

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Name: Mr Raffaele Catanzariti

Date received: 7/07/2015

**The Director
General Purpose Standing
Committee #6
Parliament House
Macquarie Street
Sydney NSW 2000**

Tuesday 7th July 2015

Dear Committee,

Inquiry into local government in New South Wales: Submission

I wish to thank the Committee for the opportunity to participate in this inquiry into local government. The reforms proposed will have serious impacts on communities. I firmly believe amalgamations should only proceed where communities of each council have voted in favour of amalgamation via a referendum.

In my submission to the Inquiry, I have responded to some of the areas specifically listed in the terms of reference. I felt compelled to lodge a submission as I am not only a resident of Liverpool Council but also an employee of Holroyd Council. As an active member of the Liverpool District of the Sydney Alliance and as Sydney Branch Secretary of the United Services Union and also a member of the Save Our Councils Coalition I am extremely concerned about what is being proposed with the Fit for the Future package.

Thank you for this opportunity to make a submission. I look forward to the opportunity to engage further in this Inquiry. The outcome will impact every person, community and employees of Councils in NSW for many years to come.

Yours sincerely,

Raffaele Catanzariti

GENERAL PURPOSE STANDING
COMMITTEE NO 6. INQUIRY INTO
LOCAL GOVERNMENT NEW SOUTH
WALES.

REPORT ON THE FIT FOR THE FUTURE
POLICY PACKAGE.

NAME: RAFFAELE CATANZARITI

DATE: TUESDAY 7TH JULY 2015

Introduction:

The General Purpose Standing Committee No. 6 established this inquiry to examine the NSW Government's 'Fit for the Future' reform package for local government, including the financial sustainability of the local government sector. I applaud the Legislative Council and its members for establishing this inquiry. This inquiry is essential as the future of local government and communities is at stake in this state.

The report provided is highly critical of the Fit for the Future program. This is not based on personal opinion but is justified by empirical evidence from academic literature that is readily available. The 'Fit for the Future' program should be abolished as it contains critical errors and unreliable data or at the very least urgent steps are needed immediately to address these matters. Not all of the Terms of Reference were addressed due to time constraints.

A. The New South Wales Government's "Fit for the Future" reform agenda:

The "Fit for the Future" program methodology has some severe shortcomings. It contains major errors and unreliable and unsubstantiated data which could have serious implications for local communities and Councils across the State of NSW. These shortcomings need to be addressed before any reform occurs, otherwise the 'Fit for the Future' program should be abolished effective immediately in its entirety.

The 'Fit for the Future' reform program considers four key aspects of the method for assessing the 'sustainability' of individual local authorities set out in the 'Fit for the Future' guidelines: the financial sustainability ratios and benchmark values employed, the criteria for the determination of 'adequate' scale and capacity of local councils, the reliability of the data employed, and the measurement of municipal efficiency (Dollery 2015).

The forced merger program advocated in 'Future Directions' by the Independent Local Government Review Panel is dismaying, not only because of the absence of any empirical evidence for its merger recommendations, but also the poor quality of its commissioned research, particularly Assessing Processes and Outcomes of the 2004 Local Government Boundary Changes in NSW by Jeff Tate Consulting (2013) (see, for example, NELG, 2013).

The Independent Local Government Review Panel (ILRP) submitted its Final Report Revitalising Local Government in October 2013. In the report by the ILRP it was stated that Council consolidation was essential for improving NSW local government. However, no empirical evidence was provided.

The State Government has offered an investment package of up to \$1 billion dollars in incentives. This figure is not correct with the amount being nearer to \$967 million dollars. While the claim Councils are losing \$1 million dollars a day has been made by the Local Government Hon. Minister Paul Toole on several occasions. The President of Local Government NSW Mr Keith Rhoades rightly pointed out that '600 million of the incentive package is based on Government estimates of councils saving money over a ten year period if they borrow money from the Government (Rhoades, 2014).

