

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Organisation: Save Our Strathfield

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Partially Confidential



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**The Director
General Purpose Standing Committee No. 6
Parliament House
Macquarie Street
Sydney NSW 2000**

CONFIDENTIAL

Dear Sirs,

We are pleased to enclose our submission in response to the Parliamentary Inquiry into Local Government.

In the Western Advocate, April 23, 2014 Mr Toole said,

"The government has stated there will be no forced amalgamations and I aim to honour that, but there are also some councils who have already indicated they want to take up voluntary amalgamations with support from the state government to work through the process."

Since the Liberal Government's re-election in March this year, Mr Toole has all but said the will force amalgamations, meanwhile the Premier despite his no forced amalgamation policy prior to the election has been silent on this promise and has refused to rule out forced amalgamations.

In an interview with Strathfield Scene in 2013, Mr Barry O'Farrell the then Premier told the scene....*"There will be no forced amalgamation of Strathfield Council. I don't think it's clear what the benefits are for communities like Strathfield if they are amalgamated."*

As asked by the Strathfield Scene "What has changed since Mr O'Farrell made this statement?

Studies show that anywhere from 50%-90% of mergers fail to fully achieve the intended objectives.¹ Independent polling of the residents of the Strathfield LGA has overwhelmingly said 'NO' to the amalgamation of Strathfield Council.

We do not propose to make lengthy submissions on the financial sustainability of Strathfield Council as that is part of the Council's Fit for the Future submission. We do however; wish to make submission on the State Government's lack of transparency, consultation, engagement and the inappropriateness of the amalgamation of Strathfield Council and the process of the Fit For the Future program on the residents and community of the Strathfield LGA.

(a) The NSW Government's 'Fit for the Future' (FFTF) reform agenda

We believe that FFTF is a synonym for Forced Amalgamations and that Amalgamations are part of a threefold process of the Government's agenda for *Less funding/More responsibilities for Councils, More opportunities for developers and More political control over local councils*. The threefold process includes:

1. forced amalgamations of councils,
2. new planning legislation for fast paced development, and,
3. new local government act to allow for the expanded roles of mayors and councillors.

Less Funding from State or Federal Government/ More Responsibilities for Councils through forced amalgamations

The state government through the ILGRP has made it very clear that "all concerned need to face the reality that there are no 'pots of gold' in Canberra or Macquarie Street."² While we

¹ NSW LOCAL GOVERNMENT AMALGAMATION ROUND TABLE Ideas from the Corporate World\27 Feb

appreciate this aspect we agree with the ILGRP that rate pegging is an obstacle to the raising of revenue by council. What is less understood is the need for councils to be amalgamated in order to achieve higher levels of revenue.

The empirical evidence of forcing amalgamations to achieve the government's objective is that research shows that "Continued cost shifting' by state governments diminished the efficiency enhancing effects of compulsory consolidation."³

Mr Sansom states in an ILGRP Overview presentation paper that *'There were no recommendations for amalgamations or boundary changes but some preferred options'*.⁴

In his final report Mr Sansom writes "The Panel has made a decisive move away from 'one size fits all', and has sought to give communities and regions more options for the way local government is arranged and how it operates." ⁵ To this end we agree with joint organisations and shared services.

Writings by Professor Brian Dollery, Bligh Grant and the Australian Centre of Excellence for Local Government suggest that shared services are a viable alternative to amalgamation.⁶

In his book 'Councils in Cooperation' Professor Dollery concludes that councils reap the benefits of scale, scope, specialisation and size in local government service provision, but without all the deleterious effects of forced council mergers, sharing of services offers significant promise for local government.⁷

He suggests that rather than rely on the heavy-handed and blunt instrument of forced amalgamation, heightened cooperation between councils may well foster a 'bottom-up' revival of regional development with much better prospects for success than the current pattern of 'top-down' regionalism simply imposed on regional communities by national and state governments.⁸

A Bill to sack councils that hold merger referendums?

In the QLD parliament Mr Beattie passed a Bill with amendments allowing the Government to sack any council that held merger referendums. Although the matter does not progress to the High Court, how would such a bill stand against the High Court's decision to establish the 'right to freedom of communication on political matters'?

In 1992 the High Court decided an implied right to freedom of communication on political matters. The first case being, [*Nationwide News Pty Ltd v Wills*](#).

