

INDEPENDENT PRICING AND REGULATORY TRIBUNAL
METHODOLOGY FOR ASSESSMENT OF COUNCIL
FIT FOR THE FUTURE PROPOSALS

Tribunal Members

Dr Peter Boxall AO, Chairman
Ms Catherine Jones, Member

Members of the Secretariat

Mr Hugo Harmstorf, Ms Lucy Garnier, Mr Peter Leventis and
Ms Kumi Cuthbertson

At

Dubbo RSL Club Events Centre, Starlite Room
Cnr Brisbane and Wingewarra Streets, Dubbo NSW

On Friday, 15 May 2015, at 10.00am

1 OPENING REMARKS

2

3 THE CHAIRMAN: Thank you all for coming and welcome to
4 the public forum as part of our review into the development of
5 an assessment methodology for council Fit for the Future
6 proposals.

7

8 This is our second public forum. The first one was in
9 Sydney on Monday, which was also webcast, and next week we
10 will be going to Coffs Harbour and to Wagga. I appreciate
11 that many of you have travelled long distances to get here
12 and we appreciate very much your attendance.

13

14 My name is Peter Boxall and I am Chairman of the
15 Independent Pricing and Regulatory Tribunal of New South
16 Wales, IPART. I am joined today by one of my fellow
17 tribunal members, Catherine Jones, and also assisting
18 the tribunal are members of the IPART secretariat led by
19 Lucy Garnier.

20

21 I would like to take this opportunity to remind
22 stakeholders that we are taking formal submissions on our
23 consultation paper until 25 May. All submissions received
24 will be carefully considered by us in developing our final
25 assessment methodology. Stakeholder submissions will be
26 available to the public on our website shortly after the
27 submission period closes. We will also consider matters
28 raised in the course of today's proceedings.

29

30 The purpose of today's roundtable is for us to hear
31 and to better understand stakeholders' views through a
32 structured discussion. We may not be able to answer all
33 questions asked today as some issues are still open to
34 consultation but we will consider all comments and
35 suggestions before finalising our report.

36

37 On the agenda we have two major sessions covering,
38 first, our approach to assessing the scale and capacity
39 criterion; second, our approach to assessing the other
40 criteria, which are sustainability, infrastructure and
41 service management, and efficiency.

42

43 The secretariat will provide a short presentation
44 before each of the two sessions to outline the issues.
45 I will then ask for comments from participants on the floor
46 and from members in the audience more generally. I will
47 endeavour to give everyone who wishes to do so an

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1 opportunity to speak and I request that you limit your
2 comments to a reasonable length to allow others the time to
3 also speak.

4

5 In terms of housekeeping, we plan a short break at
6 around 11.30.

7

8 To get underway, I'll now turn to Lucy Garnier from
9 the secretariat to provide a short presentation to
10 introduce the first session.

11

12 SESSION 1: APPROACH TO ASSESSING SCALE AND
CAPACITY

13

14 MS GARNIER: Thank you, Mr Chairman. As most of you will
15 be aware, in 2012 the New South Wales government set up the
16 Independent Local Government Review Panel to consider
17 ways to strengthen the effectiveness of local government in
18 New South Wales. The panel released its final report
19 in October 2013.

20

21 In September 2014, the government responded by
22 announcing its Fit for the Future reforms. From that time
23 until early this year, the Office of Local Government has
24 been developing the templates and guidance material for
25 councils.

26

27 The minister appointed IPART as the Expert Advisory
28 Panel to assess councils' Fit for the Future proposals, so
29 in fulfilling that role, we released our "Assessment
30 Methodology Paper" on 27 April and have begun a 28-day
31 consultation period in line with our terms of reference.

32

33 As the Chairman said, during May, we are holding four
34 public forums, of which this is the second.

35

36 After the consultation period closes on 25 May, we
37 will consider the matters raised in these forums and
38 through any written submissions and in early June we will
39 release our final assessment methodology report.

40

41 In today's first session, we will discuss:

42

43 The assessment time frame; and
44 The approach we propose in assessing the first
45 criterion, which is the scale and capacity criterion.

46

47 In respect of the timeline, all council submissions

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1 are due by 30 June. To allow you to submit your proposals,
2 we will set up an online portal on our website in
3 early June for councils to use to submit their proposals.
4
5 After that point, we have allowed a month for public
6 submissions which can address any issues raised in your
7 proposals. During the assessment phase, we may contact
8 councils further for any additional information we need to
9 make our assessment.
10
11 In line with our terms of reference, we will provide
12 the minister with our final report on 16 October 2015.
13
14 In developing the framework for Fit for the Future,
15 the government developed four criteria that each council or
16 group of councils need to address that demonstrate that
17 they are fit for the future.
18
19 The government established scale and capacity as the
20 first and threshold criterion. What this means is that, in
21 your proposals, you must firstly assess whether you have
22 appropriate scale and capacity.
23
24 To assess whether scale and capacity exists, each
25 council will need to look at and consider the panel's
26 recommendations for your council, and this is a starting
27 point.
28
29 In developing the methodology, we needed to define a
30 starting point and the only two real options we had were
31 the panel's options or the status quo. We have used the
32 panel's options to allow for serious consideration of
33 options. For example, if a merger is the recommendation,
34 that would be your starting point for your proposal.
35
36 Here are the options. Once a council has considered
37 its option or options, it must submit a proposal for either
38 structural change, that is, a merger with one or more other
39 councils; or no change; or a rural council proposal if you
40 satisfy most of the rural council characteristics.
41
42 This slide shows the scale and capacity criteria for
43 non-rural councils. Anybody who watched the webcast in
44 Sydney, would know that we discussed these criteria at some
45 length, and we may do so again today if we have any
46 comments on that topic.
47

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1 For councils submitting council improvement proposals and
2 merger proposals that are different from the panel's
3 recommendation, you need to make a sound argument as to
4 how your approach meets these elements of the strategic
5 capacity and how the proposal is at least as good as the
6 one that is proposed by the panel.
7
8 In assessing against the scale and capacity criterion,
9 we don't intend to use a marking system, for example, a
10 mark out of 10, or to weight each element in order of
11 importance; rather we will just use a judgment call as to
12 whether a proposal has demonstrated that it meets the
13 objectives.
14
15 A council proposal will satisfy the scale and capacity
16 criterion if it adopts the panel recommendation for the
17 council, or councils, or if it is broadly consistent with
18 the panel recommendations.
19
20 So what does it mean to be broadly consistent with? In
21 general terms for a council improvement proposal, the council
22 must present a sound argument demonstrating why the
23 option it has proposed is as good as or better than a merger
24 option and it has the key elements of strategic capacity
25 that were on the previous slide.
26
27 For a merger proposal, the proposal must also present
28 a sound argument demonstrating that the proposed merger -
29 for example, two or three councils instead of a recommended
30 four - has the key elements of strategic capacity again.
31
32 For a rural council proposal, the council can
33 demonstrate that the merger option, if recommended, was not
34 feasible and that it has most of the rural council
35 characteristics, which we will discuss later. In addition,
36 it needs to show that it plans to enhance its capacity and
37 performance to more sustainable levels.
38
39 There were some objectives for metro areas, which we
40 can briefly go through. They relate to high capacity
41 councils that were better able to become partners with
42 state and federal agencies.
43
44 One of the objectives for rural and regional councils
45 is be fit for purpose and maintain maximum possible
46 community life and identity. Also another objective was to
47 address councils at risk through mergers with adjoining

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1 areas.
2
3 In order to put in a rural council proposal, the
4 proposal must meet the majority of the criteria that were
5 set out in the panel report. They are things such as a
6 small and static or declining population that is spread
7 over a large area, or long distances to major regional
8 centres. We would expect for the most part that councils
9 in Group C and some from Group B would be making rural
10 council proposals.
11
12 Another area that we would like to discuss is which of
13 these criteria are most important in terms of our
14 assessment.
15
16 If the panel recommended that a rural council was an
17 option for your council, the Office of Local Government has
18 been working with these councils and has developed this
19 series of options for rural councils to demonstrate that
20 they have real improvements. This slide shows some of the
21 options that you may choose for your councils.
22
23 When we make our overall assessment, our initial
24 proposal is to rate councils as fit, not fit, deemed not
25 fit. There are some councils that are not required to put
26 in a proposal and they will have no rating.
27
28 In terms of the scale and capacity criteria, you will
29 either be fit, if you meet it and the other three criteria,
30 or you will be not fit on the basis of meeting the scale
31 and capacity criteria, and we will explore the other
32 category, the middle category of not fit, in the second
33 session.
34
35 These are our key discussion points:
36
37 Key elements of the strategic capacity; and
38 Rural council characteristics.
39
40 I will now hand over to the Chairman to open the session
41 for discussion.
42
43 THE CHAIRMAN: Thank you very much, Lucy. We can go
44 back to any of those slides if you want to during the
45 discussion. I call for contributions from the floor. We
46 have a roving microphone. I'm not sure whether we will
47 need it or not, but let's see how we go.

