

**Submission
No 173**

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

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Inquiry into Council Amalgamations

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No evidence for efficacy of super councils

The NSW government has constructed a theoretical position that councils cannot continue into the future unless they are large i.e. a 250,000 population size. Thus councils must amalgamate.

This conclusion is not accompanied by any evidence that super sized councils will deliver improved outcomes.

Hackneyed economies of scale arguments do not recognise that councils already cooperate with neighbouring councils on joint services, and regional organizations of councils have been operating successfully for many years.

Economies of scale arguments do not take into account the organisational and behavioural inefficiencies of larger organisations. For any worker in service provision, the closer you are to the delivery of that service the more likely it is that you will take pride in your work and enjoy job satisfaction. Corruption and underachievement are more likely to occur in large cumbersome organizations in which workers are remote from the business end.

Increased salaries for council officers responsible for delivering services to larger populations, redundancy packages for excess council workers after amalgamations and costs for transitioning to new administrations in super councils diminish claims of higher economic performance of super councils.

My municipality, Waverley, has a population of over 70, 000 and has an extraordinary number of visitors from across Sydney, from across the state and from overseas everyday. We can have 50,000 people visiting Bondi Beach alone, and 58,000 people visiting Westfield Bondi Junction per day. How do these high visitor numbers place us in the fit for the future capacity measurement?

Deficits and Cost Shifting

Evidence is presented in the Fit for the Future reform documents that Councils are running up deficits, and the government posits that the only redemption for this situation is the amalgamation of councils into super sized councils.

The reality is that since 1977 the NSW government has been pegging Council rates, despite increases in population sizes within existing councils and increased community expectations of their councils. This constructed regulatory framework for council rates is the design of the NSW government. So the government cannot be surprised that local councils must work very hard to balance their books.

In this almost forty year context of rate pegging, the state government constantly has been cost shifting to councils responsibilities that should be covered by the state government. This exacerbates the fiscal constraints on councils. Yet Waverley Council has adeptly managed its finances despite a declining rates base in real terms, a situation which cannot be sustained indefinitely.

In Waverley, Council has clearly been taking full responsibility for carrying the recurrent cost burden of its national and state significant tourism destination, Bondi Beach, whilst maintaining its financial sustainability. Bondi Beach hosts an average of 2.2 million international and domestic visitors annually. 50,000 people can be on the beach on any one summer day. These numbers are similar to crowds attending major event cricket or football stadiums, yet Council expertly manages this influx using its experience developed over more than a century. Council's professional Lifeguard service rarely rescues local residents. Rather the lifeguards assist huge numbers of visitors to enjoy a safe beach swimming environment. This knowledge and expertise is irreplaceable.

Bondi Beach, Bronte Beach, Waverley and South Head Cemeteries, and Dover Heights cliff top parks are also sought after destinations. Pressure of use on all these sites attracts upkeep costs. These attractions are also the basis for many businesses, both local and in Sydney (hotels, tour operators) which rely on the visitor dollar. Residents subsidise tourism at these sites.

The upkeep of our iconic beaches is year round, and increasing popularity of the coastal parks and the coastal walk in winter, as well as an extended swimming season as the climate warms, requires additional maintenance and management. Council's professional lifeguard service is year round at Bondi and Bronte Beaches, and demands for beach raking, repairs and cleaning of amenities and toilets, waste collection and tip fees and care of beachside parks are intensifying. Yet Council takes care of all this. Imagine the surplus if Council had recurrent state and federal budget support.

Special occasions like New Years Eve and Australia Day when Waverley Council has to manage crowds celebrating on the beaches and watching harbour fireworks from Dover Heights by employing private security personnel to supplement stretched NSW Police resources. Maintaining safe streets, beaches and parks with harbour views are significant cost demands on council. Added to this are the costs of entertainment at Bondi Beach which is essential in crowd control on such nights, as well as the clean up the next day.

More hidden issues are in the State government stranglehold over S.94 contributions, over its stymying of Council's attempts to retain affordable housing, and over its approval of a major re-development at Westfield's Bondi Junction site which attracts some 20 million shoppers annually, requiring on-going management of access and support for businesses outside the centre. In addition, the voluntary SES and the professional NSW Fire Service receive substantial financial support from Council.