² Final Report of the ILGRP October 2013 pg 7

³ BIGGER IS NOT ALWAYS BETTER: AN EVALUATION OF "FUTURE PROSPERITY OF THE HAWKES BAY REGION" AND "POTENTIAL COSTS AND SAVINGS OF LOCAL GOVERNMENT REFORM IN HAWKES BAY" 3 December 2013, Dollery, Jack, 2013 p83

⁴ From the ILGRP to FFTF pg 5

⁵ Final Report of the ILGRP October 2013 pg 7

⁶ Legal and Governance models for shared services in Local Government May 2012 pg 44

⁷ Councils In Cooperation – Shared Services and Australian Local Government, Dollery, Grant, Kortt

⁸ Councils In Cooperation – Shared Services and Australian Local Government, Dollery, Grant, Kortt

The High Court's decision found that in [*Nationwide News Pty Ltd v Wills*](#) "*To sustain a representative democracy embodying the principles prescribed by the Constitution, freedom of public discussion of political and economic matters is essential*".⁹

Freedom of communication on political matters is essential as it allows residents to make their political judgments in order to exercise their right to vote effectively. It applies to issues of both State and local levels of government. Accordingly, there is implied in the Constitution a guarantee of freedom of communication on all political matters.

As stated on page 1 of this submission, it is the intention of the State government to change legislation in order to force amalgamations. Current legislation at S.218F allows:

(3) For the purpose of examining a joint proposal of 2 or more councils for the amalgamation of two or more areas under section 218A, the Boundaries Commission or Director-General, as the case requires, must seek the views of electors of each of those areas:

a) by means of:

(i) advertised public meetings, and

(ii) invitations for public submissions, and

(iii) postal surveys or opinion polls, in which reply-paid questionnaires are distributed to all electors, or

(b) by means of formal polls.

It is our submission that the State Government should simply allow for the voice of residents to be heard and to take part in the decision making process of the future of their council and their community and call for the views of electors by formal polls.

More Opportunities for Developers through forced amalgamations and new planning laws

Urban Growth NSW has made no secret that it wants '*More opportunities for developers and open greater opportunities to second and third tier developers and builders to facilitate a more rapid increase in supply*'.¹⁰,

Currently residents are able to have their say on proposed developments. However, unbeknown to them, this fundamental right is going to be forcibly taken away. This is also going to happen with the change of legislation as proposed by the White Paper.

The State Government proposed to introduce this change in legislation in 2013. The legislation was clearly flawed with the SMH (14 August 2013) reporting that "The drafting

⁹ *Nationwide News Pty Ltd v Wills* [1992] HCA 46; (1992) 177 CLR 1 (30 September 1992) Para 18

problems he refers to are indeed serious. They will allow overriding of heritage and environmental protection and the community's democratic right to review.”¹¹

Under the White Paper, we have been concerned that through the overloaded process of consultation with an unqualified community to determine the planning laws for a suburb, this will again result in residents rights to be notified and consulted to disappear when a proposed development directly affects their immediate community. This is misleading and there is no evidence that Strathfield Council has not followed the process that has been put in place which allows the community the right to make a response when they have to live with the consequences.

This is putting responsibility into thin air and evidences a disturbing trend that the State Government is undertaking.

In addition, how can the State Government continually reference the “victory” in repealing the 3A legislation which allowed developments to be built irrespective of their location and surrounding infrastructure, and then turn around and prepare legislation to ensure that the community has no voice and no choice on whether it is to be amalgamated?

The residents underwent extensive consultation with Council to prepare the LEP, yet all of this effort and work by Council will be for nought under the proposed changes! Is there little wonder that community engagement is worn out by the constant threat of changing legislation and now they have to deal with forced amalgamations.

Over time, Strathfield’s Development Control Plans and policies have progressively sought to represent the community’s interest by protecting and maintaining the existing garden suburb character and traditional build form which gives Strathfield its unique features. This has culminated in Strathfield’s Consolidated Development control Plan 2005, (Part A dwelling houses and Ancillary structures).

Strathfield is one of the oldest established residential suburbs in Sydney; it is regarded as the “Oasis of the West”. What does amalgamation mean for Strathfield with its unique position in the inner west?

Without any consultation with the Strathfield residents, Urban Growth NSW announced in the media that Strathfield would be receiving 17,000 new units. There was no dialogue process with Council or the residents. It ignores the storey limit zoning which exists and failed to consult with the community on the impact of approximately 40,000 new residents traversing the surrounding local streets.

The Government’s agenda to force amalgamations will further remove the capacity of council and residents in having a say because the development dollar becomes the determining factor.

¹⁰ Property Council of Australia Luncheon

¹¹ SMH 14 August 2013, Sloppy and flawed planning laws

More political control over local councils through forced amalgamations and a new Local Government Act to allow for the expanded roles of mayors and councillors.

Mega councils leave little scope for representation from within the community leaving out independent and small party representation. How are persons without the big party machines and donations going to compete with the power and might of the major political parties? (They cannot).

