

Recommendations

- Recommendation 1** **44**
That the Premier and NSW Government withdraw the statements that 71 per cent of councils in metropolitan Sydney and 56 per cent of regional councils are ‘unfit’.
- Recommendation 2** **45**
That the NSW Government provide all local councils in New South Wales access to the proposed Fit for the Future incentives, regardless of the Independent Pricing and Regulatory Tribunal’s assessment of whether a council is ‘fit’ or ‘unfit’.
- Recommendation 3** **65**
That, as part of its planned review of the rating system, the NSW Government evaluate the option of the removal of rate pegging and allow councils to determine their own rates conditional on the delivery of a local works plan outlining the expenditure associate with any proposed rate increases and demonstrated community support.
- Recommendation 4** **65**
That the Minister for Local Government work cooperatively with the NSW local government sector to petition the Australian Government to reverse its decision to freeze the indexation of Financial Assistance Grants.
- Recommendation 5** **66**
That the Minister for Local Government work cooperatively with the local government sector to petition the Australian Government to seek to redistribute Financial Assistance Grants in order to direct additional funding to councils with the greatest needs, provided councils with the capacity to raise additional local revenue are able to do so.
- Recommendation 6** **66**
That the NSW Government eschews future cost shifting and commits to providing adequate funding to local government for any new services, assets or regulatory functions that it devolves to local councils.
- Recommendation 7** **67**
That the NSW Government ensure that those water utilities that are currently operated by local councils remain under the control of those councils.
- Recommendation 8** **91**
That the Office of Local Government, in consultation with the Audit Office of New South Wales and local government representatives, develop guidelines to ensure greater consistency across councils in the treatment of assets, including:
- a depreciation methodology that more closely correlates with the actual condition of deterioration and considers the councils’ priorities for the condition of the infrastructure
 - quantifying the useful life of an asset
 - determining the realistic residual values of assets
 - the componentisation of assets.

- Recommendation 9** **118**
 That the NSW Government implement the Independent Local Government Review Panel's recommendations to strengthen the independence of the Boundaries Commission and ensure a robust and consultative process is in place to consider council amalgamation proposals before any further steps are taken by the government in relation to council amalgamations.
- Recommendation 10** **119**
 That the NSW Government implement a program to assist and support senior staff affected by amalgamations, particularly those staff in regional areas who may need to relocate if their position is lost through an amalgamation.
- Recommendation 11** **120**
 That the NSW Government commit to a policy of no forced amalgamations of local councils, except in circumstances where it can be established that a council is severely financially unsustainable to the point of bankruptcy or unable to maintain an acceptable level of service provision.
- Recommendation 12** **137**
 That the NSW Government consider amending the *Local Government Act 1993* to allow for a period of transition between a decision to merge councils and the creation of the new council, to ensure effective planning, consultation, implementation and ongoing service delivery to communities.
- Recommendation 13** **150**
 That the Minister for Local Government encourage local councils with council-elected mayors to initiate a referendum on whether the mayor should be popularly elected or elected by councillors.
- Recommendation 14** **151**
 That the NSW Government seek to amend the *Local Government Act 1993* to increase to two years the period a mayor elected by the councillors is to hold office.
- Recommendation 15** **151**
 That the NSW Government consider amending the electoral legislation to introduce donation and spending caps for candidates at local government elections.
- Recommendation 16** **167**
 That the NSW Government make Joint Organisations available to all councils in New South Wales.
- Recommendation 17** **167**
 That the NSW Government work with local government on a statutory model for Joint Organisations based on the Hunters Hill, Ryde and Lane Cove Council model as a cooperative and consensus model for local council reform in Metropolitan Sydney.

Findings

- Finding 1** 43
While the Independent Pricing and Regulatory Tribunal has significant capacity to analyse the finances of local government it does not have the demonstrated skills or capacity to assess the overall ‘fitness’ of councils as democratically responsible local bodies.
- Finding 2** 43
That the Independent Pricing and Regulatory Tribunal’s appointment to the role of Independent Advisory Panel occurred too late in the Fit for the Future process and that the 30 June 2015 deadline for council proposals was too short.
- Finding 3** 44
That the recommendations of the Independent Local Government Review Panel that were unrelated to structural reform should have been implemented before considering amalgamations.
- Finding 4** 44
That the Fit for the Future reforms provided a positive impetus for local councils to review their long term financial sustainability and improve their performance, but the methodology prescribed by the government was too restrictive and rushed for councils to take full advantage of the process.
- Finding 5** 90
That the scale and capacity criterion was a flawed criterion and it should not have been included in the Fit for the Future assessment criteria and accordingly assessments of councils’ fitness based on this threshold criterion are not well-founded.
- Finding 6** 92
That there is significant uncertainty about the reliability of many of the Fit for the Future performance measures, which undermines the validity of the Fit for the Future assessment outcomes.
- Finding 7** 118
That the Boundaries Commission process was strongly supported by many organisations including Local Government NSW, and a strengthened and more independent Commission may make up for some of the flaws in the Fit for the Future process to date.
- Finding 8** 137
That the NSW Government failed to build on the consultative approach established during *Destination 2036* to develop a road map for the future of the local government sector, and appears to have neglected to adequately consult with the community, or effectively partner with the sector, to continue those reforms.
- Finding 9** 137
That the projected economic benefits of council amalgamations have been consistently overstated by the proponents of forced amalgamations and the costs and extensive diseconomies of scale caused by amalgamations have not been adequately explained by those same proponents.