

**Submission
No 74**

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Organisation: Efron Media Group

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EFRON MEDIA GROUP

Submission

Local government in New South Wales (Inquiry)

conducted by the

General Purpose Standing Committee No. 6



About Us

Efron Media Group provides advisory services at all organizational levels and sizes from the initial start-ups through to global players. Unlike our larger competitors we are not restricted by organisational process, which provides us with the flexibility to offer our services to all business groups

Specialising in four key business areas, these being: Strategic Human Resource Advice, Employee Acquisition, Corporate Strategy, Efficiency Modelling, Marketing and Client Services and Technology. We deliver end to end process management or alternatively tailor specific projects to your organisation or individual departments depending on your requirements.

Every client has specific requirements and these must be managed to include the current market and organizational culture. In our initial organisational analysis we consider all factors both internal and external.

Our goal is to create a strategy and the requisite processes that will enhance both internal and external relationships. While concurrently improving efficiency and developing productivity which aids overall profitability.



Executive Summary

Efron Media Group believes that the amalgamation of local government agencies or councils will provide significant cost saving and efficiency improvements for the constituents of these areas.

However, in making this statement we further believe that this process is only a partial improvement. In essence, it is our view, that the centralisation of council functions is of paramount advantage to the population of NSW.

The structure of the combined group would fall under a Government department and be answerable the Minister for Local Governance, the Minister for Planning and Environment and the Premier of NSW.

The establishment of such a body would remove councils as they are currently structured and replace many of the core services with Government departmental staff.

This strategy has significant advantages; such as but not limited to, cost savings as many of the roles are currently replicated. Further advantages are reduction in potential corruption and bribery issues pertaining to local government due to effective allocation of work and central processing.

Furthermore the inclusion of state government Members of the Legislative Assembly and Legislative Council representatives would further stabilize the process for constituent action, advice and consultation.

The additional cost increase to the state treasury would be mitigated by the payment of 'rates' to the aforementioned government department thus making this process cost neutral with regard to the State Budget.

Introduction:

1. Firstly we would like to thank the New South Wales Legislative Council General Purpose Standing Committee No. 6 for the opportunity to submit our views, concepts and available options to the review of the Local Government structure. We would also like to thank the New South Wales State Government for the development of the 'Fit for the Future' program that has been the trigger point for this review.
2. We believe that local government provides exemplary services to their constituents in New South Wales (NSW). The 'Fit for the Future' program provides significant costs savings and efficiency benefits to the whole of NSW. These benefits provide for further spending and an increase in services to all residents of NSW.
3. In saying this, the amalgamation strategy or "super councils" are merely a starting point to true reform. Although significant saving can be attributed to these mergers, there are continuing shortfalls and replication of duties that should be addressed.
4. Furthermore, the current structure, even if amalgamated does not provide sufficient oversight, which will further mitigate the corruption that has been discovered and reported with regard to local government.
5. We argue that the amalgamation of local government councils is only an initial step towards better governance, better efficiency and greater cost savings. We argue that centralisation is the cornerstone of effective management of local government issues. In this submission we have chosen not to review the current proposals rather to develop them into what we believe will benefit constituents and Government concurrently.

A Case for Centralisation.

6. Centralisation provides significant benefits to all stakeholders. The offerings of such a system provide for faster turn around time of simple local government matters such as development approvals, structural changes and increased response rates with regard to public issues. Furthermore centralisation places the role of local government in the hands of the NSW State Government and respective departments thus eliminating many of the replicated roles within council.
7. Centralisation mitigates or minimises the propensity for corruption within the Local Government administration. This is due to central processing structure and oversight committees.
8. Centralisation provides for significant savings. Randwick City Council, one of the only councils, to have conducted full integration assessments to date. Their reports state that the cost savings as a result of amalgamation are between 241M (2 council) and 393M (three council) over ten years.
9. What is interesting is that these results, which can be found here <http://yoursayrandwick.com.au/future/documents> and here;
 - [Option 1: Randwick \(no change\) \(74.5 KB\) \(pdf\)](#)
 - [Option 2: Randwick + Botany \(129 KB\) \(pdf\)](#)
 - [Option 3: Randwick + Waverley \(86.2 KB\) \(pdf\)](#)
 - [Option 4: Randwick + Waverley + Botany Bay \(142 KB\) \(pdf\)](#)
 - [Option 5: Randwick + Waverley + Woollahra \(158 KB\) \(pdf\)](#)
 - [Option 6: Randwick + Waverley + Botany Bay + Woollahra \(198 KB\) \(pdf\)](#)
 - [Option 7: Randwick + Waverley + Woollahra + Botany Bay + Sydney \(226 KB\) \(pdf\)](#)

all show significant saving yet retain the existing number of employees. This however does not include any staffing reductions. The amalgamated process should in essence reduce staff numbers by a certain level to improve overall efficiencies.