It will be the major political parties that will dominate the elections and the much desired expanded role of the executive mayor and full time councillors. Local government is about diversity and meeting the needs of its residents which will be diminished by political agendas.

SMH October 8, 2013 reported that “as mayor, Johns had shaken up the internal structure of the council, sacking senior appointed officials and dispensing with independent planning panels”¹²

Dispensing with independent planning panels? A mayor yielding executive power at a local level without internal checks and balances, and without representation from minor parties and independents?

Tensions between mayors and general managers as a primary rationale to shift the power base to an executive political party mayor arise when the mayor and/or councillors act outside their defined role and responsibility, either by pursuing personal or political agendas, acting corruptly or interfering at the detail level of council governance and operations, where they do not have expertise.

It will certainly be easier for state government to control 15 executive mayors all belonging to the 2 major parties. This is what the state government considers ‘True partners of the State Government’.

(b) The financial sustainability of the local government sector in NSW, including the measures used to benchmark LG as against the measures used to benchmark State and Federal Government in Australia.

The SMH June 2, 2015 states that Mr Samson accuses IPART of ‘overlooking his reform objectives and instead relying too heavily on financial ratios to assess the health of councils, and whether they should merge’.¹³

Mr Samson says “*the ILGRP report has been somewhat overshadowed by the perceived focus on financial ratios and benchmarks*’. Mr Samson warned that the process seemed to be heading toward a “temporary fix” of simply reducing the number of councils”.¹⁴

¹² SMH October 8, 2013 Reform paper suggests greater powers for mayors

¹³ SMH 2 June 2015, Anne Davies, Graham Sansom, author of council reform, criticises government, IPART

¹⁴ Ditto

The proposal for Strathfield Council is that it be merged with Ashfield, Burwood, Canada Bay, Leichhardt and Marrickville Councils.

The attached sheet annexed as **A** is data sourced by council and verified by external consultants clearly shows the negative affect on residents of a merger with the other 5 councils. In fact an independent assessment made by consultants Morrison & Low in late 2014 found that the merged council does not meet the Fit for the Future financial benchmarks at the time of merger (2016) or at the end of the benchmark period in 2019/2020.

Strathfield Council is the only council from the 5 listed that has no debt. In comparison the 5 other councils as listed above each have significant debt as can be seen by the attached sheet annexed as **A**.

In a merger with the 5 councils, Strathfield residents will bear the cost of the combined debt. In other words the debt per capita of each Strathfield resident will increase from \$0 to \$125. Strathfield residents don't want debt and their council has worked very hard to ensure that the council is debt free. Now they are being told that they will assume the debt of 5 other councils.

Meanwhile the State and Federal governments are selling the people of Australia the idea that state and national debt is bad and that they need to cut debt from their prospective budgets.

So when was debt at a local government level a good thing?

Strathfield residents will gain no benefits from assuming the debt of other councils In fact, from the history of other amalgamations such Drummoyne and Enfield councils, residents lost services such as libraries and community centres, whilst their assets were sold to pay for the mergers.

The State and Federal governments have a history of selling off their assets to pay for infrastructure and to balance their budget.

Strathfield residents have constantly told council that they do not want their amenities and public assets sold. They are there for the community to enjoy and own. Any merger of Strathfield Council will see our beautiful buildings, some of which are heritage listed sold to developers and the like, and for what? ***Our budget is balanced and we have no debt.***

(d) The scale of local councils in New South Wales

Local governments should remain local. The notion that 'Councils the size of Tasmania' can be local and provide the representation and connection with its residents is unfounded, and absurd.

SMH 26 May stated that "OECD research shows that on average the population of Sydney metropolitan councils is almost four times larger than the average council size across the OECD. In 2012, the average population of local councils in the OECD countries is 27,224

while the average population of the 41 Sydney councils is 104,493. Only two Sydney councils were smaller than the OECD average. “¹⁵

Urban Taskforce Australia announced by media release on 30 June, 2015 ‘the recent release of performance data on councils over 2013/2014 from the Office of Local Government certainly does not prove that bigger is better.’”¹⁶

The largest of Sydney’s 41 councils when assessed against the government’s Operating Performance Ratio all come in at the bottom, ranging from 27th to 35th. Blacktown being the largest with 325,185 residents the 35th spot. Yet the State Government would like us to believe that a mega council of 350,000 as proposed for Strathfield is of benefit for our community?

(e) The role of IPART in reviewing the future of local government in NSW, assisted by a South Australian commercial consultant

Whilst IPART’s primary role of pricing regulation has been expanded to cover pricing for local government, water, transport, electricity, gas and licensing of water, electricity and gas, their role is to act as an economic think tank and policy advisor to the NSW Government.

