

**Submission
No 73**

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Name: Cr Ted Seng

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Inquiry into Local Government in New South Wales

SUBMISSION OF COUNCILLOR TED SENG Mayor of Randwick City Council

As an elected representative and Mayor of a NSW Council, I appreciate the opportunity to provide a submission to the inquiry into local government in New South Wales. Below are the items of the terms of reference which I would like to address:

(a) the New South Wales Government's 'Fit for the Future' reform agenda,

Randwick City Council has been an active participant in local government reform including the Fit for the Future reforms. Randwick City Council, who initially resolved to undertake a voluntary merger with both Botany and Waverley Councils, has submitted a proposal to merge with Waverley Council to the IPART as part of these reforms.

Randwick City Council is fit and sustainable for the future and our community and council's preference would be to remain as a stand-alone entity. However, it is critical to understand that the drivers for local government reform in NSW extend beyond an individual council and are relative to the performance of the industry as a whole as well as the future planning for broad geographic areas such as Metropolitan Sydney.

The IPART's methodology states it will consider the ILGRP's objective to "establish a more equitable pattern of local government across the metropolitan region, taking into account planned development". I understand the IPART will look at the merits of each council's or grouping of councils' proposal and advise the Government whether the proposal is fit. I also recognise it is then a matter for the NSW State Government to establish the appropriate pattern of local government across Sydney.

(b) the financial sustainability of the local government sector in New South Wales, including the measures used to benchmark local government as against the measures used to benchmark State and Federal Government in Australia, and (c) the performance criteria and associated benchmark values used to assess local authorities in New South Wales,

Randwick City Council has spent a number of years focusing on developing a programmed, disciplined and integrated approach to both financial and asset management.

The Council has supported and continues to support the focus on financial sustainability across the industry. It is my view that there needs to be consistency across all three tiers of government (Local, State and Federal) when it comes to using benchmarking measures.

(d) the scale of local councils in New South Wales,

Scale is about more than population size, as affirmed and supported by the IPART, the ILGRP and both Professor Sansom and the Australian Centre of Excellence for Local Government in their submissions to the IPART on the Fit for the Future Assessment Methodology. Several councils in their submission to the IPART on the proposed Fit for the Future Assessment Methodology requested a target population size for councils in the Sydney metropolitan area.

In the IPART's media release, dated 5 June 2015 regarding the release of the Fit for the Future Assessment Methodology, Dr Boxall stated "there is no one-size-fits-all measure or universal minimum population size in assessing a council's scale, beyond the options provided by the Independent Local Government Review Panel (ILGRP) in 2013...Scale and capacity are about more than population."

In Randwick Council's submission to the IPART in May 2015 it was recommended "the IPART consider the future targets for the three drivers of sub-regional planning in their assessment of scale: jobs, dwellings and population. These targets drive planning in areas such as open space and infrastructure requirements and land use planning. The scale of a council needs to be appropriate to manage and deliver these plans."

(e) the role of the Independent Pricing and Regulatory Tribunal (IPART) in reviewing the future of local government in New South Wales, assisted by a South Australian commercial consultant,

Over the past five years the IPART has been working closely with the NSW Local Government industry, so their involvement with Fit for the Future seems appropriate. In 2010, the NSW Government gave IPART the following important functions relating to local government:

1. to develop a Local Government Cost Index (LGCI) and a Productivity Factor for use in determining the annual rate peg (the maximum allowable increase in local councils' general income for most councils);
2. to determine applications from councils for special rate variations and increases to minimum rates above the statutory limit; and
3. to review certain section 94 development contributions plans and make recommendations to the Minister for Planning and Infrastructure and the relevant council.

The South Australian commercial consultant selected to assist the IPART also seems appropriate, with the consultant having extensive experience with Local Government having worked as the Director of the South Australian Office of Local Government, Local Government Association of SA, Australian Centre of Excellence for Local Government and the Institute of Public Works Engineering Australia.

