

25 May 2015

Dr Peter Boxall,
Chairman
Independent Pricing and Regulatory Tribunal
[www.ipart.nsw.gov.au/Home/Custom Information/lodge a submission](http://www.ipart.nsw.gov.au/Home/Custom%20Information/lodge%20a%20submission)

Dear Dr Boxall,

Subject: City of Canada Bay Submission on Methodology for Assessment of Council Fit for the Future Proposals – Consultation Paper April 2015

The City of Canada Bay Council would like to thank the Independent Pricing and Regulatory Tribunal (IPART) for the opportunity to make a submission on the methodology for assessment of Council Fit for the Future Proposals.

The City of Canada Bay Council is supportive of a strong and sustainable local government sector and of the broader local government reform program. Council is however concerned that the 'goal posts' have changed in regard to the methodology used to assess councils Fit for the Future proposals. Specifically, Council is concerned about the way information and timeframes have changed throughout the Fit for the Future process and Council is not supportive of the subjective criterion describing scale and capacity as outlined within the assessment methodology.

The key concerns of Council are outlined below.

Assessment Methodology Timeframes

It is unclear how assessment methodology consultation information will be included in IPART's *Final Assessment Methodology Report* as there isn't enough time between submission closure and final report for meaningful consideration of submissions.

Submissions are due to IPART by 25 May and the *Final Assessment Methodology Report* is due only one week later on 1 June in line with the opening of the submission portal. Potential changes to the assessment methodology would require consideration and IPART would need to write any changes into the final report. A one week turn around would not provide enough time for submissions to be meaningfully considered.

Council cannot wait for release of the final report before preparing its Fit for the Future proposal as guidance material stipulate that Council discuss the options and impacts with the community and a minimum public exhibition period is required. Waiting until the assessment methodology is finalised would result in Council not meeting the end of June Fit for the Future proposal submission requirement.

Scale and Capacity Criterion

The first step for councils in preparing their Fit for the Future proposal is to assess scale and capacity to determine if it is to submit a stand-alone proposal or a merger proposal. Scale and capacity is the threshold criterion and as such must comprehensively be considered before proceeding with the remainder of the proposal process.

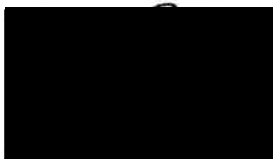
The definition of scale and capacity is subjective and the key elements of strategic capacity as outlined in Box 3.1 of the *'Methodology for Assessment of Council Fit for the Future Proposals – Consultation Paper April 2015'* are broadly defined. While Council has many and varied examples (both quantitative and qualitative) of how it can achieve strategic capacity it is unclear if these examples sufficiently achieve this criterion.

While IPART provides an approach for how assessment of performance will be measured for the other three assessment criterion – sustainability; effective infrastructure and service management; and efficiency, this could include a wider definition of performance. Quantitative benchmarks defining Council performance is provided, and this instructive information whilst useful in preparing a submission, is also incomplete. These benchmarks are not considerate of qualitative Council performance and there could be more scope to include service quality and service satisfaction information. This would provide a more complete picture of how efficiently and effectively Councils are delivering to their communities.

Additionally, the scale and capacity criterion has become the key focus in the assessment methodology, rather than a balance of the four key measures originally proposed in September 2014 (*Review of criteria for the fit for the future, Local government – Final Report*).

Independent Assessment

The role of IPART in the Local Government Sector is to set income limits, decide how Council can increase rates over time and review Council contribution plans. Due to IPART's direct influence over Council's financial positions, City of Canada Bay recommends the Office of Local Government engage additional assessor/s to the independent expert panel to ensure a balance of assessment opinions as to whether Council proposals meet the Fit for the Future criteria.



Gary Sawyer
General Manager