Ironically, they are to “Maintain a local government cost index, determine the maximum percentage increase in local government general revenue, (rate pegging), determine special rate variations and review Council development contributions plans”¹⁷ When it is established by Strathfield Council that our rates will rise as a result of the size of the land parcels in Strathfield, the cost of the forced amalgamation, and the debt that the residents of Strathfield have no idea that they are going to inherit, how can they then sit comfortably with their role in this process?

The Premier has also appointed the Chairman and Tribunal Members – is this arms length, is this independent? The Premier is a key stakeholder and IPART’s governance states that they need to meet their standards.

It is “IPART’s purpose to provide independent regulatory decisions and advice to enhance the economic, social and environmental wellbeing of the people in the State of NSW.”¹⁸

How can they do this if the Premier appoints the Chairman and Tribunal Members? How can they provide impartial advice when the Premier hand picks the members? The reality is that the Government are using IPART to deflect the real force behind amalgamations – blame it on IPART.

The objectives of IPART include to “ensure consumers pay fair and reasonable prices for regulated services that reflect the efficient costs of supply” – how can they advocate then that

¹⁵ SMH 26 May, 2015 Parliamentary inquiry into Fit for the Future council amalgamations could cause delays

¹⁶ Urban Taskforce NSW Media Release June 30, 2015

¹⁷ S.2 Independent Pricing and Regulatory Tribunal Corporate Governance Statement, p1.

¹⁸ S.2 Independent Pricing and Regulatory Tribunal Corporate Governance Statement, p1.

we amalgamate and take on the debt of Burwood, Ashfield, Leichhardt and Marrickville. As discussed, Strathfield has no debt.

IPART's role is to also "Encourage regulated services to increase their economic efficiency and to maintain or improve their service performance where there is customer willingness to pay"¹⁹

How can IPART state this as their role and then be complicit with the Government in forcing amalgamations – the residents of Strathfield are not "willing to pay" for the debt of Burwood, Marrickville, Leichhardt, Ashfield and the cost of amalgamation.

IPART's role is to also "Encourage prudent and efficient investment in water, public transport and local government infrastructure". This can be the only criteria that IPART should advise on, which is to develop the Joint Organisations with Councils.

It is also noted that the rate pegging process is more consistent than the FFTF process. IPART's role in assessing special rate variations looks extensively at community views and community consultation, however in this process the views of the community have not been heard.

It is disturbing that IPART's Chief Executive's performance is reviewed by the Chairman and the Chairman's performance by the Minister, the Premier of NSW. This is further compounded by IPART's ability to act as follows:

*"The Tribunal may, by instrument of delegation, delegate its functions and powers to specified persons, including individual Tribunal Members, Committees and staff."*²⁰

There is a direct link from the Premier through to the staff by way of appointment and review of the Chairman's performance. IPART's statement that "*it is not subject to the direction or control of the Minister*"²¹, is not consistent if the Premier appoints and reviews their performance.

(f) The appropriateness of the deadline for FFTF proposals

The State Government has an agenda and a timeline within which to force amalgamations. The timeline is prior to September 2016. This date coincides with local government elections.

The express timeline of proposals and IPART's review of proposals will see IPART reviewing 2 proposals by councils per day. Some proposals are 200 pages long and yet IPART proposes to make a decision which will forever change and wipe out whole local government communities and their heritage by giving consideration and reporting on each council's proposal in half a day?

It is particularly inappropriate that the IPART Methodology for Assessment of Council, Fit For The Future report was released at the end of April 2015 while the deadline for Councils'

¹⁹ Ditto S.2

²⁰ Ditto S.2

²¹ Ditto S.2

proposals was 30 June 2015. Leaving very little time for community consultation, not to mention placing an enormous load on council staff and resources.

(g) Costs and Benefits of amalgamations for local residents and business

Economies of Scale

Drew, Kortt and Dollery (2013b) examined whether scale economies exist in local government outlays by analysing the expenditure of 152 NSW councils. When the correlation between population and population density was taken into account the evidence in favour of scale economies disappears.²²

Increase of Rates for local residents and business

The financial modelling also shows that the rates of residents in Strathfield will increase far more than in any of the other 5 councils. Strathfield has low residential rates in comparison to other Inner West Councils.

By using redistribution of the Council rates ad valorem system, rates in Strathfield and Canada Bay would increase (Strathfield more than any other) but Ashfield, Burwood, Leichhardt and Marrickville would decrease. A small portion of Marrickville would increase but most decrease.

It is therefore not difficult to see why Strathfield residents yield no benefit from any council merger.

The business community will be mostly affected with business rates increasing in Strathfield by \$2000.