The NSW Treasury Corporation (T-Corp) has also been working closely with the councils of NSW, in particular undertaking the "Financial Sustainability of the NSW Local Government Sector" review. This also included preparing Financial Assessment, Sustainability and Benchmarking Reports for all of the councils across the state. The involvement of T-Corp would also have been an appropriate addition to the group reviewing the future of local government in New South Wales.

(f) the appropriateness of the deadline for 'Fit for the Future' proposals,

Local government reform in NSW has been at the forefront of the industry since the 'Destination 2036' conference held at Dubbo in August 2011. From this conference the Independent Local Government Review Panel (ILGRP) and the Local Government Act Task Force were formed to examine options for local government in NSW. This followed with the release of their findings in 2013. This focus of reform then culminated in "Fit for the Future" which was launched in September 2014, nine (9) months prior to the proposal deadline of 30 June 2015.

There was sufficient time provided to Councils to undertake the necessary extensive community profiling and engagement, comprehensive staff and union engagement, strategic planning research and financial modelling and analysis. This is evident in the Merger Proposal submitted by Randwick and Waverley Councils.

However, the timing of the release of the IPART methodology resulted in a very tight timeframe to develop a final submission. This was further compounded by the inability of the NSW Electoral Commission to release the electoral roll for Council to conduct a plebiscite as part of its community consultation.

(g) costs and benefits of amalgamations for local residents and businesses, and (k) the known and or likely costs and benefits of amalgamations for local communities,

The business case shows that a merger of Randwick and Waverley Councils will create an organisation with a stronger financial position, more capable of delivering the expected level of capital, infrastructure and maintenance investment across the eastern suburbs in the long term. The merged council will provide the community with a strong voice in shaping the future of development, transport and other key infrastructure in the region with a greater capability to provide new and enhanced services.

The alignment of communities of interest is essential to the success of the proposed merger. This merger brings together two councils that share many commonalities in their demographics, economic and social character as well as environmental characteristics. As an example there will be an opportunity for further coordination in planning of coastal and recreational activities.

The Randwick-Waverley merger is projected to result in cost savings and hence increased services over 10 years of \$103m (\$485 per resident), providing scope to undertake new functions and major projects.

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

Effective Precinct Committees, with structures that already exist at both Randwick and Waverley Councils, will continue to ensure Fit for the Future Council's remain close to the people.

Larger organisations may have greater capacity to engage and communicate with residents. For example with new technologies: customer service request system, call centre, service levels management, proactive maintenance scheduling, etc.

In the Randwick-Waverley proposal the merger partners recommend the transition committee determine the number of councillors and the ward structure of the new council, permitting more than 15 councillors and transitioning to a reduction in councillors over two terms as per the ILGRP's recommendation. Randwick City Council resolved on 26 May 2015 that "In the event of a merger, Randwick City Council's position is that the voting system should be proportional representation.

(o) the impact of the 'Fit for the Future' benchmarks and the subsequent IPART performance criteria on councils' current and future rate increases or levels.

An amalgamated council would need to adopt one rating structure which balances the capacity of ratepayers to pay rates with the benefits received while remaining simple, transparent and within legislation. With two different rating structures and a level of variances in the land value across the merging councils, selecting an equitable rating structure is complex. The transition to changes in rates for individual ratepayers would be phased in over a number of years.

The NSW State Government have committed to a review of the rating structure of NSW councils to develop a more equitable and fair system that balances the capacity of ratepayers to pay rates with the benefits received while remaining simple and transparent. This rating review would be a priority of a newly merged Council.

Attached to this submission is the ***"Business Case – Randwick and Waverley Council merger"***, a case study which identifies key issues and provides substantial evidence which corresponds with the terms of reference for this Inquiry. Furthermore, I would like to guide the inquiry to the Fit for the Future page of the Randwick City Council website for the full suite of documents submitted as part of their Fit for the Future proposal (yoursayrandwick.com.au/future).

If you have any further questions in regards to this submission, or wish to invite me to give evidence, please do not hesitate to contact my office

Yours faithfully,

**Cr Ted Seng
Mayor
Randwick City Council**