10. The majority of these positions could be retained or merged. However, there is no requirement for three General Manager positions, or three Planning Manager(s) in an amalgamated council structure.
11. Additionally, centralisation will remove the bulk of the Human Resource positions and other shared services, as the State Government has departments performing these tasks.
12. Therefore, it is clear that the cost benefits have been further increased above the expectations noted in the reports.
13. Yet cost savings, presents only one component of our proposal, effective Local Governance is another.

Part One: Our Vision for Local Government

Section 1: Does the Legislation allow for Centralisation

14. The power of local government is provided by, in the first instance the Constitution Act 1932 (NSW), and further by the Local Government Act 1993 (NSW).

The NSW Constitution Act 1932 states:

Part 8 Local Government 51

Local government

- 14.1. There shall **continue to be a system of local government for the State under which** duly elected or **duly appointed local government bodies** are constituted with **responsibilities for acting for the better government of those parts** of the State that are from time to time subject to that system of local government.
- 14.2. **The manner in which local government bodies are constituted** and the nature and extent of their powers, authorities, duties and functions **shall be as determined by or in accordance with laws of the Legislature.**
- 14.3. The reference in subsection (2) to laws of the Legislature shall be read as a reference to laws that have been enacted by the Legislature, whether before or after the commencement of this section, and that are for the time being in force.
- 14.4. For the purposes of this section, the Western Lands Commissioner, the Lord Howe Island Board, and an administrator with all or any of the functions of a local government body, shall be deemed to be local government bodies.
15. We are of the opinion, that the constitution provides for two distinct methods by which local regions may be governed. That is an elected group of people as is currently the case, or by the appointment of local government bodies.



16. Furthermore the Constitution Act continues to state that “The manner in which local government bodies are constituted and the nature and extent of their powers, authorities, duties and functions **shall be as determined by or in accordance with laws of the Legislature**”.
17. Therefore, the legislation created by the NSW Legislature forms the scope and control within which local councils operate. Thus, the amendment of such legislation can facilitate the transference of these powers to a centralised body.

Part 1

Section 2: Structure of Divisions and Representation

18. Our Proposal is that the existing council boundaries should be used as a guide for the creation of the new local governance divisions. Furthermore the divisions for management purposes should be based on State Parliamentary representation seats. This provides for a level of consistency regarding population numbers within the local governance regions.
19. Our research has shown that the most functional number of State Representative seats is at minimum three but no more than five.
20. The other reason for choosing State Parliamentary boundaries is that the Members of the Legislative Assembly (MLA's) representing these electorates are well suited to discuss, approve and advise on local issues.
21. We therefore, propose the following structure for the Local Governance Committee:
 - 21.1. Members of the NSW Legislative Assembly and Duty Senators Charged with the region. **Voting Rights**
 - 21.2. Local Governance Regional Manager **Voting Rights**
 - 21.3. Minister for Local Government or Representative from their office: **Voting Rights.**
 - 21.4. Department of Local Government Group Representatives **No voting rights.**
 - 21.5. Parliament of Australia Members of Parliament representing the Region (by invitation) Federal MP's are not obliged to participate but are invited to provide feedback and advice as they also represent the constituents. **No voting rights**
22. The Local Government Committee (LGC), would meet monthly. Their role is to review all planning requests that do not meet the general criteria and vote in favour or against the application. They would also provide feedback to the DLG representatives and Regional Manager on local issues that required upgrades, review or maintenance.