Logistical Costs of Mergers

The creation of super councils causes logistical difficulties for residents and staff, placing huge financial burdens on the community with costs from other mergers blowing out to \$90million dollars. Any merger requires new systems, equipment, relocation of staff, new buildings and everything that goes with merging 6 major corporations.

The cost for Strathfield residents in terms of the sale of assets, some heritage listed and enjoyed for 130 years in Strathfield to fund the merger will be an immeasurable loss to the community in the future.

Strathfield Council currently enjoys 2 heavily used libraries; we can expect to lose one if not both of our libraries and community centres.

Who will decide what services remain for each community and which will be sold? Which community will receive what community services they received from their own independent council?

²² BIGGER IS NOT ALWAYS BETTER: AN EVALUATION OF "FUTURE PROSPERITY OF THE HAWKES BAY REGION" AND "POTENTIAL COSTS AND SAVINGS OF LOCAL GOVERNMENT REFORM IN HAWKES BAY" 3 December 2013, Dollery, Jack, 2013 p81

Research shows that forced mergers become more like “take overs” instead of mergers.

The critical research on Amalgamation

A presentation by Dr Tim Robinson on 26 February 2015 titled “To merge or not to merge”. It states that amalgamations:

- Produce Unrealistic claims about efficiency gains and cost savings;
- There is no statistically significant relationship between council population size/density and financial sustainability;
- Financial and non- financial costs of amalgamations have been significantly underestimated;
- Economies of scale are often illusory, with many local government services highly locally specialised;
- Other options exist for achieving scale economies such as shared services which can target suitable services.²³

The cost of Amalgamation – research

Again research as presented by Dr Tim Robinson for Local Government NSW states:

- Larger local government(s) spend more, not less;
- Amalgamations can result in lower economic activity and reduced employment in rural areas;
- There is a lack of robust empirical data on the impact of structural reform;
- Various State amalgamation programs have failed to deliver planned savings;
- No evidence of stronger financial position between the have and have not state employing amalgamation;²⁴
- Local communities lose a voice as to their planning strategies in keeping with the heritage and culture of the area which has been protected for over a century.

The benefits of amalgamation

The benefits of amalgamation according to research come in the form of:

- Uniform LEP planning laws allowing for property developers to rely on 1 LEP instead of a number of LEP’s across a number of LG areas;
- Larger councils benefit large political parties with resources and funds that are not available to the local representative of a local community;
- There is some improvement on strategic planning; however, the improvement is marginal at best.

In reviewing the costs and benefits of amalgamations it is clear that for a community such as Strathfield, the residents have nothing to gain from a merger but a lot to lose.

²³ The critical research on Amalgamation Local Government NSW To merge or not to merge, Dr Tim Robinson 26 February 2015 p 8

²⁴ Ditto p 10

(h) Evidence of the impact of forced mergers on council rates drawing from the recent Queensland experience and other forced amalgamation episodes.

The Queensland Experience

- **THE SUNDAY MAIL (QLD)**
- **MARCH 10, 2013**

THEY say their identity was stolen from them five years ago without their permission.

Four Queensland communities - Noosa, Douglas, Mareeba and Livingstone - finally had their say and are expected to reclaim their shires following an historic **de-amalgamation vote**.

The newspaper article above certainly tells the story of the Queensland experience.

Mr Beattie, the then Premier of QLD took a very heavy handed approach, completely ignoring the voice of residents and communities. What he managed to accomplish was a waste of public money that ought to have been spent on real services for the community and real reform from community consultation to enhance councils to serve their communities better and partner with state government in a transparent and co-operative manner.

On the night that Council amalgamation laws passed through the Qld Parliament, Mr Beattie told Parliament that amalgamations will provide stronger local representation. History now shows that Mr Beattie's claim had no basis and did not true. There was a community disconnect which became a real issue.

In an article published in the Brisbane Times March 15, 2010, "*It's their second anniversary, but are Queensland councils celebrating?*", the article's investigation pointed to some very disappointed mayors and councillors together with very unhappy residents.

The article states:

Cr Brent said the amalgamation of the Boonah and Beaudesert shires had been one of the most difficult in the state.

"Two years in, the job is still a heavy one," he said.

"The community, irrespective of which community we might be talking about, to bring various cultures of communities, of staff, together is a tough ask."

*Cr Brent said financial pressures, including the **moratorium on staff cuts**, had been extremely difficult to deal with.*

"We're talking about staff that have been given three years of security in employment, so we obviously haven't been able to generate any savings there," he said.