Councils are also being offered sums of money depending on how many council/people they merge with. Thus in Sydney and other 'major centres', each newly merged council 'with a population of 250, 000' will be paid \$10.5 million, with an additional \$3 million for 'each additional 50, 000 in population above 250, 000 up to a maximum \$22.5 million (What's on Offer for Your Council, OLG, 2014). By contrast councils will receive \$5 million when two councils merge, \$11 million for a tripartite amalgamation, and \$13.5 million for four council mergers, regardless of population size (OLG, 2014).

These sums offered are at odds with existing Australian evidence on the costs of council amalgamation (Dollery, 2015). In Queensland, the Queensland Treasury Corporation (QTC) Review of Local Government Amalgamation Costs Funding Submission: Final Summary Report (QTC, 2009) gathered information from councils forcibly merged in Queensland in August 2007. Reports of first round costs were \$9.3 million (mean) and \$9.3 million (median) for metropolitan councils and \$7.994 million (mean) and \$7.235 million (median) for regional/rural councils. So the question needs to be asked why rural councils are being offered so much less under the Fit for the Future Program.

Increasing international empirical evidence suggests that council amalgamations are simply failing to meet expectations in terms of efficiency gains and cost savings. In an assessment of empirical work on whether consolidation in American local government produced greater efficiency, Felock (2004) concluded that mergers had not met their intended economic objectives, but had rather led to increased expenditures. In a study conducted by Martin and Schiff (2011) it was found that there was little evidence that municipal consolidation enhanced performance, through either improved service provision or reduced costs for delivering the same service.

Similar conclusions can be drawn from the Canadian experience of Council amalgamations. Reese (2004) analysed amalgamations in Ottawa and discovered that remuneration levels increased in the post - merger period, resulting in a net rise in overall council expenditure. In another study conducted by Vojnovic (2000), investigated the short term effects of consolidation among five Canadian councils and found that aggregate costs increased in three of the five local councils.

Numerous studies have also been conducted in regards to the European experience of council amalgamations. For instance, Dollery and Robotti (2008) considered council mergers in France, Germany, Italy and Spain and concluded that amalgamation had not achieved its intended effects. A study conducted by De Ceuninck et.al. (2010) analysed local government reform in Belgium and the Netherlands and concluded that council mergers had not met expectations.

There have been numerous public enquiries in Australia regarding Council amalgamations which have found that councils still face daunting financial problems despite amalgamation. Dollery, Byrnes and Crase (2008) have argued that compulsory merger programs have not only failed for solving systemic financial and other problems in Australian local government, but have also not provided a coordinated regional dimension to local service provision.

Academic literature is also available on Australian amalgamation programs and similar conclusions of inefficiency are made. For example in Soul's (2000) empirical analysis of council size and per capita service costs in NSW, and Consolidation in Local Government (2011), the academic literature is pessimistic on the efficacy of amalgamation as a means of improving local government efficiency. Drew, Kortt and Dollery (2012) carried out a study to discover 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, and areas are decomposed into subgroups on the basis of density, then there is no evidence of scale economies (Dollery, 2014).

From the above evidence, the question needs to be asked as to what the real agenda of the State Government is. It is my personal view that this is more about removing or reducing community input in regards to planning matters. This may have to do with the fact that the State Governments proposed Planning Act was not passed in Parliament. The Government needs to come clean on their real agenda rather than hide behind the guise of the 'Fit for the Future' reform package. The other agenda I believe involves the business opportunities that open up for big business if councils are merged. Large contracts may become available. Local government is about its community and

quality of services it provides. Finally the other hidden agenda is purely for political gain at the detriment of democracy in local communities.

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.

Unreliable data was used to measure the financial sustainability of councils in NSW. This was evident when TCorp (2013) held significant reservations regarding the reliability of data critical to the financial ratios that it employed in measuring the financial sustainability of the local government sector. One such example was in relation to estimates used in the calculation of the asset maintenance and infrastructure backlog ratios, TCorp (2013,p66) noted the following:

‘TCorp’s review recess has shown an inconsistency in the approach of councils to calculating the data included in these Schedules, particularly Schedules 7 and 8. Without a high level of confidence in the data presented, it is more difficult to make informed decisions’.

