

## **INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES**

**Organisation:** Hornsby Shire Local Government Committee - Australian Labor  
Party (NSW)

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The following response to the Local Government Inquiry is provided on behalf of the Hornsby Shire Local Government Committee of the Australian Labor Party. The Committee comprises local interested residents, former local government Councillors and current and former local government professional staff. The committee meets regularly to discuss matters of importance to local government in our area.

We are specifically responding to two elements of the Inquiry's Terms of Reference:

- a) *the New South Wales Government's 'Fit for the Future' reform agenda, and*
- n) *protecting and delivering democratic structures for local government that ensure it remains close to the people it serves,*

*(NSW Legislative Council Inquiry into Local Government Terms of Reference)*

Our response speaks to the importance of the reform process and the needs for community engagement and consultation.

***About Hornsby Shire -***

Hornsby Shire is located in the northern region of the Sydney Metropolitan Area, approximately twenty five kilometres north of the Sydney CBD. The Shire covers approximately 510 square kilometres, including 6,000 hectares of public bushland, or 70% of the Shire. Only 10% of the Shire is used for urban purposes; 15% for rural purposes and 5% for open space. The Shire extends from Brooklyn in the north, to Wisemans Ferry and Glenorie / Dural in the west, Wahroonga in the east and Epping in the south. The area shares land boundaries with The Hills Shire to the West; Parramatta City and the City of Ryde to the South and Ku-ring-gai to the East. The Shire shares water boundaries with Gosford, Pittwater and Warringah Councils.

Hornsby Shire has a population of 168,614 (McCrindle Research for Hornsby Shire Council July 2015). This population is marked by a significant ageing population, but also by higher than the Sydney average in the age categories 5-9, 10-14 and 15-19 year olds. It also has higher than the Sydney average population for all age categories from 40-44 through 85+. The area is marked by a growing population and increasing densification of dwelling type. The area is marked by a higher than Sydney average of property ownership. The community has a higher than Sydney average rate for educational qualifications and the area is characterised by a stable workforce and low unemployment. The area is well served by public transport.

Hornsby Shire covers a large area, with two-thirds of the total land area comprised of National Parks and reserves. Community centres, parks and facilities are therefore spread across a vast area to support the pockets of residential development spread throughout the parks and reserves.

***Fit for the Future –***

We are aware that the Fit for the Future Package released by the NSW Government in September 2014 is based upon the work of the Independent Local Government Review Panel (ILGRP) which was established in 2012.

In their recommendations the Panel recommended that Hornsby Shire merge with Ku-ring-gai Shire, to form a Northern Sydney Council. Ku-ring-gai Shire is approximately 84 square kilometres, stretching from Wahroonga to Roseville. The population comprises 114,000 of similar demographic to the Hornsby Shire. Ku-ring-gai is characterised by suburban areas, predominantly residential, stretching along the north shore train line.

A combined Council of Hornsby and Ku-ring-gai would provide a new council of some 280,000 people and approximately 600 square kilometres.

### **Local Government Reform –**

We are aware of and in support of the need for local government reform. We are however of the view, well supported by many studies by leading academics, such as UNE's Professor Brian Dollery, that forced amalgamation is not the answer to local government reform.

We believe that significant amendments or reforms are required in the areas of finance, rating, governance, expenditure, probity, administration, Councillor education / training; and community consultation and engagement. These reforms are required regardless of the size of the local government area or population. They are much needed reforms in a sector that is called upon to deliver an ever-growing range of services to a diverse and growing population.

We do not believe the current Local Government Act is capable of the flexibility needed for the delivery of modern service standards and the demands of today's community.

However, wholesale amalgamation in the Sydney Metropolitan area or forced amalgamations between councils without community support will not deliver the structural reform that is needed. It will simply create larger councils with larger issues.

### **Lack of Community Consultation and Engagement –**

In the NSW Government's Fit for the Future package, community consultation was highlighted as a key feature of the package. This was highlighted in both the general information areas of the website but also in the specific information or "Guidance Materials" that were provided to Councils.

The website noted how the community could be involved and provided specific directives to Councils to engage with their communities:

*'It is up to each council to decide what its Fit for the Future Proposal will be, in consultation with its community. The submissions will be assessed by an Independent Expert Panel, which will make recommendations to the Minister for Local Government'* (Fit for the Future website)

Within the documents for Councils who were considering merger proposals, detailed instructions and methodology were provided as to an appropriate method:

#### **Purpose**

*These sections identify the level of community awareness of the merger proposal.*

#### **How to complete**

- *Provide an overview of the strategies your councils used to discuss the merger proposal with their respective communities.*
- *Your response should include confirmation that the minimum public exhibition period for the proposal has been achieved by each of the participating councils.*
- *Describe how the benefits and costs of the proposal were explained to the community.*
- *What methodologies did your councils use to communicate the information? eg brochures, website, social media, public meetings etc.*