"A lot of the initial anger was about the amalgamations, but now that's been replaced by a lot of frustrations because [ratepayers] have expectations that councils can do more than they really can, that somehow they're more empowered both financially

and otherwise and that's just not the case." Local Government Association of Queensland executive director Greg Hallam said.

Community disconnect

With much bigger areas to represent, mayors and councillors have become increasingly thin on the ground, leading to a real danger they could lose touch with the communities they represent.

"Certainly for me as the mayor, I am much, much, much more remote from the day to day running of my community than I was ever in the past," Cr Abbot said.

That community disconnect also troubled Cr Sutherland, who has seen his constituents multiply seven-fold.

"It's very hard to be a community mayor now, with 90-plus schools in the region and dozens and dozens of services clubs, it takes the mayor out of the community largely," he said.

"The same with the councillors - the divisions are almost the same size as the electorates, so I guess the whole focus of local government is quite different."²⁵

In a presentation by Local Government NSW on 26 February 2015 on the QLD experience, the presenter noted that:

"Amalgamations are an opportunity and not an outcome"²⁶ and that in order for any such process to be successful the residents must be part of the decision making process and must be respected as genuine stakeholders, with genuine concerns for their loss of identity and culture, dilution of representation, increase in rates, disruption of services and loss of heritage and public assets considered.

The presentation also notes that "Sustainability challenges" still remain for amalgamated councils.

A review of merger costs in Queensland by the Queensland Treasury Corporation in 2009 showed that the estimated costs ranged from \$2.3 million to \$21.5 million, with an average of \$8.1 million. These same Queensland Councils post-merger had an average population of only 69,000. A merger of the Inner West Council would result in a population of over 350,000 and it may be anticipated that merger costs would therefore be much greater than the Queensland experience.

The Auckland Experience

Central Western Daily 9 June 2015, Auckland's post-amalgamation blowout a warning for councils

"[Auckland's] budgeted costs were \$71 million and have exploded to a forecast price tag of \$157 million."

²⁵ Brisbane Times March 15, 2010, It's their second anniversary, but are Queensland councils celebrating?

²⁶ Local Government NSW on 26 February 2015 Getting the Process Right

The Auckland super city in fact cost rate payers 3 times the increase in costs promised prior to the merger to a Super city.

In the North Shore Times on 20 November 2014, Christine Rankin Auckland Upper Harbour Local Board Member said *“The bureaucracy is killing us...I’m sick of sitting here and being impotent to our community’s real needs when all people want is a footpath. Real people come in with real issues and we are powerless. “We have to stand up and say we are not happy. It’s a creation that should have worked but it’s not. Ratepayers are paying for things that central government should be paying for and they keep putting our rates up and lowering our services.”*²⁷

The Noosa Experience

In a statement Noel Playford, Mayor of Noosa said *“Overnight Noosa’s 10 council representatives were reduced to two. They were a minority voice on a new ‘super-council’ that now oversaw Australia’s fourth largest local government. Residents had enjoyed easy access to their Councillors and Mayor. The new model – with two Councillors representing an area previously covered by nine and a Mayor – was a shock, with residents feeling alienated and without a voice. Residents also reported difficulty dealing with out of town call centre staff who didn’t know the Noosa area and its suburb and rural township names. Not surprisingly residents felt disenfranchised. Decisions affecting Noosa were made by Councillors unfamiliar with Noosa exercising a majority vote.”*²⁸

(i) Evidence of the impact of forced mergers on local infrastructure investment and maintenance

Attached as annexure **B** is a snapshot of Strathfield council as compared to other innerwest councils. The infrastructure backlog of Burwood council is \$160million compared to Strathfield’s \$3.5million. The residents of Strathfield will have to also wear the huge backlog of Burwood, not to mention the combined backlog of all of the councils.

(k) The known and/or likely costs and benefits of amalgamations for local communities

Loss of Representation

The FFTF criteria page 23 implies that residents will be provided with ‘Better Representation’. Our community is currently represented by 1 councillor per 5,714 residents. In a merger we can expect representation to be 1 councillor per 33,000 residents, in other words the entire of Strathfield LGA will be represented by 1 Councillor.

²⁷ North Shore Times, 20 November 2014 Christine Rankin Auckland Upper Harbour Local Board Member

²⁸ Amalgamation is not the answer, City of Napier, Central Hawkes Bay, Wairoa District, 2014

From the QLD experience it is clear that Councillors will not be able to represent or address the concerns of residents in super councils due to the size of the Council and the massive ratio of councillors to residents.

The Strathfield community will suffer a loss of representation in local government matters as it will be much harder for the community to effectively engage with councillors. Currently we have easy access to our councillors, we know who they are. It will be almost impossible to access the only councillor that our LGA will have. We will most certainly be talking to a recorded machine which says ‘*your call is important to us*’.