TCorp (2013, p.49) also expressed reservations in regards to the depreciation data used critical to the calculation of the operating ratio and asset renewal ratios as follows:

‘Councils with a higher FSR generally have a lower average rate of depreciation and depreciation presents a lower percentage of total expenses. These two observations are consistent across most of the rating groups so that the stronger the FSR rating, the lower the depreciation rate and the lower the proportion of depreciation as a percentage of total expenses’.

Drew and Dollery (2014a) conducted an analysis of the above which validated the suspicions expressed by TCorp (2013) and found the following:

‘When depreciation accruals were adjusted to the median depreciation to infrastructure ratio, this resulted in 38 out of 152 councils’ benchmark status changing. In the case of adjusting depreciation accruals to the median depreciation to IPPE ratio, the status of 42 councils was altered... The results were largely consistent with expectations : ‘weak’ and ‘very weak’ councils

tended to move up to benchmark levels whereas 'sound' councils moved down. Movements in the 'moderate' councils were approximately even'.

From both the scholarly evidence and the concerns expressed by TCorp (2013) it seems likely that four of the six ratios retained by the Office of Local Government (2014b) are distorted by unreliable data (Dollery, 2015). This raises serious questions on the reliability of the data used in the 'Fit for the Future' assessments.

However, there are further problems associated with the data used to assess council fitness. Reviews to rating practices, grant allocations and problems with ABS statistical data also present issues with an objective assessment of a council's future prospects (Dollery, 2015).

It is recognised that rate capping severely impacts on a councils financial status. This was also identified by the Independent Local Government Review Panel (2013b). Dollery (2015), in his analysis found that some council revenue is constrained to less than a tenth of their peers as a result of the rate capping regime. The question therefore arises as to whether current assessments should be made on councils given that there is accepted need for future rate revenue reform: after all three of the six ratios retained by the Office of Local Government will be directly affected by changes to rating particles (Dollery, 2015).

A similar relationship exists for intergovernmental grant allocation. Drew and Dollery (2014d) have demonstrated that grant transfers are not allocated on a full horizontal equalisation basis as legislated in the Local Government (Financial Assistance) Act 1995. The OLG (2014c, p.13) promised to consider opportunities to direct Financial Assistance Grants to communities with the greatest need. Given at NSW council own source revenue averages less than 60%, changes to grant allocation methods would have a large effect on the financial sustainability of councils (Dollery, 2015).

Problems also exist with ABS population data inputs and these have the potential to seriously undermine the relevance and reliability of the OLG's (2014b) preferred measure of council efficiency for a few reasons. Firstly, publication of ABS population data by local government area is typically delayed by at least a few years (Dollery, 2015). Relevance problems exist given

that the OLG has decided to calculate real operating expenditure per capita for the 2013 and 2014 financial years: they have attempted to resolve this problem by using data with a one year lag and repeating 2012 for both 2013 and 2014 (Dollery, 2015). Secondly, ABS (2014) population data in inter entail periods is simply an estimate: a recent study by the ABS identified errors in inter dental estimates ranging from 15.2% (for statistical areas with less than 2, 000) to 2.4% error (in statistical areas with populations greater than 20,000) (Drew and Dollery 2014c). Finally serious doubt has been cast on the practice of using population as a proxy for local government size in service provision of goods and services given that 'services to property' dominate in the Australian council milieu (Drew and Dollery 2014c).

Other problems with the OLG (2014b) efficiency ratio exist. Unresolved matters exist relating to the definition of efficiency, indexing of financial data, contraindications with other ratios and failure to control for service quality and service sufficiency (Dollery, 2015). According to Dollery (2015) the most alarming aspect is the OLG (2014b) 'efficiency' measure does not measure efficiency *per se*. Population size as a proxy for council output is deficient in Australian local government context, given its focus on 'services to property' (i.e. Households) with its core functions aimed at planning, domestic waste removal, provision of local infrastructure (predominately local roads) and water and wastewater in some regional and rural municipalities (Drew and Dollery 2014c). The number of households and business entities is a superior measure of the solid waste, sewerage and water provision than population (Dollery 2015). Given the fact that road infrastructure is the single largest cost for Australian local government, representing approximately a quarter of functional expenditure, it is important that the length of roads be included as an output (Dollery 2015). Real expenditure over time can only capture one output (which does not reflect the heterogenous nature of local government services) and thus is best described as per capita expenditure containment (Dollery 2015). This is definitely not a measure of efficiency.

