposals (cont'd)**ATTACHMENT 1****ATTACHMENT 1 – PREPARED BY AUBURN CITY COUNCIL****Draft Submission: Methodology for Assessment of Council Fit for the Future
Proposals**

Auburn City Council welcomes the opportunity to comment on IPART's Methodology for Assessment of Council Fit for the Future Proposals.

This submission outlines Auburn City Council's comments on key areas of concern following its review of the *Local Government - Consultation Paper, April 2015*.

ISSUE	AUBURN CITY COUNCIL – COMMENTS
'Scale and capacity' criterion	<p><i>Council Comments:</i></p> <p><i>There continues to be a lack of a clear definition in relation to the 'scale and capacity' criterion. Specifically, the proposed methodology does not stipulate a minimum population size for councils or a clear target number of councils in the Metropolitan area.</i></p> <p><i>It is Council's view that lack of a clear definition of 'scale and capacity' presents the potential for subjectivity during the assessment process, particularly for councils that meet the 'key elements of strategic capacity' shown in Box 3.1, IPART, Methodology for Assessment of Council Fit for Future Proposals, April 2015, p 21.</i></p> <p><i>A more precise definition of 'scale and capacity', including a minimum population size for councils would enable councils to develop meaningful submissions that meet the expectations of the NSW Government, and improve the transparency of the assessment process.</i></p>
Status of the Independent Local Government Review Panel (ILGRP) Preferred Options	<p><i>Council Comments:</i></p> <p><i>The proposed methodology operates on the assumption that those options proposed by the Independent Local Government Review Panel (ILGRP) Report are the optimal solutions with councils being required to demonstrate that any alternative proposal is 'superior' to the ILGRP recommended option, rather than 'equal' or 'consistent.'</i></p> <p><i>Council is concerned about the unequal status of the Independent Local Government Review Panel (ILGRP) options over potential alternatives proposed by councils, particularly given the lack of a clear 'science'/ methodology outlined within the Samson model. Council further</i></p>

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ATTACHMENT 1

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	<p><i>recommends that the word 'superior' be excluded from the assessment guidelines and be replaced with the word 'equal' to provide councils with an opportunity to propose options that better support the social and community context of councils, and align with other supporting quality information and research provided by councils that match the rigour by which the ILGRP's preferred options for scale and capacity were explored.</i></p> <p><i>Council also argues that the ILGRP Report should not be utilised as a 'starting point' against which other options are to be assessed as the Report itself did not provide any evidence which establishes that benchmark.</i></p>
Potential Use of Inconsistent Data	<p><i>Council Comments:</i></p> <p><i>There is a potential use of inconsistent data across councils, which may have implications on the assessment process. For example, within the 'Effective infrastructure and service management' measure, the backlog calculation relies on councils undertaking a self-assessment and putting forward an estimate on its anticipated performance.</i></p> <p><i>This may lead to uncertainty of information accuracy and inconsistency across proposals put forward by Councils.</i></p>
Unclear value of 'community input'	<p><i>Councils comments:</i></p> <p><i>The proposed methodology outlines that Councils' consultation of the community will be one of the considerations when IPART is assessing council proposals. Whilst the methodology indicates that Council should engage with their communities when preparing their proposals, document their consultation process and present all the results of their community engagement, it is unclear as to the weighting community involvement will be allocated in the overall assessment process.</i></p> <p><i>To improve the level of transparency and ensure councils have allocated sufficient time and resources to community engagement, Council requests that a clear value or weighting be provided in relation to the extent of how IPART will consider feedback from the community in the assessment of proposals.</i></p>
Limited Timeframe for Consideration of Written Submissions to IPART	<p><i>Council Comments:</i></p> <p><i>The timeframe for IPART to consult on and revise their</i></p>

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and the Release of the Final Report	<p><i>proposed methodology based on feedback from Councils between May 26 and June 1, 2015 results in concerns about the nature and extent of consultation being undertaken.</i></p> <p><i>Moreover, the limited timeframe for councils to amend their proposals in light of the late release date of IPART's Final Report and the forthcoming 'Fit for the Future' deadline also places considerable time pressures and limitations on councils when preparing their proposals.</i></p> <p><i>Given the late release of the Final Report in relation to the 'Fit for the Future' deadline, Council requests that an additional period of 30 days be afforded for 'Fit for the Future' proposals to be submitted.</i></p>