



24 May 2015

Dr Peter J Boxall AO  
Chairman  
Independent Pricing and Regulatory Tribunal  
PO Box K35  
Haymarket Post Shop NSW 1240

**Re: Methodology for Assessment of Council Fit for the Future Proposals**

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I am writing in response to the Methodology for Assessment of Council Fit for the Future Proposals Local Government Consultation Paper April 2015.

This submission is based on the body of knowledge the Australian Centre of Excellence for Local Government has built over the last five years.

**About the Centre for Local Government at the University of Technology, Sydney and the Australian Centre of Excellence for Local Government**

The Centre for Local Government at the University of Technology, Sydney (UTS:CLG) is Australia's premier university-based local government education, research and consultancy centre, with partnerships across the government and non-government sector. UTS also hosts and administers the Australian Centre of Excellence for Local Government (ACELG) which was formed in 2009 with the mandate to enhance professionalism and skills in local government, showcase innovation and best practice, and facilitate a better-informed policy debate. ACELG began life as a consortium of universities and professional associations.

Both centres have a strong research base, and ACELG in particular has produced a number of research papers, tools and guides to support local government nationally in its role as a provider of civic leadership, good governance and service delivery to local communities.

**Panel tasks in Terms of Reference – councils' proposals and supporting documentation**

We note one of the Terms of Reference requires the Independent Pricing and Regulatory Tribunal (IPART) to publish all councils' proposals and supporting documentation, subject to confidentiality, as soon as practicable after 30 June 2015. This is most welcome, as the submissions will put into the public domain a wealth of data, providing a unique opportunity to provide a snapshot of the local government sector in New South Wales (NSW) at this point in time, which can then be used to look ahead towards models and approaches for the future.

Hopefully, the documentation provided by councils will contribute to the streamlining of the legislation governing councils in NSW. The data could also be used to respond to the questions around performance monitoring and reporting, procurement and managing contracts, the role of mayors and council leaders and accountability in general – all key issues for local governments in NSW, across Australia and internationally.

We note that much of the commentary and focus has been on the elements of the Fit for the Future package encouraging structural change, in particular, council merger proposals. One of the structural reform elements described on the Fit for the Future website is 'to encourage councils to review their current scale of operations and consider the benefits of merging with their neighbours.' Putting aside the issue of mergers, the questions on 'reviewing the current scale of their operations' will provide a vast array of data on what councils are currently doing, their rationales for doing what they are doing, and their capacity to take on additional challenges.

Of particular interest to ACELG and CLG will be the response of small rural councils in proposing new ways of working to reduce costs while still providing important local services, civic leadership and good governance to local communities. Through ACELG's Rural-remote and Indigenous Local Government program, the Centre has sought to identify and address specific governance and capacity building needs facing rural, remote and Indigenous councils. Therefore, ACELG is interested in ways in which small rural councils see their role into the future, as this could well lead to the development of workable models for small rural councils across the country taking into account history, geography, demography and community wishes into consideration.

To this end, IPART may be interested in the work ACELG is doing with Rural Councils Victoria (RCV) on the Small Council Sustainability Project. This project is developing new ideas and approaches to secure the financial and operational futures of Victoria's 38 rural councils. Stage one of the project outlines key issues necessary future council sustainability, including:

- Building the capacity of councils to undertake service reviews
- Establishing a set of tailored guiding principles for council service reviews
- Reporting on efficiency and effective provision of services
- Understanding the community and engaging around service levels
- The development of improvement frameworks, processes, method and tools
- Fostering an organisational culture of improvement.

Further information on the RCV Small Councils Sustainability Project is available on ACELG's [website](#). Further publications from ACELG's Rural-remote and Indigenous Local Government program can be found [here](#).

### **Assessing scale and capacity**

We note the Government requires councils to address their scale and capacity against the Independent Local Government Review Panel's (ILGRP's) recommendations. Key elements of strategic capacity include:

- More robust revenue base and increased discretionary spending
- Scope to undertake new functions and major projects
- Ability to employ wider range of skilled staff
- Knowledge, creativity and innovation
- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for State and Federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership.

These elements are largely consistent with the findings of ACELG's own research (see for example *Consolidation in Local Government: A Fresh Look*) and the need to build strategic capacity also underpins the Centre's work with RCV.

We also note that IPART is considering including an appropriate minimum population size as one demonstration of sufficient scale. This is potentially problematic, as population size is a contested indicator of local government performance, as noted in ACELG's research report *Consolidation in Local Government: A Fresh Look*:

In general, research and debate about an optimum size (population) for local government areas have been inconclusive, and there remain strongly opposed views as to whether larger amalgamated councils enjoy significant economies of scales.

### **Financial management, own source revenue and responsible use of debt**

ACELG is pleased to see the appointment of John Comrie as a temporary part-time Tribunal member. John is an associate of the Centre, and has undertaken a number of research papers for ACELG, specifically long term financial planning guidelines, better use of own source revenue, and responsible use of debt in local government. We are pleased that his extensive knowledge and expertise will be brought to the Fit for the Future assessment process.

ACELG would be pleased to expand on any of the points outlined in this submission.

### **Further contact**

For further information, please contact ACELG's Deputy Director, Melissa Gibbs, at

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Yours sincerely

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**Roberta Ryan**  
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