The OLG uses data from 2010, 2011, 2012, 2013 and 2014 financial years in its assessment of council efficiency. The OLG then precedes to deflate all five years of data: annualised CPI is used for years 2010 and 2011, while annualised Local Government Cost Index is used for 2012 through to 2014 (OLG 2014d). It

was entirely unnecessary to deflate the 2010 financial year data and this decision simply introduces avoidable rounding and measurement errors (Dollery 2015). It is also unacceptable to use two entirely different indexes to deflate continuous data (Dollery 2015). Also the use of annualised growth in indexes imputes and compounds rounding error: given the sums involved and the use of five compounding periods, the resultant error is likely to be very significant (Dollery 2015).

In order to address the infrastructure backlog, asset maintenance and building and infrastructure ratios, it is necessary to increase rates of expenditure (Dollery 2015). In doing this a council will record a reduction in the OLG preferred measure of efficiency (Dollery 2015). This is basically setting up a council for failure.

Finally, the OLG (2014b) measure of efficiency fails to address service quality and service sufficiency (Dollery 2015). Councils deliver different level of services therefore it would be difficult to draw comparisons between councils. As well as this service quality is unlikely to remain static over a five year period making it very difficult to make reasonable comparisons of costs (Dollery, 2015). With regards to service sufficiency, the measure of efficiency chosen sets up a perverse incentive to discontinue services (Dollery 2015). In the extreme case a council could on this measure alone demonstrate it was 'Fit for the Future' by producing no services: a measure which would meet the OLG criterion but most certainly would not that of residents (Dollery 2015).

Severe shortcomings have been identified with regards to the measures used to determine the Financial Sustainability of local government. Therefore it would be wise to urgently review these measures.

C. The scale of local councils in New South Wales.

As a result of compulsory council consolidation, the total number of Australian local councils has decreased from 1067 to 680 over the period 1910 to 2008, a fall of about 36%, notwithstanding a fivefold population increase from 4,425,083 to 20,209,993 people over the same period (Grant, Dollery and Crase 2009). This has seen the average population size of Australian Councils grow from 4,147 to 40,118 residents per council, the fourth largest in the developed world behind Britain, Denmark and New Zealand (Callanan, Murphy

and Quinlivan 2012). At 47,963 persons per council, NSW comfortably exceeds the Australian average municipal population size (Dollery 2015).

The empirical evidence of the entire NSW local government sector suggests economies of scale exist in populations up to 163,689 however diseconomies occur afterwards (Dollery 2015). Mean populations of 260 000 would occur if proposed mergers occurred. Therefore, the state wide estimate of economies of scale suggests that proposed mergers would result in diseconomies for the majority of councils (Dollery 2015). This is consistent with the data envelopment analysis evidence provided by Drew, Kortt and Dollery (2014b).

When the entire NSW population of councils is stratified into Greater Sydney and Outside Greater Sydney Councils then all evidence of economies of scale disappears (Dollery 2015). Therefore the entire argument for increased economies of scale is false. Therefore it can be argued the reasons for the need for the 'Fit for the Future' reform fails from the very beginning.

No robust evidence exists with economies of scale when NSW councils are stratified. This is largely because councils produce a heterogeneous mix of goods and services, some of which have no likely association with scale (Dollery, 2015). For instance, labour intensive services, such as council rangers, generate few scale economies due to their idiosyncratic work in which an increased volume of services may simply require a correspondingly larger number of workers (Drew, Kortt and Dollery 2014a, p.635).

Considerable doubt has been created as to whether population size is a suitable proxy for local government output in Australia (Drew and Dollery, 2014c). The number of households aligns far better with the unit of actual service provision and it is less volatile and more accurate in inter central periods (Dollery, 2015). Therefore it can be deduced that the Office of Local Government may be conducting its structural reform agenda on entirely the fallacious unit of scale and capacity (Drew and Dollery 2014c).