23. Annually this committee will review grants and awards.
24. Feedback will be provided to the community (constituents) via local newspapers and regional Governance websites on a monthly basis.
25. We believe that this structure meets the inherent requirements for local knowledge and representation without reducing any cost savings that were created by centralisation.
26. We also feel that this structure is transparent and will mitigate any potential corruption issues which have been found through the Independent Commissioner Against Corruption inquiry and reported within the press.
27. We also feel that there must be an effective appeals process, one that is transparent and functional. Therefore, we believe that the appeal process should not be merely conducted by an individual.
28. We propose the following Appeal Process:
 - 28.1. There would be a secondary review by the LGC. If their decision remains the same the issue would be referred to the LG Appeals Committee
 - 28.2. The appeals committee which would meet monthly, would be comprised of the Director of of the Department of Local Governance the Minister for Local Government, the Minister for Environment and the Premier
 - 28.3. If it is the case that any of these members appear on the LGC then they would be replaced by a Parliamentary Secretary or Shadow Minister.
29. The process would provide for a verbal and or written appeal by the submitter and the reasoning for the negative outcome by the LG Regional Manager.
30. The decision of the Appeals committee would be final.

Part 1

Section 3: The Structure of the new Local Government Department

31. The structure of the new local governance system should be as concise as possible. This achieves two primary goals: that is; the reduction of non functional staff costs and a better management of local issues.
32. This is achieved in a number of ways:
33. The creation of the Department of Local Government (DLG), answerable to the Minister for Local Government (MLG).
34. Creation of Positions within DLG
 - 34.1. Regional Managers
 - 34.2. Work Groups within the DLG
 - 34.2.1. Planning : Primary objective is to process and perform initial reviews of all Development Approvals and Building Approvals, Restaurant Dining, Street Dining.
 - 34.2.2. Processing: The processing group is the administrative group of the departments. Their primary role is to direct constituents complaints, concerns and application to the correct group or department. This group would be charged with the organisation of repairs and maintenance of public sites. The majority of general issues could be dealt with electronically via LGD website forms. Apart from information this site would be used for reporting issues and submitting Building Approvals and Development Approvals.
 - 34.2.3. Maintenance: Primary operations includes the upkeep of government buildings pertaining to local Governance and the upkeep of park equipment, parks and beaches. Maintenance would receive their work orders through the Processing group.

- 34.2.4. Environment: The environment is a pressing issue, this group will deal with all local environmental issues including but not limited to conservation, sanitation, fishing, pets and parks. This group could be housed within the Department of the Environment.
- 34.2.5. Water, sewerage and drainage: The current maintenance operations conducted by council would be transferred to Sydney Water. Those groups outside of the Sydney Water jurisdiction would organise this through their water and sewerage contracted service. This however could be amended and Sydney Water could potentially be grown into a State wide initiative.
- 34.2.6. Grants and Awards: Grants and Awards are critical to prosperous local regions this department will oversee the grant process for local community groups and businesses. Awards would be consistent across all regions. The short lists would be prepared by this department and then forwarded to the Regional Committee for selection and approval.
- 34.2.7. Roads and Parking (PART OF RMS) All road and road related issues will be referred to the the Department of Roads and Maritime Services. This includes road repairs and maintenance, parking permits, pet registrations and parking fines. This department could be charged with the responsibility of maintaining parking meters and managing public car parks.
- 34.2.8. Libraries and Education: These should be transferred to the Department of Education. Under their control libraries would be equipped with the right infrastructure which would benefit both young, mature and elderly constituents.

35. The creation of such a department centralises the majority of council related processes. This provides a streamlined system for processing and adds to the significant costs savings of the centralisation process. Furthermore the centralisation of these issues removes much of the potential corruption risks. Corruption under a centralised system is mitigated as no one particular staff member deals with a particular region. Therefore, as a result of this strategy there is complete transparency over all applications, approvals and referrals.

Part 1

Section 4: Budgeting and Cost Allocation

36. Establishing strong budgetary processes and proceedings is critical to the effective management of local governance regions.
37. Consolidating and assessing current Local Council budgets and expenditure is required to obtain a baseline for the allocation of funding to Local Governance Regions.
38. Consideration must be given to the additional requirements of Sydney Water, The Department of Education and the Department of Roads and Maritime Services (RMS) as these groups will need to potentially increase their service offerings.
39. Road maintenance and local governance education schemes having been merged with the Departments' of Roads and Maritime and Education, will require additional funding to facilitate the effective management and maintenance of their new charges. This funding may be allocated in numerous ways. We suggest two potential options
 - 39.1. Bill Back Facility (BBF) the expenditure is authorised by DLG and the respective department invoices the DLG for the work.
 - 39.2. Allocate a specific level of funding to the Departments for expenditure in their respective areas. The amount of these funds would possibly be based on historic spending averages.
40. The results from each regions budgetary analysis would be provided to the Regional manager for the initial budgetary review and to the LGC for approval and submission to the LGD.