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1
2 Would anybody like to start off? Could you first
3 identify yourself by giving us your name and the
4 organisation with which you are affiliated.
5
6 MR LAVELLE: Gary Lavelle, from Temora Shire Council.
7 Could I go back to the issue of "broadly consistent". We
8 are a Group D council. The recommendation for us is, like
9 many others, I guess: council in a JO; or merge with one
10 of the Group B councils.
11
12 We had discussions with the Group B council. There
13 wasn't a lot of interest there, so we have taken the view
14 that we will put in template 2. The question is: we have
15 been told all the way along that if we broadly follow the
16 recommendation, scale and capacity will be met. Is that
17 the way that IPART see it?
18
19 MS GARNIER: So if you broadly follow the recommendation
20 of the panel?
21
22 MR LAVELLE: Yes, where there are two recommendations
23 essentially - an "or" and not bolded.
24
25 MS GARNIER: We would have expected you to consider both,
26 to whichever extent is required for the proposal. If there
27 is a bold one we would have expected you to consider the
28 bold one in more detail, but if you say, "Our proposal is
29 better because of this", then --
30
31 MR LAVELLE: I guess my concern is that, in the
32 methodology, the words "business case" keep popping up at
33 the eleventh hour. For us to now prepare a business case
34 against amalgamation is a bit of an ask.
35
36 THE CHAIRMAN: Your council is not bolded; right?
37
38 MR LAVELLE: No, it's not.
39
40 THE CHAIRMAN: So you can put in either one.
41
42 MR LAVELLE: Thank you.
43
44 THE CHAIRMAN: Lucy will elaborate a bit more on the
45 business case.
46
47 MS GARNIER: We have had a lot of feedback on that

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1 wording. By "business case" or "sound argument", what we
2 are looking for is some consideration of the options, not
3 for you to go and spend money and do a business case, just
4 that you have considered both in a reasonable fashion and
5 it's not just an assertion as to "This is not what we want
6 to do."
7
8 MR LAVELLE: Thank you.
9
10 THE CHAIRMAN: Just to confirm, Gary, that this is a
11 consultation so you will need to look at what the final
12 paper has but this is as it stands now.
13
14 Anybody else?
15
16 MR WIELINGA: Ashley Wielinga, General Manager Warren
17 Shire Council. Warren Shire Council is one of those
18 councils in Group C. The question I have is on assessment.
19 When you are doing the assessment process, is it going to
20 be a theory-based assessment or do you take in what
21 practically happens in those local government areas as
22 well? .
23
24 THE CHAIRMAN: Thanks, Ashley. When we do the
25 assessment, we have to make an assessment, use our judgment
26 and come up with a result which declares your council either fit
27 or not fit for the future, so it is not theoretical, it is real.
28
29 We will take into account the factors which Lucy has outlined
30 and the factors in our methodology paper and that is why
31 we are having this consultation. If you or anybody else
32 have some comments on our methodology, issues that you
33 think we should cover which we have not covered or issues
34 that we should not cover that we are proposing to cover,
35 now is the chance to make the point, but it is very much a
36 practical exercise.
37
38 MR DONALD: Ray Donald, Bogan Shire Council. On what
39 you have just said on the criteria, one of the recommendations
40 from the panel was to look at local boards centred around a
41 large area, with the smaller councils and smaller number of
42 meetings, et cetera. We were told from Steve Orr that that
43 option would be discontinued in considerations and they
44 would not pursue that; yet it seems to have crept back into
45 what you have released in your current papers for
46 consideration. Could that be clarified, please?
47

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1 THE CHAIRMAN: Do you know where that is in the paper, Ray?
2
3 MR DONALD: I can find it, but you might be able to
4 clarify that, please.
5
6 THE CHAIRMAN: I'll ask Lucy to deal with that.
7
8 MR DONALD: Page 35, apparently.
9
10 MS GARNIER: You're right, the panel report did have a
11 more structured rural council model. The Office of Local
12 Government has been speaking with those councils between
13 the release of the report and starting this process. Our
14 process is based around the template and the government's
15 announcement of its Fit for the Future proposals, so we
16 will be assessing them against the rural council options
17 that have been discussed and are contained in template 3.
18
19 MR DONALD: So what is on page 35 will not be considered,
20 that is, the part that begins with "Mechanisms such As
21 Community Boards"? .
22
23 MS GARNIER: No, that is a quote of what the panel
24 found and then we go on to say what we will consider. On
25 page 19, we say that we will look at rural council options
26 and we will be looking at the number of those options that
27 you have adopted to achieve real improvement over time
28
29 MR DONALD: I suppose my question is do we pursue that
30 option or not?
31
32 THE CHAIRMAN: I will ask Steve Orr from the Office of
33 Local Government to make some comments.
34
35 MR ORR: Thank you, Mr Chairman.
36
37 I think there are really two aspects to your question,
38 Ray. One is about the rural council concept and Lucy has
39 provided some clarity in terms of the rural council
40 concept.
41
42 The other issue which comes up in the IPART paper is
43 community boards. The community boards proposal was not
44 something which the government supported. It was put
45 forward by the panel as a potential other option. We
46 certainly have not been doing work regarding the community
47 board option. It was seen as potentially where you had

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1 very large councils, particularly in the metro Sydney area,
2 you could have community boards, but we certainly have not
3 been progressing that particular matter.

4
5 THE CHAIRMAN: To clarify, the panel came up with a
6 report. Then the government adopted most of the panel's
7 report, but the government did not adopt every aspect of
8 it. Actually what the government adopted is what we are to
9 assess against. That means that the mention of community
10 boards on page 35 is really a statement about what the
11 panel identified, but the government did not pick it up.

12
13 MR LOANE: Steve Loane, General Manager of Warrumbungle
14 Shire. It is probably early in the day for this question,
15 but just to get it out of the way, from a process point of
16 view, if IPART disagrees largely with a submission, what
17 happens then and is there an appeal process?

18
19 THE CHAIRMAN: We will be making a recommendation to
20 the minister. So we will be making a recommendation and
21 there will not be a chance for councils to appeal our decision
22 when it goes to the minister. When our recommendation goes
23 to the minister, the minister and the government will make
24 a decision and they will make, essentially, a political
25 decision based on our assessment of the Fit for the Future
26 criteria.

27
28 MR LOANE: Can I ask a supplementary question to that?

29
30 THE CHAIRMAN: Sure.

31
32 MR LOANE: Will we know that decision before it goes to
33 the minister?

34
35 THE CHAIRMAN: No. The general practice with IPART,
36 when we are asked to do reviews, and let me just give taxis as
37 an example, is that we make a recommendation, in this case,
38 to Transport for NSW on the maximum taxi fare. We make
39 that recommendation. The government then decides whether
40 they will take our recommendation or not. They make a
41 decision and when they make a decision, we post our report
42 on the website, so anybody can see whether the government
43 actually adopted our recommendation or not. That is the
44 process that we are proposing to follow here.

45
46 It is basically a report to government. They will get
47 the report and then act on it. Then what would normally

1 happen, just to repeat myself, is that when they make their
2 decision, we would post our report on the website and
3 people would be able to see to what extent the government
4 took our advice.

5
6 MS BOLLINGER: Marj Bollinger, from the Molong Advancement
7 Group. I am not as educated as everybody else here, but
8 I have a simple question to follow on from the previous
9 question. Once the government has made that
10 recommendation, do we have any right of appeal or do they
11 bring down the hammer and it is all over and done with?

12
13 THE CHAIRMAN: That is an issue for government. Once the
14 government gets our assessment of whether a council is fit
15 or not fit, the government will then make a decision and
16 they will consult - they might or might not. It is a
17 decision for them, Marj.

18
19 MS BOLLINGER: Thank you.

20
21 MS GALVIN: Donna Galvin. I work for Wellington, Blayney
22 and Cabonne Councils and manage the strategic alliance.
23 Picking up on Ashley's questions about the assessment
24 process, and you are saying that it would be real, not
25 theoretical, will the assessment panel have members that
26 have local government experience so they are able to draw
27 from their experience?

28
29 THE CHAIRMAN: Yes, and that is a good question. The
30 government has appointed a temporary tribunal member,
31 John Comrie, who can't be here today, so the tribunal has
32 been expanded from three to four. John Comrie is from
33 South Australia. Many of you would know he has a very
34 extensive background in local government issues.

35
36 The other issue is that IPART has a lot of experience
37 and a lot of expertise in local government. We have been
38 setting the rate peg since about 2010. We also deal with
39 section 94 development proposals. We have quite a lot of
40 staff, headed by Lucy, and we have a lot of experience and
41 this will be supplemented by John Comrie.

42
43 MR LAVELLE: In your report, on the methodology, on
44 page 21, there is a heading "Key elements of strategic
45 capacity" and the elements are listed. Then, further down,
46 there appears to be a catch-all phrase or a clause where it
47 says:

1
2 An appropriate minimum population size, or
3 a target number of councils ...
4
5 Could you clarify for us who sets those targets? Is that
6 the panel's report or is that a government target we are
7 talking about there?
8
9 MS GARNIER: The reason that is in the report is we are
10 asking is that appropriate that we take that, and if it is
11 decided that it is appropriate that we use a minimum
12 population size or a target number of councils, it would be
13 based on the panel report.
14
15 MR LAVELLE: That would be a government decision? So if
16 it is decided that it is appropriate that we use it, who is
17 going to make that decision?
18
19 THE CHAIRMAN: We are, after consultation with you guys.
20 This is part of consultation, right? This issue came up in
21 Sydney, as some of you would know. The issue is whether we
22 should have a minimum population - size X, for example - or
23 whether we should just take size into account in a general
24 sense.
25
26 MR LAVELLE: So just let me get that right. IPART will be
27 determining the appropriate number of councils in the
28 State; is that correct?
29
30 THE CHAIRMAN: No. In assessing the scale and strategic
31 capacity, we take account of the nine or 10 criteria, which
32 come from the panel, which are in Box 3.1 on page 21, and
33 also in doing this, whether we have some minimum cut-off
34 population or whether we just take size into account, in a
35 general sense, and that is one --
36
37 MR LAVELLE: But then the next point, if I could labour on
38 it a little bit, says:
39
40 A target number of councils in the
41 metropolitan or regional area ...
42
43 THE CHAIRMAN: Yes, these are criteria --
44
45 MR LAVELLE: I am trying to get to the bottom of who
46 sets these targets.
47