Maybe the problem lies in a tangle of state and federal tax issues delivering inadequate revenue for re-distribution to the front line services provided by Councils, Perhaps taxation of large corporations, of higher income earners, of mining companies and reduced subsidies to the fossil fuel industries might result in more income to government. It is ironic that the state government happily siphons millions of dollars out of Waverley in Land Tax and Stamp Duty, yet it uses its muscle to constrain rates. And there is no informed debate in the wider financial context of federal and state tax regimes.

The solution to alleged Council deficits is not radical change to the way local government is organised but rather to look for evidence of poor state government administration of its own responsibilities, such as the delivery of “more housing, more jobs and better transport” as identified in the “Fit for the Future” NSW government's own literature, all of which are clearly in the hands of state government.

The Carrot AND the Stick

In the context of the strangle hold on income for councils by the state government, the enticement of increased funds for councils to agree to merge is particularly galling. If there is more money available for local government, albeit a trifling amount, why is it not given to councils to assist for example in their capital works programs?

The state government is now presenting an argument to the community that there is no choice but to have your council amalgamated with other councils. The choice is between a voluntary amalgamation or a forced amalgamation. If there is no choice, then why are there financial inducements for councils to sign up?

It is not surprising the community questions the legal standing of forced council amalgamations.

Discarding Democracy in “Fit for the Future” Processes

Both the state government and Waverley Council have articulated a reluctance, even at times a policy, of no forced council amalgamations. This has amounted to commitments to only amalgamate councils if their residents agree to it.

The “Fit for the Future” reform agenda did not provide for a referendum on council amalgamations in order for the view of the public to be fairly ascertained. This could have easily been done at the state election which was concurrent with the Fit for the Future time frame. Winning an election does not translate to a mandate for all policies. The thrust of

the Liberal state election campaign was the sale of the poles and wires, and did not focus on council amalgamations.

Waverley Council's Amalgamation Community Consultation

(I) Manipulative Community Newsletter

Waverley Council devoted a whole community newsletter to inform residents about Council amalgamations (Waverley in Focus 3 Community Newsletter #63 Summer 1024/2015). Within it there was information about council amalgamations in other states of Australia.

Data about numbers of council areas before and after amalgamations were given for other states, and in one case (South Australia) it informed that there was an intention to amalgamate councils with fewer than 60,000 residents.

There was no information about the current number of councils in NSW nor the NSW Liberal's target for the number of councils in NSW. There was no information about the target population size for councils in NSW (250,000) nor the size of Waverley Council (70,000). Residents could not compare what the NSW Liberals had in mind for councils in NSW with other states with this community newsletter. They were manipulated into thinking that council amalgamation was normal.

(ii) Poor Methodologies in Council Surveys/Community Consultation

Some Councils undertook community surveys to seek the opinions of their residents. Waverley and Randwick Councils both carried out such surveys. The community has issues with the methodologies used by both councils in their surveys.

Waverley Council conducted four types of survey. All the surveys had in common that residents needed to use preferential voting to put a number in each of six boxes to rank the types of council merger they wanted, including an option for no merger. Residents were instructed to put a number in every box. Even if they wanted no merger to occur they had to number boxes for different types of mergers.

(i) Telephone Survey

- Only landlines were used (mobile phone households were excluded. This is a younger demographic which was not surveyed)
- If residents had not seen the Council information package, though they may have been an expert in council amalgamations, they could not participate in the survey
- Not all households were supplied with the package e.g. some streets not supplied, one copy per residential flat building etc
- The telephone survey was claimed to be deliberative polling, even though Council and the state government controlled all the information on both sides of the argument on council amalgamations within the package. The opinion of a variety of stakeholders was not available to residents so they could not effectively deliberate on the issue.

(ii) Online Survey

- (iii) Paper Survey
 - Questionnaire available at council counters
- (iv) Business Survey
 - It is unclear how the businesses were surveyed.

It was possible for residents to vote on three surveys. I know residents who did vote three times, once on each survey type ((i), (ii) and (iii)). There was no resident identification on the paper survey, so presumably you could complete many paper surveys and vote many more times than thrice.

