



Premier of New South Wales
Minister for Western Sydney
Minister for Infrastructure



Reference: 2014-351649

13 AUG 2014

Dr Peter J Boxall AO
Chairman
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB POST OFFICE NSW 1230

IPART	
Doc No
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Dear Dr ~~Boxall~~ *Peter*

I write to request IPART undertake a review of the assessment criteria for 'fit for the future' councils in accordance with the attached Terms of Reference.

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

Yours sincerely

MIKE BAIRD MP
Premier

Draft Terms of Reference for a review by Independent Pricing and Regulatory Tribunal on Local Government Benchmarking in NSW

I, Mike Baird, 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 (IPART) conduct an investigation in accordance with these 'terms of reference'.

Task

In undertaking this investigation IPART is to review the 'fit for the future' criteria to be developed by the Office of Local Government.

Procedure

The Office of Local Government will issue IPART with a draft document outlining the 'fit for the future' criteria. IPART will:

1. Review the 'fit for the future' criteria and assess whether the criteria will contribute to meeting the NSW Government's stated objectives of local government reform
2. Prepare a report for the NSW Government that:
 - a) identifies the likely outcomes of each of the criterion
 - b) recommends amendments to the criteria to better meet the NSW Government's stated objectives of local government reform
3. Provides the report, to the Minister for Local Government and the Premier, by Wednesday 3 September 2014. To enable this, the Office of Local Government will provide IPART with draft criteria by Tuesday 19 August 2014, and work with IPART in developing the draft criteria.

Background

The Independent Local Government Review Panel (Panel) made a number of recommendations regarding general reform of the local government system in NSW. The Panel found that there are too many councils and many are financially unsustainable.

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' through incentives to voluntarily create bigger, stronger councils, particularly in Greater Sydney, and new regional structures outside of Sydney.

Councils will be called upon to submit a 'fit for the future' proposal by 30 June 2015 to the Office of Local Government, for assessment by an expert panel.

The NSW Government has agreed to the Minister for Local Government, developing sufficiently flexible assessment criteria consistent with the definition of a strategic, 'fit for the future' council. A council that is strategic and 'fit for the future' is defined as being financially sustainable; efficient; with the capacity to effectively manage infrastructure and

deliver services; the scale, resources and 'strategic capacity' to govern effectively and partner with the State; and has the capacity to reduce red tape and bureaucracy for business. It was agreed that IPART would review this criteria.

A handwritten signature in blue ink, appearing to be 'Mike Baird', written over the typed name.

The Hon Mike Baird MP
Premier