#### **Things to consider**

- *The Independent Panel conducted extensive consultation in determining the recommendations for mergers. Future consultation should build on this and focus on explaining the benefits to communities.*
- *You may wish to attach a copy of the communications plan your councils used during the community engagement process.*
- *You may also wish to attach examples of some of the material circulated by your councils to help the community participate in the discussions.*
- *Links to web-based information or results of community surveys/polls could al-so be included.*
- *Councils should also identify how council staff have been consulted on the proposal.*

*(Fit for the Future Guidance Material for Councils – Completing Template 1)*

### **Hornsby Council's Response -**

Hornsby Shire Council (HSC) presented a report at their meeting on 12 November 2014, following the release of the Fit for the Future Package. This report focussed on discussions and independent reporting already underway between Hornsby, Ku-ring-gai and The Hills Shire Councils who all share boundaries.

In April 2013, prior to the release of the final ILGRP Report, Hornsby Shire and The Hills presented a paper they had jointly commissioned Price Waterhouse Cooper to undertake on behalf of the two councils:

"Preliminary Analysis of the benefits of a Hills /Hornsby Council merger."

([http://www.hornsby.nsw.gov.au/\\_data/assets/pdf\\_file/0005/53735/D02262941-PricewaterhouseCoopers-Report.pdf](http://www.hornsby.nsw.gov.au/_data/assets/pdf_file/0005/53735/D02262941-PricewaterhouseCoopers-Report.pdf))

In June 2013, HSC commissioned Crosby / The Textor Group to assess "constituent's views about the reform process."

[http://www.hornsby.nsw.gov.au/\\_data/assets/pdf\\_file/0007/53737/D02420020-Crosby-Textor-Qualitative-Research.pdf](http://www.hornsby.nsw.gov.au/_data/assets/pdf_file/0007/53737/D02420020-Crosby-Textor-Qualitative-Research.pdf)

In April 2014, HSC tabled a report undertaken by KPMG entitled "Analysis of Local Government Reform options in the Northern Sydney Area," ([http://www.hornsby.nsw.gov.au/\\_data/assets/pdf\\_file/0003/63336/KPMG-Final-Report-for-Hornsby-Shire-Council.pdf](http://www.hornsby.nsw.gov.au/_data/assets/pdf_file/0003/63336/KPMG-Final-Report-for-Hornsby-Shire-Council.pdf))

This report provided Council with a detailed analysis and seven options ranging from a base case of 'do nothing' through a number of options comprising merger with all or part of Ku-ring-gai and/or The Hills, including boundary adjustments; together with a range of shared services options.

It is worth noting two of the three reports commissioned were undertaken prior to the release of the final report of the Independent Local Government Review Panel (presented to the NSW Government October 2013; released to the public January 2014) in and the final one was presented in April 2014 prior to the release NSW Government's response, the "Fit for the Future" Package, which was released in September 2014.

Commentary on the timing of these reports in relation to the release of the final report of the ILGRP and the "Fit for the Future" package is critical. It could be well argued that it was only following the release of the final report and the "Fit for the Future" package that community knowledge or engagement with local government reform could be accurately gauged by any form of quantitative research. Until the major final report and the NSW Government's response was in the public domain, local government reform was just another government inquiry into a potential reform process; in the same way as education and tax reform did not exist in the public conscious until the Gonski and Henry reform papers were made public.

In that context, what is surprising about the Textor/Crosby Research is that they received such a significant interest in a reform process that was not at the point significantly in the public domain. *"The Textor/Crosby quantitative research occurred in the period 18-24 June 2013. The research was conducted as a telephone survey, using Computer Aided Telephone Interviewing (CATI) software, of 700 randomly selected adults according to the following:*

- *Hornsby Council local government area - A Ward – 100 people*
- *Hornsby Council local government area - B Ward – 100 people*
- *Hornsby Council local government area - C Ward – 100 people*
- *Ku-ring-gai Council local government area – 100 people*
- *The Hills Council local government area – 100 people*
- *Parramatta Council local government area – 100 people*
- *Ryde Council local government area – 100 people"*

(HSC Council Report 21 August 2013)

*"The Crosby / Textor research found that local government reform is not a primary concern for residents, with awareness of the ongoing reform process at around 53 per cent. This was reflected in the relatively high level of 'soft' support or opposition to reform. The research found a shared services model received a higher level of support compared to amalgamations, with a shared services model receiving the support of 73 per cent of residents. This was driven by a perception that this model would reduce costs and improve service delivery."* (KPMG Report for HSC; Analysis of Local Government Reform options in the Northern Sydney Area P14)

To clarify, among some "700 randomly selected residents" spread across 5 local government areas 53% had "awareness of an ongoing reform program" in June 2013, more than six months prior to the release of a final report on local government reform and fifteen months ahead of the NSW Government's response.

On that basis, 53% is a significant number and one can only speculate as to what percentage this would have been after the release of the documents and programs previously cited, when full scale publicity campaigns were in place.