There were 623 resident phone surveys and 647 resident online surveys. These surveys were “weighted by age and gender to ensure the surveys are representative of the community”.

Given the skewed demographic of the telephone surveys using only landline numbers, and the fact that if you lived in a residential flat building you were much less likely to see the information package than if you lived in a cottage, the demographic captured using the survey tools was likely skewed.

Given this skew many responses may have been deleted by weighting (people of that demographic were already over represented in the survey). This would mean that an even smaller number of responses were used to gauge the feeling of the community on council amalgamations.

The community feels betrayed that a proper referendum on this matter has been replaced with a small unrepresentative collection of surveys which have little validity.

(iii) Inadequate Survey Data Analysis

Not having the raw data available to us, we don't know whether votes were deemed invalid if they did not put a number in every box. For example some residents who wanted no part of any amalgamation may have put only a number one in the box for no amalgamation leaving all the other boxes blank. Were these votes counted? We presume not.

The data was analysed and presented by IRIS Research. In their document “Waverley Amalgamation Options Survey of residents and business” :

- No data was presented for residents who chose only one option on the ballot
- Data was presented only for respondents who put a number in every one of the six boxes
- Resident paper survey data and resident online survey data were added together and presented as one data set (no reason given)
- The highest primary vote was for the status quo Residents 36.6%/Business 38.7%
- The primary votes for various mergers:
 - Merger with Woollahra and Randwick: Residents 11.9%, Business 11.8%
 - Merger with Randwick: Residents 11.9%, Business 9.7%
 - Merger with Woollahra: Residents 13.9%, Business 16%
- The first data analysis was to re-assign the primary votes of those who voted for the status quo to their second preference amalgamation as a first preference vote

- The second data analysis was to re-assign the primary votes of those who voted for a Waverley Woollahra amalgamation to their next preference amalgamation (presumably because Woollahra is resisting a merger and the state government cannot force any council to merge)
- They then looked at the biggest tally for the type of amalgamation after the above two steps

Using the above methodologies, Waverley Council publicly stated that the majority of residents wanted amalgamation. The Council then chose an amalgamation for Waverley, with Randwick Council which was not the most favoured amalgamation by Waverley residents.

The community feels that since they were asked for their preferences on a survey paper, then a preferential voting system should have been used:

- Including all survey responses that registered even just one number on the ballot
- Start with the survey responses with the lowest primary votes and distribute their votes to their second preference
- Obtain the pile with the smallest number of votes and distribute their third preference votes
- And so on

Using this methodology you might have found that survey responses which had voted for some kind of merger may have voted for the status quo as their second or third preference and the status quo vote may have remained the highest vote overall. We will never know.

The community view was that the data analysis was conducted to obtain a result Waverley Council wanted. We do not believe that the community consultation has any validity.

Waverley Council is thus forcing an amalgamation on its residents, contrary to the public constant affirmations of Waverley Council that they would not be part of forced amalgamations.

Concluding Remarks

That state government has not provided a cogent argument for super sized councils, whilst there are coherent reasons for council sizes remaining as they are.

Waverley Council has stated that there will be no forced amalgamation for Waverley.

The state government presents to the community a bluff of no choice: you choose your amalgamation or we will choose it for you. However the state ignored the opportunity for a referendum on the subject at the recent state poll, thus requiring of Councils to gauge their residents views by other means.

Waverley Council with its Liberal majority headed by Cr Sally Betts was keen to progress the state government's agenda for Council amalgamations, and conducted poor community consultation which cannot be relied upon to gauge community opinion.

In Waverley we are left with a council complicit in the state government's bluff.

In recent statements to the Wentworth Courier Cr Betts says she knows the community does not want any amalgamation but her council must petition the state government for an amalgamation with Randwick, lest the government decides to amalgamate Waverley with the City of Sydney. An amalgamation with Randwick was not the favoured option for merger with Waverly's residents.

In removing the possibility of a merger with Woollahra, Waverly Council is admitting that you cannot force a council to merge, so why are they peddling the line about avoiding a merger with the City of Sydney which wants to stand alone?

We need a more open, transparent and evidence based process to make such an important a decision for the future of local government in NSW.

Thank you for the opportunity to submit these ideas.

Yours faithfully

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