41. It is impossible within this submission process to create a strategy for each region as no two regions are the same and will require different resources and budget allocations.

42. It can be said that due to centralisation the pool of funds would be far greater than the expenditure. This is derived from better tendering processes and agreements, consolidated staffing and centralised processing. Moreover, the cost savings would be reinvested into regions to facilitate better services for their communities. Additionally, in time this could result in reduced 'rates' payments thus creating more funds for families and investors further strengthening the economy of NSW. Alternatively, these funds could be utilised by the State Government to supplement education and healthcare.

Part 2 Counterarguments Opposition to Amalgamation/Centralisation

Section 1: Representation

43. *We ask this question why are so many councils against the amalgamation process? This is asked because if these groups are against amalgamation, why then would they be in favour of centralisation and governmental control?*
44. Let us answer the second question first.
45. Councils would be against centralisation for the same reasons as they are against amalgamation. Although these reasons are in certain circumstances valid we shall review them individually below to ascertain the real validity of the argument.
46. The reasons for the exclusion of amalgamation have been obtained through surveys conducted by councils and are all readily available in the public domain. Furthermore we have taken what we believe are the key or common threads.
47. REPRESENTATION: The majority of councils have stated that in surveys conducted, of their constituents. The vast majority believe that the amalgamation would reduce representation. Furthermore many go on to state that in general local government representatives have a better knowledge of the local area.
48. We argue that this in part may be true. That yes, having the councillor structure does provide opportunities for the decisions to be made by people residing and working in the area.
49. However, we would also argue that although this may be true, their argument is weakened by our proposal. Which as stated, includes the Local Members of the Legislative Assembly, Local Members of the Federal Parliament of Australia (by invitation) and Regional Managers. This strategy as stated provides for significant representation.
50. Additionally the supported Governmental Department structure allows for improved processing of feedback on local issues, provides for stronger representation through structure and finally provides a more open forum whereby all voices can be heard.

51. Furthermore, the structure as defined previously provides for greater transparency. Thus initiating the reduction in any potential corruption issues that may arise.
52. We believe that the argument for representation is weak and more self serving. Councillors stand to lose significant personal benefits such as financial payments and technology based perks.
53. Councillors within metropolitan councils which include councils such as Marrickville, Waverley, Burwood and Woollahra to name a few, receive benefits in the region between \$8330.00 and \$18,380.00 for councillors with additional payments of between \$17,740 and \$40,090 for the Mayor
(<http://www.lgnsw.org.au/files/imce-uploads/127/2015-report-and-determination.pdf>).
54. A council such as Marrickville, has 12 Councillors. For the purpose of reporting let us say they are each on the bottom threshold for remuneration. The total base remuneration is \$99,960. Again, let us say the Mayor of this council is also taking the minimum amount of remuneration \$17,740 the total paid to council elected representatives is \$117,700. This excludes the mayoral car, communication devices, PDA such as iPads or Laptops.
55. It is also interesting to note that the majority of metropolitan and metropolitan centre councils have General Managers on salaries between \$180,000 and \$400,000. Marrickville Council General Manager receives a total remuneration benefit of \$299,705, this includes a Salary of \$257,461
(<http://www.marrickville.nsw.gov.au/Global/Council/Forms%20and%20publications/Annual%20Report/2013-14/Annual%20Report%202013-14%20Full%20Report.pdf>).
56. While Randwick City Council which is of greater size, as it is referenced as a Metropolitan Centre, receives a total remuneration package of \$393,900
(http://www.randwick.nsw.gov.au/__data/assets/pdf_file/0009/29196/Annual-Report-2014.pdf). We are not arguing against the salaries of these public servants their roles require significant knowledge, training and personal investment. We are however, stating that if centralised there would be less replication thus further savings.