1 THE CHAIRMAN: These are criteria "or"; right? These are
2 additional criteria which would could be the appropriate
3 minimum population size:
4
5 ... or a target number of councils in the
6 metropolitan or regional area, or
7 a future plan of the council ...
8
9 I will hand over to Lucy --
10
11 MR LAVELLE: I don't like to labour on it, but "target",
12 by its very nature, means there is a level that is being
13 determined by someone.
14
15 MS GARNIER: That comment refers to a specific aspect of
16 the panel report and it actually refers to the metropolitan
17 councils --
18
19 MR LAVELLE: Thank you.
20
21 MS GARNIER: -- where they did give a target. It
22 projected what the population of Sydney would be by 2030
23 and then said, "For a city of this size, this number of
24 councils" - I believe it's 15 to 18 councils - "would be
25 appropriate."
26
27 That is where that comment specifically comes from and
28 it is not wider than that at the moment and we are
29 consulting on whether that is appropriate.
30
31 MR LAVELLE: Thank you.
32
33 THE CHAIRMAN: Yes, Ashley.
34
35 MR WIELINGA: I have a clarification on Gary's question,
36 if I may. My understanding was that IPART were assessing
37 the submissions to determine whether they are fit for the
38 future or not and that was their recommendation to
39 government. It is not clear to me whether IPART will be
40 recommending mergers for the government.
41
42 MS GARNIER: We are about to analyse the proposals that
43 you put forward and the arguments that you put forward for
44 the proposals that you make. We will not have the data to
45 create new mergers that are not either in the panel already
46 or in a proposal you make.
47

1 MR WIELINGA: I am sorry, I still don't fully understand.
2 Just say, for argument's sake, if you are fit for the
3 future, you go about your business as usual, I take it,
4 but that is a government decision. If IPART deems a
5 council not fit, does IPART then recommend the merger?
6
7 THE CHAIRMAN: For example, if the panel recommendation
8 for your council is for your council to merge with, let's
9 say, three others and you put up a proposal which is to go
10 it alone and IPART deems you as not fit to go it alone,
11 then, in effect, you fall back into the merger.
12
13 IPART does not come up with a suggested merger that,
14 having deemed you unfit, you should then merge with two or
15 three others. We are not going to do that. The panel has
16 already done that. The panel has already made a judgment
17 call, for argument's sake, that three neighbouring councils
18 should merge. If one or two of the neighbouring councils
19 don't want to merge and they put up a proposal to go it
20 alone and we deem it unfit for the future because, in our
21 assessment, they are assessed as not being fit to go it
22 alone, then, in effect, they fall back into the merger.
23
24 MR WIELINGA: Therefore the rural council would apply in
25 that instance as well.
26
27 THE CHAIRMAN: Can you clarify that question, please?
28
29 MR WIELINGA: The panel have indicated in their final
30 report, on those that are deemed in Group C, that there is
31 no benefit of a merger anyway; you don't end up with a
32 better unit.
33
34 THE CHAIRMAN: If you are in Group C, in Group C, it says,
35 in a number of them, rural council in a JO or merge with
36 somebody else, for example. Then those are the two - which
37 council are you in again?
38
39 MR WIELINGA: Group C, Warren. On further reading, the
40 panel has assessed those, and the Office of Local
41 Government, and that is why they have come up with
42 template 3, saying that for those councils in Group C,
43 there is no benefit in them merging because you don't end
44 up with a better unit.
45
46 Steve Orr is here. He can probably confirm that.
47

1 THE CHAIRMAN: No, but that is what has been said earlier.
2 In the case of Warren:
3
4 Rural council in Orana JO or merge with
5 Bogan.
6
7 That is what is in here and neither of them are bolded.
8 Therefore, you can put up either of those two proposals.
9
10 MR WIELINGA: Would it be in order then, Mr Chairman, if
11 Steve were to expand a bit on that session that we had in
12 Dubbo in relation to rural councils?
13
14 THE CHAIRMAN: I'll check with Steve.
15
16 MR ORR: I am wearing a purple jumper so I can blend in
17 with the wall behind me.
18
19 Can I perhaps clarify in broad terms what the process
20 is, as per the Chairman's comment, and that is, IPART's
21 role is largely to determine whether or not your proposal
22 is fit or not fit. That is the role.
23
24 I think that is a fair comment, Mr Chairman.
25
26 THE CHAIRMAN: Yes.
27
28 MR ORR: Then that report will go to government and
29 government will need to decide what it intends to do with
30 those proposals which are not fit or those councils which
31 are not fit, whatever that happens to be, and no decision -
32 no decision - has been made in terms of what that next step
33 is.
34
35 So it is really back in the hands of IPART to assess
36 all the proposals, to make a determination whether the
37 proposals are fit or not fit. That report then goes to
38 government and then government determines what happens
39 next. Does that clarify?
40
41 MR LAMONT: It is a political decision, isn't it?
42
43 THE CHAIRMAN: Pardon? Could you identify yourself,
44 too, please
45
46 MR LAMONT: Greg Lamont, General Manager Narromine
47 Shire Council. I just said it is a political decision at the end

1 of the day, isn't it?
2
3 THE CHAIRMAN: It is. This is input for the political
4 decision.
5
6 MR MEDCALF: John Medcalf from Lachlan Shire. I think
7 that is what we are trying to get to, because you are only
8 making a decision on fit or not fit. Then when it falls
9 back, there is no recommendation saying where you will go,
10 whether you will go into the joint organisation, whether
11 you will merge. It is a political decision and nobody can
12 say what is going to happen after that because your job is
13 to decide on only fit or not fit. It is simple as that.
14
15 THE CHAIRMAN: That's right. We assess whether you are
16 fit or not fit.
17
18 MS RYAN: Rebecca Ryan, I am General Manager of Blayney
19 Shire Council. I wanted to ask you about the template.
20 Under 1.2, which has the heading "Scale and capacity", will
21 that change then so that there is actually room for either
22 adding an attachment or dot points or boxes to talk about
23 the nine or 10 criteria? I don't think 500 words is
24 perhaps enough to address each of the criteria and is that
25 template online document or online proposal going to
26 change?
27
28 MS GARNIER: There will be a facility to add attachments,
29 because if we are asking you to make a sound argument, you
30 are right, it can't be done in 500 words. There will be
31 attachments, but I would ask that you point us to the right
32 place and make them appropriate.
33
34 MR FRANCIS: Derek Francis, General Manager Bogan Shire.
35 I wanted to check on something with the Group C councils,
36 addressing scale and capacity on the rural characteristics.
37 If I understand the template correctly, it says:
38
39 Please demonstrate how your council meets
40 the following characteristics of a Rural
41 Council (optional if a Group C council).
42
43 Am I right in saying if you have been identified as a
44 Group C council, there is no need to demonstrate how you
45 meet those characteristics?
46
47 MS GARNIER: If you are in Group C, it is a secondary

1 option. It would be helpful if you could give us some of
2 the facts to address some of those criteria.
3
4 THE CHAIRMAN: Is there anybody else?
5
6 MR HARDING: Stephen Harding, from Cabonne Council.
7 With regard to the scale and capacity, the 10 questions that
8 have been outlined in the majority of cases are very
9 subjective. Do you have any guidelines on how you are
10 going to actually assess each of those?
11
12 With some of those, like improved political
13 leadership, that is in the hands of the electors, and
14 I can't see how you can demonstrate that by a merger, or
15 something like that, you are actually going to improve the
16 quality of a council.
17
18 MS GARNIER: I would say it is quite difficult for us to
19 define those so that they meet every council's
20 circumstances, so we would be asking for you to define how
21 you would do that in certain circumstances. For example,
22 with "Scope to undertake new functions and major projects",
23 we would want some examples in your proposals of where
24 you have done that or where you could do it.
25
26 THE CHAIRMAN: You are right, Stephen, they are difficult
27 to define precisely. The question is that these are the
28 criteria that emerged from the panel's consultation process
29 and they are in the report. These are the criteria against
30 which the panel made recommendations for certain mergers
31 and certain amalgamations and we need to assess whether a
32 council is fit for purpose using these criteria. The best
33 we can do is to use our judgment across the criteria.
34
35 As Lucy said earlier on, we are not going to mark it
36 out of 10 or weight it. We are going to use our judgment
37 on it. Anything that the councils put in to demonstrate
38 that they are addressing these criteria or that they are
39 ahead on these criteria will, of course, help us in the
40 exercise of our judgment.
41
42 Yes, Marj.
43
44 MS BOLLINGER: These are lay questions, and I don't think
45 I am working off the same document that you are quoting
46 from either. In your original options, you gave the option
47 of standing alone or merging. As I read it and as I read

1 on further in the document that I have, it says, "No change
2 is not an option." So how can you stand alone and stay as
3 you are if that is not an option?
4
5 THE CHAIRMAN: Which document do you have? We are
6 consulting on our consultation paper. We are not
7 consulting on some government document.
8
9 MS BOLLINGER: The only one I have is the one headed,
10 "Methodology for Assessment of Council Fit for the Future
11 Proposals."
12
13 MS JONES: I think, Marj, to answer your question, if a
14 council thinks that they can stand alone and be fit for the
15 future, they have to show how they will change to become
16 fit for the future. I think that is what it means when it
17 says "no change".
18
19 MS BOLLINGER: So it didn't mean broadening the proposal?
20
21 MS JONES: Most councils that will put a proposal to stand
22 alone will say, "This is how we are going to survive into
23 the future. These are the changes we will make."
24
25 MS BOLLINGER: Thank you. The other question that I have
26 is that, in my definition and the definition of the
27 community who I represent, Cabonne is a rural council but
28 we can't fit the criteria that you have laid out. Steve
29 might be able to pick me up whether I am right or wrong
30 there.
31
32 THE CHAIRMAN: Which group is Cabonne in, do you know?
33
34 MS BOLLINGER: No, I don't because I don't have the
35 document that you have in front of you.
36
37 THE CHAIRMAN: It's in Group E and it says:
38
39 Council in Central West JO or merge with
40 Orange.
41
42 "Merge with Orange" is in bold. Going back to the earlier
43 conversation on Temora, that would mean that Cabonne needs
44 to put in a proposal to merge with Orange or, if they don't
45 want to do that, put in a proposal which shows that they
46 would be at least as fit for the future without doing that.
47