Strathfield Council will be reduced to one representation on a super council and will have almost no influence in a large council. The Strathfield residents would lose their voice.

Loss of Identity and Loss of Autonomy

Local communities will lose their sense of identity and place with large scale amalgamations. The idea that communities have their own cultures, histories and identifications is embedded in our systems of government. Strathfield has a strong local identity. This local identity is not shared by surrounding councils.

92.4% of residents and ratepayers of Strathfield believe that local identity has importance. Communities are shaped by the place where people choose to live or work and the physical, economic and social infrastructure provided by Councils that supports their choices. Councils are dedicated entirely to support, development and advocacy of their communities. Decisions about how community assets and services are managed are legitimised by democratically elected local governments.

What our community wants for our LGA will no longer be important, research shows that while one area thrives the rest are treated like ‘poor cousins’.

John Sewell, former mayor and councillor of Toronto, helped lead the bitter fight against amalgamation when then-premier Mike Harris ordered it, along with the downloading of costly responsibilities on to the new entity.

“Sadly yes, everyone keeps saying to me ‘You were right about amalgamation’ and I was,” Sewell says. “You have one kind of culture where the land is mixed use and relatively dense, and you have a different culture where it’s low density and uses are not mixed. What’s happened is we now have a form of government that doesn’t recognize those different kinds of cultures — they’re all thrown in one pot and the pot is dominated by the low-density suburb with separated uses. They’re the people who have the majority of seats on city council and their culture predominates. The city with its own culture has been totally swamped.”²⁹

²⁹ Urban Affairs Feature Writer, Published on Mon Dec 22 2014

Loss of Local

The scale and size of proposed amalgamations will result in the loss of 'local' government. The loss of local government will change how communities are governed and their rights and access to decision making and representation will be eroded or extinguished.

Governments of this scale are no longer 'local' by any international definition. Councils which are this size are highly unusual at a national or international level or exist because there is no equivalent State style-government and are de-facto regional governments.

Local Government deals with community issues and has close relationships with their communities, unlike state or federal government. Forcing larger Local Government Areas on the people residing in the area will force a disconnect between Council's and residents, thereby leading to reduced participation in local government matters, reduced access to services, a running down of services across the whole of what was a Local Government Area, and deteriorating quality of representation.

The average local council size of Canada is 9,000 residents and the average size of USA is 4,000 residents. In each of these countries council mergers have failed to deliver their intended purpose.³⁰

Increased Debt and Increased Rates

As previously stated, Strathfield council has no debt. The surrounding councils have debts which Strathfield residents would have to adopt and pay for. The cost of amalgamation is above \$70million. These costs will have to be paid by the ratepayer. As stated in (b) Rates would increase by 16% for residents and 57% for business. The debt would increase from \$0 to \$125 per capita for Strathfield residents and ratepayers

Loss of Services

Amalgamations create disruption to services. A lack of local knowledge and the distance of decision maker unfamiliar with Strathfield LGA will mean a deterioration of current services. Mega councils attract red tape. They cannot possibly be as responsive as local councils. Strathfield council is responsive.

(1) The role of co-operative models for local government including the FFTF own Joint Organisation and other shared service models

In 'Bigger is not always better', Professor Brian Dollery examines the case for local government amalgamation in the Hawkes Bay Region. In his conclusion Prof Dollery states,

"The proposed amalgamations scenarios advocated in: (i) Future Prosperity of the Hawkes Bay Region, (ii) Potential Costs and Savings of Local Government Reform in Hawkes Bay and (iii) Draft Proposal for Reorganisation of Local Government in Northland are not

supported by available empirical evidence and past experience of compulsory council mergers; and Shared service arrangements should be considered as an alternative option to forced council amalgamations.”³¹

As an alternative to amalgamations, and to achieve effective regional/sub regional advocacy and shared service efficiencies extending beyond current procurement alliances, Strathfield Council is proposing a Joint Organisation (JO) model – providing increased strategic capacity and improved financial sustainability through:

- A regional entity to oversee broad direction, advocacy and strategic planning
- A shared services arrangement to oversee development of shared services, joint procurement and other operational activities – requiring councils to delegate a range of services to a regional entity.

Studies conducted by Prof Dollery et. and the Australian Centre of Excellence for Local Government have concluded that shared services remains a viable and preferred option for councils to consider.

