

Our Ref: 14/4089

21 May 2015

Independent Pricing and Regulatory Tribunal
PO Box K35
Haymarket Post Shop
NSW 1240

Attention: Lucy Garnier

Dear Lucy,

Methodology for Assessment of Council Fit for the Future Proposals

Council resolved to make a submission to IPART on this matter on Tuesday 19 May 2015.

Please find below a response to the 5 questions IPART raise in their Consultation Paper as well as **'other comments'** at the end of this correspondence.

Question 1

How should the key elements of strategic capacity influence our assessment of scale and capacity? Are there any improvements we can make to how we propose to assess the scale and capacity criterion, consistent with OLG guidance material?

Response

- For such an important part of the Fit for the Future Business Case, the material supporting scale and capacity is disturbingly 'light on'. The Independent Local Government Review Panel (ILGRP) has developed a set of scale and capacity criteria with absolutely no explanation as to why those criteria were established in the first place and more importantly, how Councils might best go about measuring whether they have sufficient scale and capacity. The Office of Local Government (OLG) guidance material offers very little in the way of assisting Councils interpret and respond to the criteria.
- Size, scale and capacity have been used interchangeably in recent months. The 3 words mean very different things. To further confuse matters, the scale and capacity criterion is referred to as "strategic capacity" – again, this means something altogether different. Clarity is sought as to what is exactly intended.
- There is a presumption that the ILGRP's recommended amalgamations have sufficient scale and capacity. The ILGRP offered no empirical evidence to support

ENGLISH

IMPORTANT

This letter contains important information. If you do not understand it, please ask a relative or friend to translate it or come to Council and discuss the letter with Council's staff using the Telephone Interpreter Service.

GREEK

ΣΗΜΑΝΤΙΚΟ

Αυτή η επιστολή περιέχει σημαντικές πληροφορίες. Αν δεν τις καταλαβαίνετε, παρακαλείστε να ζητήσετε από ένα συγγενή ή φίλο να σας τις μεταφράσει ή να έλθετε στα γραφεία της Δημαρχίας και να συζητήσετε την επιστολή με προσωπικό της Δημαρχίας χρησιμοποιώντας την Τηλεφωνική Υπηρεσία Διερμηνέων.

PORTUGUESE

IMPORTANTE

Este carta contém informação importante. Se não o compreender peça a uma pessoa de família ou a um/a amigo/a para o traduzir ou venha até à Câmara Municipal (Council) para discutir o assunto através do Serviço de Intérpretes pelo Telefone (Telephone Interpreter Service).

ARABIC

هَامَ

تحتوي هذه الرسالة معلومات هامة. فإذا لم تستوعبها يرجى أن تطلبوا من أحد أقربائكم أو أصدقائكم شرحها لكم، أو تفضلوا إلى البلدية واجلبوا الرسالة معكم لكي تناقشوها مع أحد موظفي البلدية من خلال الإستعانة بخدمة الترجمة الهاتفية.

VIETNAMESE

THÔNG TIN QUAN TRỌNG

Nội dung thư này gồm có các thông tin quan trọng. Nếu đọc không hiểu, xin quý vị nhờ thân nhân hay bạn bè dịch giúp hoặc đem đến Hội đồng Thành phố để thảo luận với nhân viên qua trung gian Dịch vụ Thông dịch qua Điện thoại.

MANDARIN

重要资料

本信写有重要资料。如果不明白，请亲友为您翻译，或到市政府来，通过电话传译服务，与市政府工作人员讨论此信。

this proposition against any of the indicia of scale and capacity their report established. The onus is, therefore, on Councils wanting to put an alternate option forward (including a stand-alone proposition) to demonstrate how that option is 'superior' to the one the ILGRP recommended. How is it possible to compare scale and capacity with a fictitious amalgamated entity? There is an underlying inference that large, amalgamated entities are automatically an attractive proposition. Where is the proof and how will 'superior' be assessed?