HSC seems to have placed great weight on the information provided by these consultants rather than on the great body of material available on local government reform from academic sources and from research. They engaged once with a selected group in the community, 100 members in each of the three wards, which amounts to 0.17% of the total population. They did not return for further consultation with either this group or with broader community as a whole following the release of the final ILGRP report, or the “Fit for the Future” Package.

Given this largely perfunctory effort by HSC to engage with the community as recommended by the NSW Government’s “Fit for the Future” package, is it any surprise that the level of awareness of either “Fit for the Future” or amalgamations is low to medium and varies considerably throughout the wards?

HSC also ignored the strong resident support for some form of shared services model; which was given 73% support by residents in the random survey. It is clear from the survey, that there are very real and legitimate concerns over the merger proposals and residents have articulated a preference for a shared services model over any amalgamation proposal. Other local councils have explored this option further – as is the case with the City of Ryde, Hunters Hill and Lane Cove Councils who have joined forces to investigate and articulate their so-named ‘superior option’ which is a version of the shared services model known as a “Joint Regional Authority.” It is disappointing that Hornsby Shire Council did not take this issue further, following the significant result of the 2013 survey, and pursue this option with neighbouring councils as an alternative for our area.

HSC convened a working group comprising the Mayor and three Councillors, whose role it was to “hold discussions with neighbouring councils on the possibilities of merging” (Hornsby Shire Council website). However, no detailed information updated have been provided to the community as to the frequency of these meetings or their final outcome, until a final report to Council in June 2015, less than three weeks prior to the “Fit for the Future” submission deadline.

In the final analysis, it is clear that Hornsby residents have unanswered, legitimate questions about how a larger merged council will be able to deliver a local, response and cost effective delivery of services across a large and diverse local government area that is superior to the current arrangement.

Our concern is that the community of Hornsby have had no role to play in this analysis of the future. No public meetings, consultations or information sessions have been held; no surveys or polling have been undertaken since the release of the “Fit for the Future” package.

Council’s “Fit for the Future” submission was never presented to the community and even now can only be accessed as a stand-alone document from the Independent Pricing and Regulatory Authority (IPART) website, not from any publicly available Council source. A copy of the answers to the draft template is contained within a Council report adopted on 10 June 2015, but this could not be described as ‘readily available’ to the community. In the Executive Summary of their “Fit for the Future” submission HSC describes itself as a ‘role model through the reform process’ (Council Improvement Proposal – IPART Website) however if this is the case, why did they not engage with their community and take them with them on this important journey of reform?

At the Council Meeting on 10 June 2015, HSC resolved in part that: *“Council has indicated that if it is deemed unfit for the future by IPART, its preference is for an amalgamation with Ku-ring-gai Council as well as a number of boundary adjustments including:*

- *That part of the suburb of Carlingford, east of Marsden Road, currently within the Parramatta City LGA, be transferred to the Hornsby Shire LGA;*
- *That part of the suburb of Eastwood currently within the Parramatta City LGA be transferred to the Hornsby Shire LGA;*
- *That part of the suburb of Epping currently within the Parramatta City LGA be transferred to the Hornsby Shire LGA;*
- *That part of the suburb of Eastwood currently within the City of Ryde LGA be transferred to the Hornsby Shire LGA;*
- *The suburb of Marsfield, currently within the City of Ryde LGA, be transferred to the Hornsby Shire LGA;*
- *The suburb of Macquarie Park, currently within the City of Ryde LGA, be transferred to the Hornsby Shire LGA.” (HSC Website)*

It is not clear whether any targeted community consultation was undertaken by Council with residents affected by these proposals, and no information was made available on Council's website either before this resolution or since, as to the detailed nature of these proposed boundary changes. There is no evidence from previous council reports that these proposal boundary adjustments were outlined in any way prior to the council resolution.

The "Fit for the Future" package, in a broad number of ways, outlined a way forward that encouraged Councils to plan their future, in consultation with their communities, addressing the needs of today and those of tomorrow.

It is highly disappointing to our Committee and to our community as a whole, that Hornsby Shire Council chose to ignore this State Government guidance and to embark upon a strategy that has led them to describe themselves as 'unfit for the future,' without investigating all of the options or making the community part of such an important decision for our future.

In summary, our position is as follows:

- We support the reform of local government and believe that there are a range of issues facing local government that need to be addressed;
- We believe that forced amalgamations are not the answer and that true reform requires legislative change that would address the areas of finance, rating, governance, expenditure, probity, administration, elected Councillor education / training; and community consultation and engagement;
- We are of the opinion that Hornsby Shire Council has not done enough to consult with their community, as was suggested in the "Fit for the Future" Guidance materials and have not done as the NSW Government has indicated, which was to *"decide what its Fit for the Future Proposal will be, in consultation with its community"*
- We believe that reform of the local government sector is vital and we hope that this Inquiry will highlight the need for significant community input into this important reform process.

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