1 MS BOLLINGER: Orange is a city council and Cabonne really
2 is a rural council. We saw at meetings last night and the
3 night before that the rate base from Orange City Council is
4 predominantly from business and from Cabonne, it is
5 predominantly from rural. We just find it hard to see how
6 the two are going to meld together.
7
8 THE CHAIRMAN: Cabonne will have the opportunity to make
9 that case when they make their submission, if they want to
10 do so. However, with this proposal here, which is the
11 panel's proposal, which is "merge with Orange" in bold,
12 they have consulted and taken account of a lot of input and
13 they have come to a landing. But this is a chance for
14 Cabonne to make a case to do something different - that is
15 the purpose of this - and we will assess that case about
16 whether they are fit for the further to stand alone.
17
18 MS BOLLINGER: Thank you.
19
20 THE CHAIRMAN: Shaun, would you like to make a comment?
21
22 MR McBRIDE: Just picking up on that point there, you
23 referred to putting in a proposal that is at least as good,
24 and this was a sticking point on Monday, whereas the
25 document - your document - refers to "superior to" as
26 opposed to "as equal to" or "as good as". Could you
27 clarify that point?
28
29 THE CHAIRMAN: This shows that we evolve as we consult,
30 Shaun.
31
32 MR McBRIDE: I'm glad to hear that.
33
34 THE CHAIRMAN: Yes, Ashley, and then Greg.
35
36 MR WIELINGA: Thank you, Mr Chairman. I have a technical
37 question on completion of template 3. Section 3.1 is where
38 you consider those six options - resource sharing, shared
39 administration, et cetera. In the format of the template,
40 you basically launch straight into a proposal.
41
42 Councils have done a lot of investigation and a lot of
43 research into these items and we would like the opportunity
44 to give you a commentary on what we have done because out
45 of that then falls your proposal. I don't believe you can
46 do a fair and equitable assessment of our councils unless
47 you give us the opportunity to do a commentary on each of

1 those issues first and then fill in our proposals as per
2 the template, so we are seeking that allowance,
3 Mr Chairman.
4
5 THE CHAIRMAN: Thanks, Ashley. I will get Lucy to say a
6 few words.
7
8 MS GARNIER: As I was asked in a previous question, if you
9 need an attachment to do that, we will make the facility
10 available for you to attach things.
11
12 MR WIELINGA: So we can give you that information? An
13 awful lot of good things have been done and are being done
14 on that which are not necessarily a proposal, but I think
15 you need that information because this is about an
16 improvement program and you can see that and you need that
17 information, so we need that opportunity.
18
19 MS GARNIER: It would be very important for us to realise
20 whether you have considered options but not proceeded with
21 them because they are not the best.
22
23 MR WIELINGA: And what reason and what we have done, yes.
24
25 MS GARNIER: That would be very useful information. We
26 will make sure there is a facility for you to attach things
27 to explain that.
28
29 MR WIELINGA: And why we would not be progressing to
30 something like that.
31
32 MS GARNIER: That and the things that you are progressing.
33
34 MR WIELINGA: Absolutely, thank you
35
36 THE CHAIRMAN: Greg.
37
38 MR LAMONT: On the slide that you have up there, the
39 bottom bullet point refers to:
40
41 High quality political and managerial
42 leadership.
43
44 Following on from the statement of the councillor from
45 Cabonne, they are rewriting the Local Government Act or
46 headed that way, I believe. There is an opportunity there
47 for compulsory training to assist the councillors to

1 undertake their very onerous obligations as elected people.
2
3 You have a diminishing population of general managers
4 that are experienced in local government throughout the
5 industry. How will you assess the high quality political
6 and managerial leadership when each of the councils will
7 put in their submissions saying how wonderful we all are,
8 we have very functional councils and we are meeting our
9 obligations statutorily which are set up by the Office of
10 Local Government? Are you going to seek advice from the
11 Office of Local Government as to whether we are functional
12 high quality political and managerial leaders?
13
14 THE CHAIRMAN: I'll ask Lucy to answer that.
15
16 MS GARNIER: As the Chairman said, we will be using our
17 discretion to weigh up all the evidence we have to assess
18 the proposals. As I explained earlier, after you have put
19 your proposal in, there will be a period of a month for us
20 to receive other submissions on this.
21
22 Also our terms of reference allow us to seek other
23 information, as is appropriate, to make our decision.
24
25 MS GALVIN: I may be jumping ahead, but will we be
26 discussing the financial criteria?
27
28 THE CHAIRMAN: Yes, in the second session.
29
30 MS GALVIN: Thank you.
31
32 MR HALL: Mark Hall, Lachlan Shire. I have two
33 questions. Lachlan Shire is a Group F council, which seems
34 to be the box that you get put in if you don't get a box.
35
36 One of my questions is: how are you going to assess
37 the issues around becoming part of the JO when there is no
38 information on what that is even going to look like yet or
39 how that is going to operate or how that will change things
40 to be fit for the future?
41
42 Like a lot of the other councils, we have been put in
43 that category of rural council as a member of a JO as one
44 option, but what does that mean when we are putting in our
45 proposal to you because they have not even got the interim
46 ones running in any way that I understand. So how do we
47 put in a proposal that fits that?

1
2 THE CHAIRMAN: The panel has Lachlan down as to be a
3 council in a Central West JO or to merge with Parkes and it
4 is not bolded. So you can put in a proposal on either of
5 those.
6
7 If you are not inclined to put in a proposal to merge with
8 Parkes, you can put in a proposal and make the argument
9 about how you would participate and how you would
10 be fit for the future involved in a Central West JO.
11
12 MR HALL: I understand what that says. What I don't
13 understand is how we or you can actually put in an argument
14 or assess a proposal that is talking about JOs that don't
15 exist and there are no parameters for.
16
17 I guess one of problems for me is, being where we are,
18 being small in population but extremely large in area - an
19 area larger than the Sydney Basin from Newcastle to
20 Wollongong - we are being told that we are supposed to
21 merge with Lithgow, as that is the geographic equivalent of
22 us merging with Parkes, which actually abrogates other
23 government policies about distance and size. There are
24 just issues there.
25
26 THE CHAIRMAN: Yes, we get where you're coming from.
27
28 Steve, do you have anything to say on this? Then
29 I will address what you've raised, Mark.
30
31 MR ORR: I think everyone is aware that we are trialling
32 the JO process at the moment, so your point is well made in
33 terms of where it is all going. We have five pilots
34 operating and there is certainly a lot of enthusiasm in
35 terms of those particular pilots and councils are well
36 engaged in the process.
37
38 In terms of your submission - and we have said this to
39 a number of councils because they have raised a similar
40 issue - you need to make a series of assumptions about what
41 the JOs can potentially give you and how you can leverage
42 off the JO model, so that is something that you will have
43 to give some thought to.
44
45 As we have discussed, the JO model is really all about
46 how the region will work together, how the councils come
47 together to work as a region and drive a vision for their

1 region as well as potentially doing things collaboratively
2 which can lead to efficiencies and cost savings. I know it
3 is a bit abstract but, ultimately, this is something you
4 will have to consider and, if you wish, factor into your
5 submission.
6
7 THE CHAIRMAN: Thanks, Steve.
8
9 What we will do is take this point on board and see
10 whether, in the final report, we can give any further
11 guidance on this issue so that it is not as abstract.
12
13 The bottom line is that these are the options that the
14 panel has come up with and the government has adopted at
15 this stage for Lachlan, so you will need to make that
16 submission. We will try and give as much guidance as we
17 can, but whatever guidance we give, it is really up to you
18 to make the case for a joint organisation or, in the case
19 of Lachlan, the other option, which is merge with Parkes.
20
21 MR HALL: Can I ask another question?
22
23 THE CHAIRMAN: Of course.
24
25 MR HALL: We do so much of this sharing of resources
26 already, it is a little bit frustrating because that is
27 what we have done for a long, long time.
28
29 The thing I wanted to ask - and things keeps going in
30 and out of my mind when I get stressed - relates to the
31 data, the assessment statistics that put us into a box F,
32 the TCorp data, which we would argue is immensely flawed
33 in terms of its future outlook.
34
35 It was taken through the worst drought in European
36 settlement history. TCorp has taken those rural decline
37 figures and projected them forward as if they are going to
38 continue for the next 30 years to give TCorp its picture of
39 where we are going to be in the future.
40
41 In your proposal, it says "bolster your arguments with
42 statistics like", and then you quote "using the TCorp
43 statistics". Can we use some statistics that will actually
44 refer to the real world?
45
46 THE CHAIRMAN: Mark, if you want to use statistics other
47 than TCorp's, go ahead. You are making the case for

1 Lachlan. You are putting in your case. You bring to bear
2 what material you think is important and we will assess it.
3 We will make a judgment on it.
4
5 The fact that you are put in this group, that was done
6 by the panel and adopted by government. The next step is
7 for you to make a case about whether you will be in the JO,
8 whether you will merge with Parkes, or maybe you have some
9 third option, if you want to make that case, and we will
10 deem whether you are Fit for the Future or not. If you
11 want to bring to bear statistics which you think are
12 superior to TCorp's, that's fine.
13
14 MR HALL: And you're open to that?
15
16 THE CHAIRMAN: Yes. You can put in what you like. We
17 will assess it and we will come out with a result.
18
19 MR HALL: Thank you.
20
21 MR RAMSLAND: Don Ramsland, I am the General Manager
22 of Walgett Shire. We are one of eight councils in Group A in
23 the Far Western division which are not required to put in
24 Fit for the Future proposals by 30 June unless we choose
25 that option.
26
27 If we don't put Fit for the Future proposals in by
28 30 June, is there the intention that IPART considers some
29 way forward for those councils in the future? Has there
30 been any decision taken in relation to that and, if so,
31 what will that process be?
32
33 THE CHAIRMAN: Don, if you are one of those seven or eight
34 Far West councils and if you don't put in a proposal, we
35 will not assess you. We do not have to assess you, but we
36 will assess you if you want to be assessed; okay? That is
37 as far as we go. I thought it was seven councils, but
38 anyway, the Far West councils.
39
40 MR RAMSLAND: Is there a proposal at some stage that
41 IPART will assess those councils?
42
43 THE CHAIRMAN: Not at the moment, no. It's optional. If
44 you want to be assessed, you can put in a proposal and we
45 will assess it, but if you don't want to be assessed and
46 you don't want to put in a proposal, you can also exercise
47 that option. Whereas other councils who don't put in a