(m) How forced amalgamation will affect the specific needs of regional and rural councils and communities, especially in terms of its impact on local economies

As discussed, the research presented by Dr Tim Robinson for Local Government NSW states:

- Amalgamations can result in lower economic activity and reduced employment in rural areas.³²

(n) Protecting and delivering democratic structures for local government that ensure it remains close to the people it serves

The Role of Local Government for Residents and Business owners

The report of “Why Local Government Matters” was researched extensively on the role of local government. The report found that communities want to be involved with government in making decisions.³³

³⁰ Adapted from Callanan, Murphy and Quinlivan (2012)

³¹ BIGGER IS NOT ALWAYS BETTER: AN EVALUATION OF “FUTURE PROSPERITY OF THE HAWKES BAY REGION” AND “POTENTIAL COSTS AND SAVINGS OF LOCAL GOVERNMENT REFORM IN HAWKES BAY” 3 December 2013, Dollery, Jack, 2013 p vi

³² The critical research on Amalgamation Local Government NSW To merge or not to merge, Dr Tim Robinson February 2015 p8

³³ Why Local Government Matters UTS:CLG Pii

Councils are the bedrock of a successful democracy. From the direct grass roots actions of fixing potholes and collecting garbage, councils are the closest layer of government to touch people's daily lives.

We want to retain our focus. Our individual councils know us best. They know their residents and they know their patch. Individuality is something to celebrate, not reject.

Local Government deals with community issues and has close relationships with their communities, unlike state or federal government.

In the SMH, Sept 9 2012, Melissa Gibbs, assistant director, Australian Centre of Excellence for Local Government said:

"Local government is more than just a provider of municipal services. It is a democratic sphere of government charged with creating vibrant, sustainable and supportive communities. The Local Government Act requires councils to exercise community leadership, to promote social justice principles, to conserve the environment and facilitate public involvement. Local government is often the vehicle through which citizens express broader concerns about community well-being and other issues that they care passionately about. State and Federal Governments can seem distant and remote, so it is often local government that is called upon to represent community concerns."

It is important that the councils deliver and protect the democratic right of residents to have a say in their local communities and that residents have a range of representation from the local community who knows and understands the community and its identity.

In Conclusion

"In 2004 the Carr Labor Government forcefully merged a large number of councils, and in 2014 those councils have performed worse than un-amalgamated council of the same kind."
Professor Brian Dollery, UNE

One size does not fit all. Whilst, we are not against reform, it follows that reform must come with community consultation and not with a heavy hand and an iron fist. We belong to our community and we want a say on how it is run. Amalgamations do not fix financial problems, in fact as we have evidenced it makes them worse.

A host of recent Australian national and state inquiries into municipal financial sustainability has established that numerous councils in all Australian local government jurisdictions still face daunting financial problems, despite amalgamation. In the light of these findings, Dollery, Byrnes and Crase (2008) have argued that compulsory merger programs have not only failed as a 'silver bullet' for solving systemic financial and other problems in Australian local government, but have also not provided a coordinated regional dimension to local service provision.³⁴

Surprisingly, the ILGRP report by Prof Sansom provided no detail evidence that bigger councils are more efficient than smaller ones. Research published in the Institute of Public

³⁴ BIGGER IS NOT ALWAYS BETTER: AN EVALUATION OF "FUTURE PROSPERITY OF THE HAWKES BAY REGION" AND "POTENTIAL COSTS AND SAVINGS OF LOCAL GOVERNMENT REFORM IN HAWKES BAY" , Dollery, Jack, 2013 p 78

Administrations Journal in January 2015 that compared Brisbane City Council with a population of 1 million with City of Sydney with a population of 200,000 together with smaller councils, concluded that ‘the comparison groups consistently outperformed the Brisbane City Council in the key areas of financial flexibility, liquidity and debt serving ability.’³⁵

So if so much empirical evidence points to considerable doubt as to the benefits of council amalgamations particularly in the areas of operational efficiency and cost saving, which did not materialise, why is the State government insisting on forcing amalgamations? Why is the ‘bigger is better’ psyche so entrenched of local government policy makers to force amalgamations?

Finally, the Strathfield community has overwhelmingly indicated support for this option with over 80% of the community supporting this as their preferred option. A Joint Organisation model is seen as a genuine and potentially superior option to amalgamations.

A merger of the Inner West Councils does not meet the Fit for the Future benchmarks and merger proposals are not supported by the Strathfield community, which has been consulted regularly over the last two years and has indicated in all consultations a preference for Council to stand alone.

The size, scale and revenue generated from an increasing growing area, and the projected infrastructure improvements to meet community needs will ensure that Strathfield Council has the capability to ensure the ongoing social, civic leadership and financial sustainability of Strathfield for current and future generations.

Thank you for allowing us the opportunity to have a voice.

Yours sincerely

Nella Gaughan
Save Our Strathfield

7 July, 2015

³⁵ Is Biggest Best? Sinnewe, Kortt, Dollery 2013