



Fit For the Future Assessment Process – Submission to IPART

Leichhardt Council, at its meeting of the 28 April 2015, resolved to make a submission to the Independent Pricing and Regulatory Tribunal (IPART) on its recently announced Fit for the Future (FFF) reform program Assessment Methodology consultation paper.

IPART has been asked by the Government to perform the role of the independent Expert Advisory Panel and assess whether NSW Councils are Fit for the Future. In doing so IPART must finalise an assessment methodology by the 1st week of June. Councils have until the 25th May to respond to their consultation paper found at (http://www.ipart.nsw.gov.au/Home/Industries/Local_Govt/Reviews/Fit_for_the_future/Review_of_Local_Council_Fit_For_The_Future_proposals#OpenForSubmission)

Leichhardt Council raises the following concerns about the proposed IPART assessment process;

Scale and Capacity

1. The continued omission of a Joint Organisation (JO) option for Sydney Metropolitan councils. Leichhardt Council has long supported this alternative approach to mergers – in line with JO models such as the Southern Sydney Regional Organisation of Councils (SSROC) submission to the State Government on the 24th March 2014 (<http://ssroc.nsw.gov.au/wp-content/uploads/2015/04/Letter-to-Minister-for-Local-Government-accompanying-ltr-to-NSW-Premier.pdf>).

Council takes heart however that the Panel at its consultation briefing of Monday 11 May did in fact confirm that JO options for Sydney Metropolitan Councils would be considered – despite contrary State Government stipulations.

Leichhardt Council therefore submits that this needs to be made clear in the final assessment process – ie that JO options will be considered when first assessing an FFF council improvement submission for scale and capacity criteria.

In doing so however, the Panel must recognise that this last minute change to the FFF submission process has given no time whatsoever for Councils to prepare detailed JO business cases.

Therefore it is submitted that any JO proposals should be treated on their merits when first assessing scale and capacity, notwithstanding the absence of a detailed business plan at this stage.

2. The requirement for councils to respond to the 10 strategic capacity elements prescribed in the Final Report of the NSW Independent Local Government Review Panel (ILGRP box 8) in the absence of any measures or benchmarks applicable to each element.

Councils should be provided with some more precise indicators on how, for example, we can clearly demonstrate *knowledge, creativity and innovation or ability to employ wider range of staff.*

3. Leichhardt Council considers that it satisfies all the criteria specified for scale and capacity, other than the arbitrary minimum population size of an apparent 250,000.

Council raises serious concerns that if this initial population measure isn't met, it will mean an end to the FFF evaluation process. This would be grossly unfair to those councils that have developed a sound business case clearly demonstrating a superior council improvement rather than merger option.

In our case, all 7 financial benchmarks will be met by us by 2018/19 - however our population would remain at 57,000 rather than the arbitrarily imposed targets for the Sydney Metropolitan area.

IPART itself has clearly acknowledged that there is currently no evidence base whatsoever for such targets.

Council considers the method to evaluate the dual entity 'scale and strategic capacity' (identified as a 'threshold criteria') should give primacy to capacity. Strategic Capacity is the object and critical measure in the Fit for the Future process; scale and (by population number) is of interest only as an assumed contributor to capacity. In some cases increased scale may be associated with decreased capacity; IPART's method must allow for such cases

Leichhardt Council therefore rejects any proposed quantification of minimum population and/or minimum numbers of Sydney Metropolitan Councils; and submits that strategic capacity should be the prime determinant when evaluating 'scale and capacity'

4. In assessing scale and capacity in terms of consistency with the broader regional and state wide objectives of the ILGRP's preferred options, Leichhardt Council raises concerns about IPART relying on a blanket acceptance by councils of planned development when establishing an equitable pattern of local government in metropolitan areas (section 3.2.2 of the IPART consultation paper). The implication here is that councils must accept what they are told is being planned, rather than partner with the State Government and its agencies to work together in developing the planned development (s).

It is therefore submitted that the Panel, when assessing this ILGRP preferred option against a council submission, should recognise the need for a genuine two (2) way relationship.

Timeframes

5. Leichhardt Council raises serious concerns about the overall timing constraints now imposed. Over past months, we and no doubt most if not all other NSW councils have been preparing submissions and engaging our communities based on the template requirements laid down by the Office of Local Government.. To raise last minute changes through the rushed IPART consultation program - meaning councils have only 2 to 3 weeks in June to modify their submissions

based upon the final assessment outcomes – is to say the least very unreasonable and disrespectful to the process.

An extended timeframe should be introduced to allow sufficient time for councils to respond to new assessment processes.

Concerns are raised as to how non confidential public submissions received after the 30th June Council deadline will be treated. Council notes that public submissions will be received up to the end of July and in fact beyond this date from ... “stakeholders outside a formal submission period “– however councils will be given no time or opportunity, if needed, to respond to issues raised and in some cases may not even be aware of these additional submissions.

Leichhardt Council therefore seeks clarity on how IPART will address these submissions and what opportunities councils will be given to respond to critical issues if necessary

6. Leichhardt Council suggests that the submission template should not limit section responses to a maximum of 500 words.

To ensure councils are able to comprehensively respond to the prescribed benchmarks, particularly scale and capacity – a 500 word limit does not allow adequate responses for example to the 10 elements of strategic capacity. This word limit will unreasonably force councils to abbreviate their responses to this vital threshold benchmark. Any references to a 500 word limit should therefore be scrapped.

7. Leichhardt Council requests that determinations of IPART as FIT, UNFIT or DEEMED UNFIT should be communicated to the council and published on the website with a full explanation regarding how the assessment was made as soon as the determinations are finalised.