1 proposal will be deemed as not fit, and that was made
2 clear, in the case of you guys, we will not be doing that.
3
4 MR RAMSLAND: Okay, thank you.
5
6 THE CHAIRMAN: Yes, Donna.
7
8 MS GALVIN: On page 23 of the methodology, we talk about
9 anchoring the creation of regional centres with the
10 necessary scale to anchor a JO. I am speaking on behalf of
11 Cabonne at this stage.
12
13 Where Cabonne has to look at the merger case analysis
14 with Orange and if both were able to demonstrate that they
15 were fit against the scale and capacity criteria and the
16 financial criteria, is the next step for IPART then to say,
17 "Well, they are fit but we also now need to consider how
18 they would make a regional centre"? Is that an additional
19 criterion that we need to consider and provide evidence as
20 to why we don't agree?
21
22 THE CHAIRMAN: As we discussed earlier for Cabonne, the
23 panel's proposal is:
24
25 Central West JO or merge with Orange.
26
27 As "merge with Orange" is in bold, you either merge with
28 Orange or you put in a proposal which shows that you can be
29 at least as fit as you would be if merging with Orange,
30 then we would assess that and deem you fit or not fit;
31 okay?
32
33 MS GALVIN: But the question is: are there any additional
34 criteria that you would consider then about what impact a
35 merger such as that one would have in the creation of a
36 regional centre to anchor a JO?
37
38 MS GARNIER: They would form part of --
39
40 THE CHAIRMAN: Part of the assessment.
41
42 MS GARNIER: -- our assessment for scale and capacity, so
43 it would be a contributive factor because it is one of the
44 objectives that the panel put forward.
45
46 MS GALVIN: So we should specifically address that as well
47 as the scale and capacity and the financial criteria?

1
2 MS GARNIER: Yes.
3
4 MS GALVIN: Thank you.
5
6 THE CHAIRMAN: Anybody else?
7
8 It is coming up to 11 o'clock. We could move on to
9 the next part of the agenda or we could take a short break.
10 It's 10.55. Why don't we take a break and we will resume
11 at 11.15, thank you.
12
13 SHORT ADJOURNMENT
14
15 SESSION 2: APPROACH TO ASSESSING THE OTHER
16 CRITERIA
17 THE CHAIRMAN: Welcome back, everybody. The next
18 session is on the three financial criteria, sustainability,
19 infrastructure and service of management and efficiency for
20 which we have seven indicators.
21
22 I will hand over to Peter Leventis from the
23 secretariat to provide a short presentation before we open
24 for discussion. Thank you, Peter.
25
26 MR LEVENTIS: Thank you, Mr Chairman.
27
28 The terms of reference asked IPART to also include an
29 assessment of the performance against the Fit for the
30 Future measures and benchmarks developed for the other
31 criteria in addition to scale and capacity. These criteria
32 are:
33
34 Sustainability;
35 Effective infrastructure and service management; and
36 Efficiency.
37
38 This session of the public forum will concentrate on
39 these criteria and other considerations that may affect all
40 of the assessment criteria.
41
42 Our assessment for these other criteria is based on
43 how councils perform overall against a set of specific
44 measures. We propose to scale the seven measures in order
45 of importance:
46
47 Must meet the key benchmarks;

1 Must demonstrate improvement in, where it may not be
2 feasible to achieve the benchmark within the stated time
3 frame. A council's performance against each measure will
4 inform our overall assessment of whether a council meets
5 the criteria.
6
7 Further, we will set different time frames for
8 councils to meet or make improvements to meet benchmarks;
9 provide flexibility for councils meeting forward benchmarks
10 when a merger or rural council option is proposed, that may
11 require a short-term adjustment; provide flexibility for
12 merger proposals since estimated performance is largely
13 assumption based.
14
15 We begin with how we propose to assess the financial
16 sustainability criterion. Sustainability means councils
17 will generate sufficient funds over the long term to
18 provide agreed level and scope of services and address
19 infrastructure funding needs as identified through the
20 integrated planning and reporting process and consultation
21 with communities.
22
23 Specifically:
24
25 Is council able to meet its expenditure requirements?
26 How dependent is council on grants and contributions?
27 Does council renew assets when due?
28
29 We assess sustainability by using a number of key
30 ratios. We consider operating performance provides a key
31 measure of financial sustainability. Operating performance
32 focuses on capacity to meet ongoing expenditure through
33 operating revenues and is an important measure of operating
34 cost recovery.
35
36 Further a council's ability to raise own source
37 revenue insulates it from a fall in revenue outside its
38 control. In addition, the renewals ratio provides an
39 indication that council expenditure on asset renewal
40 matches the course of asset deterioration for the year.
41
42 Each performance measure for the sustainability
43 criterion has a benchmark target that a council proposal
44 should show it satisfies.
45
46 As we can see, non-rural councils must meet the
47 operating performance and own source revenue benchmarks

1 within five years and meet, or at a minimum, show
2 improvement for the renewals measure.
3
4 We consider this scaling may be difficult to meet for
5 councils submitting a rural council proposal due to their
6 limited ability to raise revenue. Hence we propose that
7 these proposals would need to show how the rural council's
8 plans and strategies for real change demonstrate
9 improvement in, or for the operating performance measure to
10 meet the target over a longer period, however, also
11 supported by the current trajectory of their forward
12 estimates.
13
14 We next consider how council Fit for the Future
15 proposals satisfy the infrastructure and service management
16 criterion.
17
18 A council meets that criterion when it seeks to
19 maximise returns on resources and minimise unnecessary
20 burden on the community and business, while working
21 strategically with partners to effectively leverage
22 economies of scale and scope. That is:
23
24 Does council manage its infrastructure effectively?
25 Does council spend enough to maintain its assets?
26 Does council use debt efficiently?
27
28 The top two ratios on this slide measure
29 infrastructure delivery. First, infrastructure backlog
30 indicates whether councils are managing their
31 infrastructure effectively, which may affect their ability
32 to provide services.
33
34 Related to the first ratio, asset maintenance shows
35 whether council spending is keeping up with required
36 maintenance. However, where the infrastructure backlog
37 target is being met, an asset maintenance ratio greater
38 than 100 per cent is unlikely to be efficient.
39
40 We also measure how this criterion is satisfied by
41 considering how councils spread the cost of long-lived
42 infrastructure over time through the use of debt financing.
43
44 We proposed in our consultation paper to assess these
45 performance measures in a holistic manner in the context of
46 a council's overall capital sustainability.
47

1 We also note that there might be data consistency
2 issues that need to be taken into account, which may
3 influence our consideration on how to assess whether a
4 council proposal meets or shows improvement.
5
6 As I alluded to with the previous slide, given some
7 consistency issues about how infrastructure is measured
8 across councils and some time may be required to
9 efficiently deliver infrastructure, we consider it prudent
10 to assess the infrastructure delivery ratios by requiring
11 councils to demonstrate improvement within five years
12 against the stated benchmark targets.
13
14 However, this is not the case for the debt service
15 ratio where we propose that council Fit for the Future
16 proposals should show that they meet this measure within
17 five years.
18
19 Appropriately used, debt enables the costs and
20 benefits of long-lived assets to be shared equitably
21 between generations. In contrast, continuation of low debt
22 levels within the sector will mean increasing the revenue
23 burden on current ratepayers if councils partner with
24 government for infrastructure investment or when reducing
25 backlogs.
26
27 The last criterion we are required to assess is
28 efficiency.
29
30 A council that satisfies this criterion seeks to
31 provide services and deliver infrastructure in a way that
32 achieves value for money for current and future ratepayers.
33
34 We measure efficiency by considering the real
35 operating expenditure ratio. We acknowledge typically such
36 a measure is more reflective of cost effectiveness.
37 Nevertheless, efficiency targets can be used to drive
38 efficiencies in the sector and create an incentive for
39 constraint.
40
41 However, this particular measure provides some
42 flexibility as it is a target set over time and allows for
43 growth in expenditure in line with an increasing population
44 and service needs within.
45
46 The benchmark to assess this criterion targets a
47 decrease in real operating expenditure over time.

