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## Submission Concerning the Methodology for Assessment of Council Fit for the Future Proposals

While I have many concerns about the 'Fit for the Future' process, I will concentrate on the threshold issue of scale and capacity.

IPART's methodology attempts to quantify elements that contribute to the criteria of: sustainability; effective infrastructure and service management; and efficiency. However, it is far more difficult to quantify elements that contribute to scale and capacity, without falling into the trap of arbitrarily setting a 'minimum population size' or 'a target number of councils in the metropolitan or regional area'. Unfortunately, section 3.2.1 of the *Methodology for Assessment of Council Fit for the Future Proposals* ('Consultation Paper') suggest such arbitrary targets could be set.

I am firmly of the view that the preferred option mergers proposed by NSW Independent Local Government Review Panel ('ILGRP') would lead to Councils, which could no longer be described as local, that will be too large and remote to serve the interests of their communities. To illustrate this size and remoteness, under the ILGRP preferred option, Council electoral wards would be larger than State electoral districts. How often do constituents engage with their MLA?

### **Target Number of Councils is not a Relevant Consideration**

I do not believe setting 'a target number of councils in the metropolitan or regional area' should have any place in the review process. The only relevance of such a target is the convenience with which State Government deals with Councils. NSW Councils are not small by World standards and any inconvenience in dealing with 152 Councils is no reason to amalgamate Councils that are otherwise performing effectively.

### **Threshold Populations for Metropolitan LGAs is not a Relevant Consideration**

Table 2.1 of the Discussion Paper suggests that ILGRP Group G (Larger Rural and Regional LGAs) with populations over 10,000, only need to participate in Joint Organisations. All Metropolitan Councils have populations over 10,000. The scope for sharing of resources among Metropolitan Councils is even greater than in regional NSW so I support the formation of Metropolitan 'Joint Organisations'.

It is my understanding that a number of Metropolitan Councils will submit proposals adopting the alternative option of forming Joint Regional Organisations – in such cases the present scale and capacity of the Councils that will make up the proposed Joint Regional Organisations is of little relevance. If scale and capacity are to be assessed, this assessment should be of the

integrated structure of the proposed Joint Organisation, after these details are determined. The sharing of resources at Joint Organisation level will allow smaller councils to remain viable and small enough to represent the diverse interests of their communities. It would be deeply regrettable to see viable Councils forced to amalgamate only because their population is below an arbitrarily set threshold. Furthermore even if there were any justification for setting an arbitrary minimum population threshold, there is little reason for it to be lower in Metropolitan areas than in regional NSW – Metropolitan communities are every bit as diverse as regional communities.

### **Elements of Capacity are Not Related to Size**

The Consultation Paper, at page 23, gives examples of matters that will be considered in assessing consistency with ILGRP objectives. I have some concern with the expression of the first of these objectives for Metropolitan areas to:

create high capacity councils that can better represent and serve their local communities on metropolitan issues, and be true partners of State and federal agencies.

Suggesting that ‘high capacity’ is necessary for Councils to ‘better represent and serve their local communities’, could imply that larger Councils are better able to deliver these functions. It would be better to consider the ‘creation of Councils with the capacity to better represent and serve their local communities ...’. Councils of the scale proposed by ILGRP are unlikely to perform these functions as well as smaller Councils so this consideration should be about achieving a balance where both representation and service of communities and partnership with ‘State and federal agencies’ are achieved. I would suggest the capacity of councils to represent and serve their local communities is a far higher priority than partnership with ‘State and federal agencies’ as strong partnership with higher levels of Government can be achieved in a number of ways like ensuring Councils have the human resources to deal with higher levels of Government even if this is through a Joint Organisation structure.

### **A More Equitable Pattern of Local Government across the Metropolitan Area**

With the high density residential development now a feature of central business districts (CBDs’), there is justification for Local Government Areas containing a CBD to support a higher population than surrounding suburban LGAs but that is not to say higher than their currently projected populations. Inequity will come about if LGAs like Sydney and Parramatta expand into surrounding suburbs as this will inevitably see those in surrounding areas pay higher rates without any guarantee of improved services. Again, surrounding LGAs should remain small enough for the diverse interests of their communities to be properly represented.

### **Conclusion**

The ILGRP report emphasises the importance of improving ‘strategic capacity’ and suggests it ‘*can be increased both by creating larger units of local government – the approach favoured in Queensland – and through regional collaboration and resource sharing [emphasis added].*’ The ILGRP report does not fully define what strategic capacity involves. The Australian Centre of Excellence for Local Government has used the definition:

Strategic capacity refers to the ability of local governments to identify and respond to the influences and pressures affecting the community's future, set key directions and priorities and develop strategies to achieve the outcomes the community wants ...

While strategic capacity *might* be increased by ‘creating larger units of local government’, there is nothing in the definition to suggest that it is *necessary* to increase the size of Local Government to achieve strategic capacity. In fact increasing size may well lead to Councils that are too remote to understand what outcomes the community wants.

Where Councils submit proposals adopting the alternative option of forming Joint Regional Organisations, it will be necessary to consider the integrated structure of the proposed Joint Organisation if scale and capacity are to be assessed. Also when assessing the ‘Key elements of Strategic Capacity’ in Box 3.1, it should be kept in mind that the ILGRP has included additional elements that go beyond strategic capacity as defined above. Lesser weight should be given to these element, particularly where they import a requirement for greater scale.

In any case most of the elements listed in Box 3.1 are of a qualitative rather quantitative nature. Satisfying the requirement of these elements will be more about a Council or Joint Organisation of Councils having the resources and in particular human resources to perform the required functions.

IPART must be careful particularly in its assessment of the fitness for the future of Metropolitan Councils not to give weight to irrelevant considerations like a target number of councils or arbitrary minimum population thresholds.

Thank you for the opportunity of making this submission.

Jim Sanderson

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