57. In conclusion we can see that the argument for representation is flawed as our process provides for significant representation. Additionally there may be rigor to the hypothesis that many of the councillors are in fact against the amalgamation as they will no longer receive many of the benefits that they do under the current provisions.

Section 2 Local Government Facilities

58. *Councils are charged with the responsibility of maintaining public parks, pools, libraries and numerous other public facilities. In the event of amalgamations these will no longer be maintained or upgraded.*
59. We believe that this is flawed, due to the structure we have put in place as part of our proposal.
60. The vast majority of Members of the NSW Legislative Assembly are very much involved in local community groups and associations. The same can be said for the Federal Members of Parliament.
61. We believe that having the members of the Legislative Assembly and Federal Members of Parliament (by invitation) overseeing the process of the region they represent provides for significant upkeep of public resources and the development of more public resources.
62. Our reasoning stems from the simple fact that the elected representatives have a responsibility to their communities and constituents.
63. We all use these areas, we all benefit from the public spaces, parks, pools, roads and community centres. We also elect our State and Federal representatives, therefore, is it not in their best interest to maintain all of them? If they do not perform their roles, do we then not have the ability to elect someone who will?
64. *The responsibility remains with the local member, it provides transparency and accountability.*

Section 3 Public Support

65. Constituents are not in favour of amalgamations or centralisation.
 - 65.1. “57% of Randwick City residents are not supportive of amalgamation – Micromex telephone survey July 2013”
(<http://yoursayrandwick.com.au/future/documents/18464/download>)
 - 65.2. Then there is this statement
 - 65.3. “In two separate questions in the survey, a consistent 49% of respondents indicated they preferred no change with the remaining 51% preferred one of the merger options”
(<http://yoursayrandwick.com.au/future/documents/22308/download>)
66. Whichever result is considered, the critical component is that in the results noted above in reference 65.3 the respondents totaled 6,446.
67. We find that the population of Randwick is 142,310
(<http://yoursayrandwick.com.au/future/documents/18464/download>)
therefore in reality a total of 4.53% of the total population of Randwick has responded. With respect to fairness let us use the example that 57% of residents are not supportive of amalgamation. 57% of 6446 is 3674.22 residents.
68. Now as a total percentage 2.58% of the total population of Randwick are against the amalgamation of Randwick Council.
69. If we express this differently 97.42% of residents in Randwick Council, have no interest in local government or support the proposition of amalgamation by omission, or “**qui tacet consentire**” Who is silent gives consent.
70. We argue this, due to the fact that if the 97% had a strong view either way they would have expressed their desire by submitting responses to the surveys conducted by, in this case, Randwick Council.
71. Waverley Council, also conducted a poll of both its residents and businesses. Their results as a percentage value were quite similar. Yet again, however, the respondent numbers were significant low.



72. A total of 1508 results were received for their survey (http://www.waverley.nsw.gov.au/_data/assets/pdf_file/0006/83292/IRIS_Research_final_report.pdf) This equates to a percentile of 2.13% of their total population. Once again this low return rate shows a significant disinterest by the general public with regard to local government and or amalgamation. Furthermore, this shows that the information pertaining to public support is invalid thus negating the argument.

Conclusion

73. Having reviewed much of the information available it is our opinion that the most cost effective and efficient methodology, moving forward, is not the amalgamation of Local Government councils.
74. The amalgamation process maintains significant replication of duties and the retention of a multilevel government system that is not required in NSW.
75. The structure proposed within this document has argued for a centralised approach. This approach mitigates the potential for corruption increases the representation and facilitates speedier efficient and effective policy moving forward for the population of NSW.
76. Additionally the removal of this level of government and the processes currently managing local regions, provides for greater costs savings and a reduction in general administrative and processing costs.
77. The cost savings should be returned to the constituents or we believe, returned to the greater communities with better healthcare and education services and facilities.
78. The ability for the State Government department to tender out for larger contracts is pure economic rationalism. The greater the volume generally the better the price.
79. Additionally the long standing debates of road maintenance would be rectified by the DRMS, thus improving road safety and response time.
80. Finally, if educated with regard to the current structure and why the change is imperative. The constituents will also see the significant benefits to themselves, their families and communities as a whole.