1 Specifically council proposals must demonstrate operational
2 savings over five years.
3
4 As we note in this table, we will consider service
5 levels consistent with community priorities identified in
6 the integrated planning and reporting processes when
7 assessing a council's efficiency.
8
9 This diagram outlines how criteria 2 to 4 fit into our
10 assessment approach. That is a council is deemed fit if it
11 satisfies the threshold scale and capacity criteria and the
12 other three criteria overall; or not fit, if it satisfies
13 scale and capacity, but does not satisfy the other criteria
14 overall.
15
16 We will mainly consider, as required by our terms of
17 reference, the four criteria established for the fit for
18 future process.
19
20 However, we will also consider how some additional
21 factors influence the criteria of scale and capacity,
22 financial stability, infrastructure and service management
23 and efficiency. For example: social and community
24 context, identified in our terms of reference, which may be
25 particularly relevant for scale and capacity. We noted
26 that the Independent Local Government Review Panel
27 identified aspects of boundaries that should not
28 necessarily divide areas and mechanisms and mechanisms for
29 local representation exist and should be considered that
30 maintain local representation and identity within larger
31 council areas.
32
33 Council consultation will be considered with reference
34 to OLG guidance materials, noting that there may be
35 different requirements depending on the template used.
36 Also we will consider how balanced was the information
37 that is provided to the community.
38
39 Water utility performance is required to be separately
40 reported on if a council provides these services. The
41 seven benchmarks require the use of General Fund data,
42 however we will consider how the General Fund is affected
43 by the water utility business as relevant.
44
45 The Office of Local Government's Fit for the Future
46 template guidance material describes the information
47 required to be provided. We also provide examples in our

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1 consultation paper of possible supporting information.
2
3 We will base our assessment on the information
4 provided through our online portal using one of these
5 templates and any additional information as is stated in
6 our terms of reference.
7
8 This additional information may be provided by any
9 council to support its proposal or otherwise be gathered by
10 us or provided to us.
11
12 Any proposal provided to us should be supported by a
13 sound argument with relevant documentation. We will make
14 a judgment on the robustness of the argument, analysis and
15 information used to support a position. We may request
16 that a council provide further supporting information.
17
18 We have identified a number of discussion points
19 relevant to session 2 on our proposed assessment for the
20 other criteria for council Fit for the Future proposals.
21
22 I will now hand over to the Chairman to open the
23 session for discussion, thank you.
24
25 THE CHAIRMAN: Thank you very much, Peter.
26
27 Would anybody like to open the batting on this
28 session? Yes, Rebecca.
29
30 MS RYAN: Thank you, Peter. The performance against the
31 criteria, we use as a 2013-2014 performance. Then for each
32 of these - sustainability, efficiency, infrastructure -
33 we go to the forecast to the 2014-2017 performance. Then
34 on section 4, where we have to put in the plan, we have
35 the four-year program from 2016-2017 to 2019-2020, but we
36 miss 2014-2015 and 2015-2016. Will the template change to
37 include those two years or will that, once again, be an
38 attachment that we will put in with that information?
39
40 MS GARNIER: We will be using the templates as already
41 published, but, as we have said, at the end of our
42 discussion on these benchmarks, we do need that additional
43 information and as you are already reporting it, could you,
44 please, include it in an attachment.
45
46 MR ARTHUR: Darren Arthur, Warren Shire Council. We are
47 a Group C council. I noticed in your papers it referred to

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1 FAGs possibly being included as own source revenue for
2 rural councils.
3
4 At Warren, a third of our roads were inherited or
5 dumped by the RTA onto us. We receive a grant each year to
6 maintain those roads, even though they are on our books.
7 The depreciation rate on them is probably a quarter of our
8 depreciation. Wouldn't that RMS grant constitute really
9 own source revenue because council does not spend any of
10 its ratepayers' money on rural roads because they are RMS
11 roads?
12
13 MS GARNIER: We have tried to be as flexible as we can in
14 writing up how we will assess this ratio, particularly in
15 instances like that. What we would suggest is that you
16 make exactly that case as to why it should be included in
17 that calculation for that ratio.
18
19 MR FRANCIS: I have a question on own source revenue.
20 Could you please explain what consideration of FAGs means.
21 Does that mean we consider FAGs as own source revenue or
22 we remove it from the calculation? What is the intention
23 there?
24
25 MS GARNIER: In the strict definition of the equation, it
26 is removed. As I explained before, we have tried to leave
27 the description of how we will assess it as flexible as
28 possible so that for some councils, they will be able to
29 make a case that it should be included. We would probably
30 look at those councils with or without and then the
31 tribunal would use its discretion as to whether those
32 councils pass that benchmark, looking at both sides
33
34 MR FRANCIS: So, as a rural council, a Group C council, we
35 would have to do two lots of ratios, one on own source of
36 revenue with FAGs treated as being own source and one
37 without?
38
39 MS GARNIER: You would be able to put forward your case
40 on the basis of what you think is right. If you think it is
41 appropriate for your council, if your FAG income is pretty
42 certain.
43
44 What we are trying to do is exclude volatile forms
45 of revenue, so if yours is very certain, then you would put
46 in what you think is appropriate. We may do some
47 sustainability analysis around in and out

1
2 MR FRANCIS: A second question, if I may. What is year
3 one of five years or 10 years? Does the clock start
4 ticking in 2014-15 or is it only after the assessment of
5 Fit for the Future?
6
7 MS GARNIER: So you are making a case for 2015-16 onwards.
8
9 MR FRANCIS: Sorry, the question is: with all the ratios
10 planned to meet within five years or approved within five
11 years, what is year one of five years? Is it 2014-15?
12
13 MS GARNIER: It is 2015-16.
14
15 THE CHAIRMAN: No, it is 2015-16.
16
17 MR GARNIER: From when you start to do action.
18
19 THE CHAIRMAN: Derek, that's it, is it?
20
21 MR FRANCIS: Yes, thank you.
22
23 MR O'MALLEY: John O'Malley from Intentus Chartered
24 Accountants. We are auditors to a number of councils.
25
26 I am just wondering whether, perhaps instead of
27 considering supplementary components of each submission,
28 the tribunal has the opportunity to reassess some of the
29 financial criteria.
30
31 In particular, I look at the infrastructure criteria.
32 TCorp acknowledged its difficulty in dealing with the
33 variability of asset information. Certainly your
34 additional tribunal member, in his reports for LGA New
35 South Wales, has acknowledged the same thing. I would
36 suggest that any of the ratios where you are relying upon
37 the accounting depreciation or the specific schedule 7
38 information are fraught with danger.
39
40 I am wondering whether it will be the case that each
41 of the respondents will need to put in their own
42 calculations of how they believe the ratios should be for
43 IPART to then individually assess; or whether, through the
44 IPR process, where councils have been working on their
45 long-term asset management plans, if they have better
46 information about what cost will be required to sustain
47 their infrastructure into the future, that should be relied

1 upon in preference to accounting depreciation which is
2 based on the premise of constructing assets from scratch as
3 if they did not exist.
4
5 MS GARNIER: Thank you for that, John. There are quite
6 strict guidelines around how you work out each of the
7 criteria. You are right, there has been criticism and
8 analysis done of those benchmarks. The benchmarks
9 themselves will not change, they are set, but what we are
10 consulting on now is how much each of those benchmarks
11 will affect the tribunal's final assessment. That is why
12 we have tried to grade them with "meet or improve/inform,"
13 because we do recognise that there is some difference in
14 how some of them are measured, which is why we will be
15 taking an overall view of all the benchmarks to make an
16 assessment. So there will be some discretion added to
17 the decisions made to take into account some of those
18 things.
19
20 MR O'MALLEY: If I could add to that, certainly I would
21 acknowledge that and I was pleased to see the "meet or
22 improve".
23
24 I look at a number of the measures, and the own source
25 revenue is one in particular. Okay, we have the question
26 over the FAGs and the timing, but the own source revenue
27 includes revenue for activity councils undertake which make
28 considerable losses, so the more of that revenue they
29 include, the better they look.
30
31 Right throughout these ratios, there are a number of
32 them where, when you scratch the surface, I think that you
33 are likely to be presented with a lot of alternatives to
34 the ratios. I understand you have to form a basis to
35 measure them upon, but in particular with, say, the
36 infrastructure backlog, the cost to bring it to a
37 satisfactory condition, which is based upon the existing
38 assets, is a numerator over a denominator which is the
39 written-down value based upon the accounting measurement,
40 you have a mixed numerator and denominator.
41
42 I feel for you in having to use those measures to make
43 your assessments, because I do think each council will need
44 to put in its own individual reassessment of those to you.
45
46 THE CHAIRMAN: That's right, John. The government has
47 adopted these ratios. There has to be something that

1 anchors the discussion, so these ratios are what anchors
2 the discussion.
3
4 If councils want to put in something, it is probably a
5 good idea to put in the ratio and then put in an argument
6 about why, for your particular council, you think that some
7 other ratio is relevant, or something like that, so that we
8 can take that on board.
9
10 MR O'MALLEY: Thanks.
11
12 MR WARREN: Rick Warren, Coonamble Shire Council. On
13 the efficiency ratio, there is a trend over time with your
14 expenditure and your population and I take that as a given.
15 Words are being said that the magnitude of the change will
16 be what is considered and also the trend.
17
18 What I am asking is this: we have been basically
19 advised to use the Department of Planning's population
20 figures. When you do that, you get a sawtooth effect in
21 the trend which, to me, is basically a paradigm change from
22 what is being assessed. How will you look at that and
23 assess that?
24
25 THE CHAIRMAN: How does the sawtooth come about?
26
27 MR WARREN: Basically you have a trend over time - you
28 have your population over your deflated expenditure. As
29 you come down and the population drops, your ratio
30 effectively goes up. So you are trending down, population
31 change, up; trending down, population change, up; trending
32 down, population change, up.
33
34 THE CHAIRMAN: We will try and smooth that. If the
35 sawtooth comes about because the Department of Planning
36 issues a population forecast say every five years, then we
37 will need to look at trying to smooth that to make a
38 judgment on that.
39
40 Lucy, would you like to add to that?
41
42 MS GARNIER: It goes back to the Chairman's original
43 point. We need the data on the basis of the benchmarks as
44 defined so that we can start the discussion, but if you
45 think that there is additional information that would add
46 to the description of why that is happening and what you
47 think is more realistic, please provide that too.

