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




Peter
Dear Dr ~~Boxall~~

I write to request that the Independent Pricing and Regulatory Tribunal fulfil the role of the Fit for the Future Expert Advisory Panel, and undertake a review of NSW councils' 'fit for the future' proposals in accordance with the attached Terms of Reference.

Should you require further information please contact Mr David Tow, Executive Director of Cities Branch, Department of Premier and Cabinet on (02) 9228 4353 or david.tow@dpc.nsw.gov.au.

Yours sincerely


MIKE BAIRD MP
Premier

Terms of Reference for a review of local council Fit for the Future proposals by an Expert Advisory Panel

I, the Hon Mike Baird MP, Premier of New South Wales, pursuant to section 9 of the *Independent Pricing and Regulatory Tribunal Act 1992* request that the Independent Pricing and Regulatory Tribunal act as the Expert Advisory Panel to review local council Fit for the Future proposals, in accordance with these terms of reference:

Introduction

Based on the recommendations of the Independent Local Government Review Panel (ILGRP), the NSW Government has agreed to an approach to local government reform that seeks to create councils that are strategic and Fit for the Future. A Fit for the Future council is one that:

1. Has the scale and capacity to engage effectively across community, industry and government;
2. Is sustainable;
3. Is efficient;
4. Effectively manages infrastructure and delivers services for communities.

All councils have been called upon to submit a Fit for the Future proposal by 30 June 2015 for assessment by the Expert Advisory Panel (except the eight councils in the Far West, where submitting a proposal is optional).

The Office of Local Government has prepared three templates and associated guidance for the use of councils in making their proposals:

Template 1: Council Merger Proposal – where a group of councils have agreed to merge, broadly consistent with the scale and capacity recommendations of the ILGRP.

Template 2: Council Improvement Proposal – where councils with demonstrated sufficient scale and capacity, using the Panel's recommendation as a starting point, identify the strategies and actions they will implement to ensure they are Fit for the Future against the sustainability, efficiency, and effective management of infrastructure and services criteria and associated measures and benchmarks.

Template 3: Rural Council Proposal – for councils in Group C of the Panel's final report i.e. where the option of a Rural Council was presented with no preferred alternative or other small councils that want to adopt the options and can demonstrate they meet the Rural Council Characteristics.

The guidance documents supporting each template explain what is required from councils in preparing their proposal and in demonstrating they are Fit for the Future.

Task

The Expert Advisory Panel (the Panel) will assess the Fit for the Future proposals of NSW councils, and prepare a report to the Minister for Local Government with a recommendation on whether each council is Fit for the Future.

Procedure

The Panel is to:

1. Develop a methodology for assessing Fit for the Future proposals.

The assessment methodology must:

- a. be consistent with the Government's local government reform agenda, as outlined in the Fit for the Future documentation
- b. include an assessment of the scale and capacity criteria as a threshold criterion
- c. include an assessment of the performance against the fit for the future measures and benchmarks, that takes into account:
 - i. the material published in the template guidance
 - ii. the relative importance of each measure in a council becoming Fit for the Future and relative robustness of the measure
 - iii. the social and community context and outcomes for each council
- d. include an assessment of the consultation process undertaken by the council
- e. consider advice provided by the Ministerial Advisory Group
- f. identify timescales and approach to consultation
- g. be published for public consultation for a minimum of 28 days
- h. be finalised and made available to councils no later than week commencing 1 June 2015.

2. Undertake an assessment of whether each council is Fit for the Future, consistent with the published methodology.

In undertaking this assessment the Panel must:

- a. operate with consistency, fairness and impartiality
- b. have in place an online portal for all councils to submit their Fit for the Future proposals
- c. publish all proposals and supporting documentation (subject to confidentiality requirements) received from councils online as soon as practicable after 30 June 2015
- d. ensure local government knowledge and expertise in the technical assessment of each proposal
- e. rely on the evidence provided by councils through the online submission process, as required by the relevant template and any additional relevant information
- f. give councils the opportunity to provide additional information. This may include the opportunity for councils to present in person.

3. Provide the Minister for Local Government and the Premier with a final report by 16 October 2015 identifying whether or not each council is Fit for the Future and the reasons for this assessment, to be publicly released following Cabinet approval.