- Councils are legitimately concerned that in the absence of having a benchmark of what sufficient scale and capacity is (or looks like), the Tribunal may be drawn into making subjective assessments or arrive at conclusions that have no factual basis to support them. This would be entirely inconsistent with the Tribunal's exemplary record to date of evidence-based decision-making and would undermine the public perception of IPART, the process and IPART's independence from government.
- It is concerning to know that some "smaller councils" (ie Wollondilly Council) on the fringe of the metropolitan area have 'escaped' amalgamation recommendations. It would seem a contradiction for IPART to now consider population size "as a demonstration of sufficient scale". Size is not scale. The Panel and the Office of Local Government have accepted the proposition that no 'one size fits all'. Contemplating a minimum population size as a hurdle to establish scale would be inconsistent with that proposition.
- The proposition that "a target number of councils in the metropolitan or regional area" be used to assist IPART in its determination is also disappointing. If that is going to be the case, then the legitimate efforts of metropolitan councils to put forward a compelling fit for the future business case will be an utter waste of time and money.
- One key element of strategic capacity is being a 'capable partner for State and Federal agencies'. It is entirely unclear what frameworks and/or mechanisms the State Government will use for this to happen or how the remaining 'amalgamated' metropolitan councils will work with the State Government in the future. The ILGRP report did not outline this.
- Our community is very satisfied with the services we provide – Marrickville recently scored the highest satisfaction rating for local government ever recorded by a survey company. Most councils undertake such surveys and these should be considered in the assessment of scale and capacity. Surely the capacity to serve one's community ranks at least equally with the capacity to serve State and Federal agencies!
- Scale and capacity should not be a threshold criterion. Rather, it should be a qualitative assessment carried out in concert with the 7 key financial indicators. Community satisfaction and "communities of interest" need also to feature more prominently in the overall assessment. The social and community context of any

amalgamation proposal also ought to be properly explored as part of the assessment process and not as an afterthought.

Question 2

Which of the 'Rural Council Characteristics' are the most relevant, considering a council must satisfy a majority of the characteristics to be considered a rural council?

Response

It is not appropriate for Council to comment on an issue that relates directly to rural councils.

Question 3

Are there any improvements we can make to how we propose to assess the sustainability, infrastructure management and efficiency criteria, consistent with OLG guidance? Are there issues we need to consider when assessing councils' proposals using the measures and benchmarks for these criteria?

Response

- An opportunity to outline additional relevant sustainability, infrastructure management and efficiency criteria should not only be permissible but be assessed in a positive light.
- The proposed approach to assess the efficiency criterion benchmark of 'A decrease in Real Operating Expenditure per capita over time' should include 'without loss of services', as Councils may cut services to achieve this benchmark, which would be counter to the Strategic Capacity element 'scope to undertake new functions' and continue existing functions.
- Range of service should be considered in the approach to efficiency criterion - as the council is responding to the full range of needs of the community.

Question 4

How should Councils engage with their communities when preparing FFTF proposals? Are there other factors we should consider to inform our assessment of council consultation? Please explain what these other factors are, and why they are important?

Response

Council has already consulted its community on the options explored. It is felt that IPART have sufficiently covered this aspect in their methodology. Council can only reinforce the importance of adequately assessing the views of local communities.

Question 5

Should Council performance against FFTF proposals be monitored? If so, are there improvements we can make on the approach outlined for Councils to monitor and report progress on their performance relative to their proposals?

Response

Council feels it is perfectly reasonable to assume the progress of Improvement Action Plans is reported in its Annual Report. Further, Council feels it is appropriate the Auditor General be charged with periodically reviewing the performance of Council against its Improvement Action Plan.

Other Comments

Given the importance of scale and capacity in the overall assessment of whether a council is fit for the future or not, it seems totally unreasonable that Councils have a 500 word limit in responding to this issue. A word limitation on such a critical aspect of the proposal is unacceptable and will lead to either bullet type responses that do the Council a disservice or Councils submitting bullet type responses, accompanied by a 5-10 page appendix. This word limitation should either be increased or preferably removed altogether.

Council maintains that the criteria for assessment should be amended to:

- Drop the minimum population requirement of 250,000 being proposed for many Metropolitan Councils;
- Include a criteria which provides for Councils to demonstrate how they are delivering scale through regional coordination (for example, through SSROC);
- Include criteria to measure the scope and quality of services delivered by local Councils; and
- Include criteria to measure community's satisfaction with their local Council.

Finally, the timeframe for submitting proposals is now acute. Fit for the Future proposals are arguably one of the most significant pieces of work Councils will have submitted in the past 20-30 years. It is disappointing that Councils will have less than 1 month to submit a fit for the future business case via a portal not yet available and responding to guidelines not yet finalised.

I trust the contents of this submission will be considered in the spirit in which they are offered. If you wish to discuss any of the points raised in this submission, please feel free to contact Mr Steve Kludass on [REDACTED] at your earliest convenience.

Yours Sincerely

[REDACTED]

Brian Barrett
General Manager