1
2 MR WARREN: What I would hate to see is someone being
3 hung on a particular aspect of that which, as I said, is a
4 paradigm shift from what you are being assessed on.
5
6 MS GARNIER: Yes, and we go back to the fact that we will
7 be making a decision on the basis of all of them and
8 supporting information.
9
10 THE CHAIRMAN: Thanks, Rick, for bringing that issue out.
11
12 MR LOANE: I have two questions, if I may. The first one,
13 through you, Mr Chairman, is to Steve Orr about the debt
14 ratios so that we can make decisions going forward.
15
16 Steve, a few months ago you came to this area here and
17 we talked about the LIRS program. You said the LIRS was
18 over, yet politicians are telling us otherwise. Is the
19 LIRS over? Is it going forward?
20
21 THE CHAIRMAN: Steve, do you want to have a go at that?
22
23 MR ORR: Thank you, Mr Chairman.
24
25 In terms of LIRS - we have had this discussion
26 previously - the government put forward \$120 million over a
27 period of time. We have run three rounds now for LIRS and
28 that money has been exhausted. So for the program which
29 the government put forward for LIRS, that money has now
30 been exhausted.
31
32 What is also contemplated in terms of Fit for the
33 Future is that councils will be able to borrow money for
34 infrastructure through Treasury Corporation at a discounted
35 rate compared with what you can borrow through your
36 commercial provider. We are working with Treasury
37 Corporation to set that facility up and that facility will
38 be available later this year for those councils that are
39 deemed Fit for the Future.
40
41 THE CHAIRMAN: Thank you, Steve.
42
43 MR LOANE: I had a second question.
44
45 THE CHAIRMAN: Yes, I know. We will bring the
46 microphone back to you, Steve.
47

1 MR LOANE: Thank you, Mr Chairman. Thank you, Steve.
2
3 My second question is about cost shift. Will IPART be
4 doing an analysis of the cost shift? The Premier, at last
5 year's local government conference, talked at length about
6 council's bleeding at \$1 million a day - the \$400 million
7 bleed. The cost shift to New South Wales councils is about
8 \$510 million. In a recent document that came back to our
9 OROC council, Minister Toole made a statement that said
10 that the cost shift, in his opinion, was overstated.
11
12 This is not something that we should throw away
13 lightly and it has a great impact on our bottom line. You
14 guys are most probably the most appropriate people to
15 analyse those reports that we have been putting in over the
16 years, as we are all required to do. We have put in a cost
17 shift submission each year and they have never been
18 challenged, yet we are now being told that the cost shift
19 is overstated. I would like to know how that will affect
20 us in our being deemed Fit for the Future going forward.
21
22 THE CHAIRMAN: Thanks for that point, Steve. We are
23 familiar with that. We did a section 9 review on the issue
24 of compliance burden for local government and states, in
25 terms of implementing state policy, but it is a government
26 policy decision and the government might well ask us to do
27 a review of cost shifting.
28
29 We don't have a formal terms of reference, do we,
30 Lucy?
31
32 MS GARNIER: We have one on reporting burdens on councils,
33 which we are kicking off soon. So as part of the
34 government's response to the panel report, the government
35 also announced two further reviews that we will be doing,
36 and one is related to the reporting burdens that are on
37 councils from the state government.
38
39 THE CHAIRMAN: That is one aspect of cost shifting.
40
41 MR LOANE: So because we have been reporting in those cost
42 shift reports on an annual basis, it would still be
43 appropriate for us to report our cost shift in our analysis
44 for our being deemed Fit for the Future going forward,
45 until we are challenged otherwise?
46
47 THE CHAIRMAN: Whatever activities you do now and you are

1 going to continue to do under the current policy need to go
2 into your financial data and your ratios.
3
4 An issue about whether it is fair that you have to
5 implement some policy which is the state government's
6 policy is an important issue, but it is a separate issue to
7 this process. So whatever activities you are doing now,
8 whether you think that they are your own activities or they
9 have been shifted on to you, if those are the activities
10 you are doing now, that needs to be the material that goes
11 into the ratios.
12
13 MR LOANE: Thank you,
14
15 MR STYLES: Garry Styles, General Manager Orange City
16 Council. The question I want to ask relates to, I guess,
17 the quality of data and the decisions that get made by
18 IPART in formulating their recommendations. Essentially we
19 are being asked to accept the data that has been published
20 on a number of fronts and that may or may not show that a
21 merger is fit for purpose going forward.
22
23 The problem I have is that you are talking about
24 fairly substantial financial arrangements to merge a
25 council and there is a lack of integrity testing of
26 the data going forward and it appears to lack some
27 diligence in that process.
28
29 I understand that you guys have better criteria to
30 assess against, but if you are thinking about it in terms
31 of a merger of a very large entity, surely there should
32 be another step for diligence, if it makes it through the
33 net, on what you guys are saying from the state government
34 to properly test it before you take the next step, because
35 what happens if the assumptions that have been arrived at
36 from the assessment are drastically wrong in terms of
37 liability?
38
39 MS GARNIER: If your council is going to put forward a
40 merger proposal, the data we expect to be in there would be
41 robust forecasts. On that basis, we would suggest our
42 report to the Minister For Local Government would say
43 whether you are fit or not fit. So if your forecasts for
44 the merged entity show that you meet the criteria and they
45 are realistic and robust, then you would be found to be
46 fit, and then the minister would take the decision as to
47 what happens with that, as to whether it's trialed or

1 whether the minister would like to do more detailed
2 analysis before you actually take the plunge.
3
4 MR STYLES: Can I just provide some feedback on that?
5
6 THE CHAIRMAN: Yes.
7
8 MR STYLES: Your assumption about robust forecasts is a
9 large assumption. If you look at it from a risk management
10 perspective about putting two, three or four entities
11 together into a very substantial operation, there seems to
12 be a gap. If you make that decision from the step you are
13 at, in what you do in terms of proper merger assessment
14 from a financial circumstance in understanding all the
15 liabilities relating to assets, backlogs and things like
16 that, there is a problem with the process if you are just
17 going to step it from the analysis you are doing without
18 having done a more detailed assessment of the liabilities
19 associated with the assets involved.
20
21 THE CHAIRMAN: Isn't that the next step? The panel has
22 come up with a recommendation. Hypothetically, if the
23 panel recommends that three councils should merge, those
24 councils will put in a submission to IPART and we will
25 assess whether they are Fit for the Future or not.
26
27 In the event that some of the councils put in a
28 proposal to go it alone and we assessed that they were not
29 fit, that would be passed on to the minister and the
30 minister would then make a decision about whether to go
31 ahead with the merger, which was originally recommended
32 by the panel.
33
34 If you are saying that the minister at that time
35 should do further financial analysis and things like that,
36 that is a point that Steve can take on board for the
37 government.
38
39 MR STYLES: Thank you.
40
41 MR PATON: Geoff Paton from Blayney Shire Council. Just
42 picking up on what Garry and John were saying earlier.
43 I think the point we are trying to make here is that the
44 initial analysis that you guys are going to undertake is,
45 on some areas, based on extremely variable if not fluid
46 data.
47

1 The infrastructure backlog, for instance, was
2 generally acknowledged to be used as a bit of a political
3 tool by councils in the past. There are moves by OLG at
4 the moment to try and get that to an auditable level, which
5 is commendable.

6
7 Basically the figures that we are required to submit
8 on are for 2012-2013, when that process had not begun, so
9 councils were pretty much doing whatever they liked in
10 terms of measuring the backlog and the guidelines for doing
11 it were fairly broad. So the data that is informing the
12 process that you are going to make a judgment on is
13 probably questionable at best and that is a fairly big part
14 of the whole process.

15
16 THE CHAIRMAN: I think the point here is that we can make
17 a judgment on the best data available. A number of
18 councils don't have a problem putting in an application for
19 special variation of rates and we make a decision on that.
20 We make about 20 or 30 of those decisions each year based
21 on the best data available. That is why there is no issue
22 with us using our judgment.

23
24 It is obviously in the interests of each council that
25 makes a submission to this process to use the best data
26 available. Yes, there are cases, for some councils where
27 the data, in some aspects, might be questionable, but we
28 just have to make the best case we can. That happens not
29 just in the case of councils; it happens in other areas of
30 analysis where you just have to make a judgment.

31
32 The implication of these questions is, "Hold off
33 on the process until we get all the data right." That is
34 a government decision. The government has not made that
35 decision. The government has taken the panel's report,
36 it has asked us to assess whether councils are fit or not
37 fit and we can only do that on the best data that is
38 available.

39
40 Do you want to come back on that one, Garry?

41
42 MR STYLES: Yes, thank you. I understand what you are
43 saying about the best data available, but it is foreseeable
44 that there is some variability in this data.

45
46 If you are going to a council - it is a bit like a
47 board of directors who have fiduciary responsibilities -

1 you are asking them to lodge in favour of a merger or not a
2 merger, or whatever, how are they properly informed if they
3 are cognisant of the risk of questionable data in that
4 environment where, in theory, they should be held
5 accountable? If things goes south down the track and the
6 backlog is much bigger than it was, or whatever, there is a
7 bit of a responsibility issue in just taking that step.

8
9 I do think you're right. I think it is the Office of
10 Local Government or the minister or the state government
11 who need to deal with that. In terms of your claim that
12 there has to be a process, I agree; it's about what the
13 next step is after you guys do the assessment that you are
14 responsible to do.

15
16 THE CHAIRMAN: Thanks, Garry. Steve Orr, from the Office
17 of Local Government, is here. He can take back to the
18 minister the issue that you have raised. Yes, Ashley?

19
20 MR WIELINGA: Thank you. I have a question in relation to
21 template 3, where we have six options that we have to
22 consider to improve our performance. There is also a
23 seventh one, which is other options that don't come up in
24 any of those categories.

25
26 There are other options that are available to councils
27 that would improve their performance and we would like to
28 put a proposal forward. An example of that would be
29 probably a more equitable share of FAGs, the way that we
30 deal with regional roads, and cost shifting, as Steve
31 mentioned earlier on. If we put a proposal in that section
32 that is available there, how is IPART going to progress
33 those proposals when we can show they would show an
34 improvement in those benchmarks if treated equitably?

35
36 THE CHAIRMAN: This comes up all the time in policy
37 issues. Take the FAGs issue. You might have a proposal
38 that says that FAGs should be distributed differently than
39 they are and you might think that is a good idea and a
40 number of other councils support you. That is a policy
41 issue for government. This analysis has to be done on a
42 no-policy-change basis. It can't be done on the basis of:
43 If FAGs were distributed differently, then we would be X."

44
45 You can put those proposals in, and they can come in,
46 but the bottom line is it is whether you are deemed Fit for
47 the Future under the current policy regime, which is the

1 answer to Steve's questions about cost shifting.
2
3 That is why, for FAGs, for example, if your council is
4 the sort of council that has been getting a steady payment
5 of FAGs over a number of years, then you can make an
6 argument that it is reasonable that that is, in a sense, an
7 ongoing sustainable source of revenue. If you are a
8 council that has not been getting those payments, then it
9 will be more difficult to make that argument.
10
11 The general point is, in doing analysis and
12 formulating advice, you take a no-policy-change basis.
13 Issues about changes of policy are important but they are
14 separate.
15
16 MR WIELINGA: I can fully respect that, but if it is the
17 same issue affecting similar type councils, and that's a
18 proposal to government, it was my understanding that if
19 there were other options, the government would be looking
20 at those proposals.
21
22 THE CHAIRMAN: I don't know.
23
24 Steve, do you want to comment on that?
25
26 MR ORR: Yes, certainly, Mr Chairman.
27
28 Ashley, you raised the difficulty regarding the FAGs
29 allocation. Certainly in the government response to the
30 panel report, what they talked about was looking at the way
31 in which FAGs gets allocated, in the context of the current
32 restrictions with respect to the federal requirements - so
33 how can we distribute it slightly differently so that those
34 councils with higher needs, particularly those Far West
35 councils, might get a little bit more?
36
37 What we have also been saying is that there is no
38 silver bullet here. You may get a little bit more - it
39 might be a couple of per cent each year - and you can
40 perhaps put that in as one of your assumptions in terms of
41 what you might like to presume would happen. Equally,
42 there is no guarantee for that and, at the same time, as we
43 have been saying, it is not the magic bullet which will
44 solve all problems.
45
46 MR MURRU: Stefan Murru, Warrumbungle Shire Council.
47 My question is about FAGs as well. If you look, you will see

1 that we are a Group F council. The recommendation from the
2 Local Government Review Panel for us was that we were to
3 remain a stand-alone council in the Orana Joint
4 Organisation.
5
6 If you go to the sustainability criteria, there was a
7 question before about whether or not you would be treating
8 FAGs grants as own source revenue for rural councils. We
9 are a rural council in that we are located in a rural
10 area, but we are not pursuing template 3. We will be
11 pursuing template 2. Will we be able to include the FAGs
12 grants as own source revenue in our return?
13
14 MS GARNIER: This is an issue that has come up since we
15 have started consulting. We are consulting on this paper
16 now and we would appreciate submissions on that basis.
17 When we first wrote this paper, we intended councils would
18 use template 3, but it is becoming apparent that there are
19 some other councils who that would apply to who are not
20 doing template 3. If you could make that submission to
21 this consultation paper, then we will do our best to
22 incorporate that in the final version of the assessment
23 methodology
24
25 MR MURRU: Excellent. I have another question on the FAGs
26 as well. It has been a while since we completed our
27 self-assessment tool - I think we did it back in December
28 or November of last year. From memory, in the 2013-2014
29 financial year, we were only given half our FAGs grants
30 allocation because they ceased the prepayment of the FAGs.
31 I don't believe that was backed out in the ratio
32 calculations, so that made councils like us, who are highly
33 dependent on the FAGs grants, look much worse than we
34 really are from a historical perspective.
35
36 MS GARNIER: Again that goes back to the point that we
37 made, which is that we will use the ratios and the
38 benchmarks as they are defined. If there is a story that
39 goes alongside one, please tell us the story. Also this is
40 why we are assessing them as a basket and we are assessing
41 them over time. So if there is an explanation, then just
42 please provide it.
43
44 MR MURRU: Thank you very much.
45
46 THE CHAIRMAN: Would anybody else like to comment?
47 Are there any other questions?

1
2 MR RAMSLAND: The discussion this morning has explained
3 in greater detail what we need to meet some of the assessment
4 criteria. In the case of one or more of the councils that
5 are in those eight in Group A in the Far Western division
6 area, if they were to submit a Fit for the Future proposal
7 and if IPART were to find that that submission was
8 acceptable and they were fit, what impact would that have,
9 going forward, with the concept of this Far Western
10 Regional Authority?
11
12 THE CHAIRMAN: I think, Don, that if those eight councils
13 were to put forward a proposal, we could assess it as being
14 fit or unfit, but it would be up to the government - the
15 minister and the government - as to what they wanted to do
16 with that and where they wanted to take it.
17
18 We are happy to make an assessment if you and the
19 other councils want to put something in, but we would just
20 pass on the assessment to the minister and the minister and
21 the government would then decide whether they wanted to
22 look at some other arrangements for the eight councils.
23 I will ask Steve to add to that.
24
25 MR ORR: I think that's right, Mr Chairman.
26
27 There are really two things going on, Don. One is
28 whether or not you want to put in a Fit for the Future
29 proposal, and if you do put in a Fit for the Future
30 proposal, as the Chairman has said, that will be assessed.
31
32 What is also happening, which is a separate process,
33 is a consideration of what will happen more broadly in the
34 Far West, which involves not just councils but also state
35 and federal agencies. That is another process which will
36 continue on irrespective in terms of where that is going
37 I think there will be more detail and more clarification in
38 terms of where that is going over the course of this year,
39 but they are two quite separate processes.
40
41 THE CHAIRMAN: Thank you, Steve. Anybody else? Are
42 there any other questions or comments? Yes, Shaun.
43
44 MR McBRIDE: In Peter's presentation earlier, he raised the
45 other issues of community consultation and so on. We note
46 that IPART will assess the consultation process that councils
47 have undertaken with their communities. How would

1 IPART take into account the community's views or positions
2 that comes out of that council community consultation,
3 namely, their support to stand alone or whatever?
4
5 MS GARNIER: That will be assessed as part of the overall
6 assessment and the judgment that the tribunal is going to
7 apply to the assessment. As we have said a number of times
8 to a number of things, if you want the information to be
9 taken into account, you have to give it to us and we will
10 assess how that community consultation is undertaken and
11 then apply it to the overall assessment.
12
13 THE CHAIRMAN: There are two aspects to this. One is the
14 way that the council engages with the community and then
15 the other is the results of the consultation.
16
17 MS GALVIN: Just from the process perspective, where are
18 we to put that in our submission? If we are putting in
19 template 2, there is nowhere really - no section - that
20 seems sensible as to where we can put both the social and
21 community context and the consultation process.
22
23 MS GARNIER: It would probably relate more to the scale
24 and capacity part of your submission because I would
25 imagine that you will consult more widely on the proposals
26 for scale and capacity. Again, it would probably need to
27 be an attachment and, in your summary, where you put your
28 500 words if you can just refer us to the different points
29 in the attachment, that would be helpful, so we can find
30 our way through it.
31
32 MS GALVIN: Okay, thank you.
33
34 THE CHAIRMAN: Yes, Steve.
35
36 MR LOANE: Thank you, Mr Chairman. There has been a lot
37 said today about the economics of what we are all
38 considering, but in the interests of the triple bottom
39 line - I am sorry that I am a little bit ignorant about
40 IPART; I am not sure of the depth of your experience in
41 your portfolio - what about the social and environmental
42 impacts of what we are all discussing here today and going
43 forward? Can you talk to me about IPART's expertise in
44 those areas, thanks.
45
46 THE CHAIRMAN: Thanks, Steve. For example, on the screen
47 at the moment is the slide headed "Other considerations"

1 and the first bullet point is "Social and community
2 context." We deal with these issues with special
3 variations, which come up for increases in rates above the
4 rate peg. There are issues there that go to affordability.
5 There is the SEIFA index and things like that that we are
6 aware of.
7
8 Also in lots of other areas, for example, when we do
9 water pricing, we need to take account of affordability and
10 the impact on households, so we are pretty familiar with
11 that. We have the capacity to make those analyses.
12 However, again, as Lucy said, if there are particular
13 social, community contextual issues in your council, please
14 deal with those, put that into your application and we will
15 take it on board.
16
17 MR LOANE: And the environmental?
18
19 THE CHAIRMAN: Oh, environmental, that relates to just
20 about everything we do. For example, when we set the water
21 prices for Sydney Water we have to look at the impact of
22 the pricing rate determination we come out with and what
23 are the environmental impacts of that.
24
25 MR LOANE: Thank you.
26
27 THE CHAIRMAN: Again, environmental is also another
28 issue. If that is a particular issue for your council and for your
29 community, please draw that to our attention in the
30 application. Thank you, Steve.
31
32 Does anybody else have any other questions or
33 comments? We are reaching the wrap-up point.
34
35 CLOSING REMARKS
36
37 THE CHAIRMAN: Thank you very much for coming and
38 thank you very much for your participation and the spirit in
39 which you have participated. This has been a particularly
40 constructive forum and we appreciate it very much.
41
42 We will have a transcript produced relatively soon and
43 it will be posted on our website if you want to check on
44 that.
45
46 Also I encourage those of you who want to make a
47 submission to get the written submission in on the

1 methodology paper by 25 May. We will attempt to turn it
2 around quickly and have the final methodology paper out in
3 early June and we look forward to receiving your
4 applications by 30 June.
5
6 Once again, thank you very much and have a good
7 afternoon.
8
9 MR LOANE: Is this presentation on the website?
10
11 MS GARNIER: Yes, it came on later. It might have
12 happened after you left home, but, yes, it is there now.
13
14 MR LOANE: Thank you.
15
16 THE CHAIRMAN: Thank you.
17
18 AT 12.10PM THE TRIBUNAL WAS ADJOURNED
19 ACCORDINGLY
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