D. 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

It is disappointing that the NSW Government did not keep its promise of establishing an expert panel to review the 'Fit for the Future' submissions. What we have witnessed instead is the appointment of IPART to fulfil this role. What is more disappointing were the substantial changes to the assessment criteria introduced by IPART giving councils only two months to complete their submissions. This provided councils with little time to engage with their communities and carefully prepare submissions using the new assessment criteria. What is more concerning is the new assessment criteria and benchmarks proposed by IPART contained critical errors.

The Terms of Reference for IPART are farcical at best. How can IPART assess each council's so called future fitness with consistency, fairness and impartiality when at the same time IPART needs to be consistent with the State Government's local government reform. On the whole IPART has been more understanding of the problems inherent in the Fit for the Future criteria and also more consultative than the NSW OLG.

The State Governments 'Fit for the Future' program fails due to the following reasons (Dollery 2015):

- Failure to implement procedures with a sufficient degree of methodological rigour.
- Failure to allow councils to have substantial input into development of the program.
- Failure to respond sufficiently to independent scrutiny.
- Failure to include measures of uncertainty.
- Failure to conduct appropriate research.
- Failure to take account of ethical considerations.

As Dollery (2015) points out other indicators should have been included in the Fit for the Future program which accurately measures NSW municipal 'fitness for the future' include:

1. Revenue effort.

2. Depreciation rate.
3. Budget overrun.
4. Community need.
5. Distributive equity.
6. Measures of community satisfaction along various dimensions.
7. Estimates and timing of cyclical infrastructure expenditure.
8. Long term debt obligations as a proportion of tax revenues.
9. Measures of liquidity.
10. Slack relative to risk.

There are a number of flaws with the Fit for the Future which pose a risk to the fair and impartial assessment of council performance which adversely affect IPARTs methodology and these include (Dollery 2015):

1. Unfinished business relating to removal of rate pegging.
2. Unfinished business relating to distribution of Financial Assistance Grants in accordance with Commonwealth legislation.
3. Inconsistency in financial reporting.

Therefore in order for IPART to have any credibility in its findings the above matters need to be addressed. In fact in order for IPART to be truly independent, the NSW Government needs to in the Terms of Reference of IPART and allow IPART to scrap the entire Fit for the Future process and instead implement a sound performance monitoring program (Dollery 2015).

E. The appropriateness of the deadline for 'Fit for the Future' proposals.

The deadline for the 'Fit for the Future' submissions was ludicrous. This poses the question as to what the real agenda behind Fit for the Future is. For a submission of this magnitude more time should have been given so councils could not only adequately address the criteria but also consult with their communities properly. Quite frankly when the OLG first released the Fit for the Future material in September 2014 minimum standards for community consultation should have been developed.

What is extremely disappointing is with only two months till the deadline for Fit for the Future submissions deadline, IPART then introduces substantial changes to the assessment criteria which councils were to be measured on.

This is not acceptable. The proposed Fit for the Future may have dire consequences on the community and every opportunity should be made available for proper consultation.

Most councils, like Holroyd City Council have consulted with their community including holding two public meetings on the proposed reforms. However what is concerning for me is a significant number of residents do not properly understand the ramifications of the Fit for the Future reforms. These reforms impact on personal budgets due to liabilities from merger partners and possible rate increases due to the harmonisation of rates and fees. Major public policy reforms (if you can really call this reform) which has significant implications on residents should be conducted transparently with proper relevant information provided. The timeframe given by the State Government is simply not long enough and undemocratic considering the goalpost shifted two months out. On a final note no amalgamation should proceed without a referendum.

F. Evidence of the impact of forced mergers on municipal employment, including aggregate redundancy costs.

Considerable discussion and time has centred around the impacts of forced amalgamations on communities and services. However, consideration also needs to be given on the impact of forced amalgamations on council employees. Evidence suggests that staff morale is affected, caused by the council amalgamation process and restructures that arise. Low staff morale can have a compounding negative effect on staff as well as affecting workplace productivity (Pocock et. al, Loc. Cit).

A study was conducted by Local Government Managers Australia on the impact of forced amalgamations on council staff in South Australia. The results of the study clearly indicated a wide range of staff concerns and experiences as a consequence of the amalgamation process.

The common factor across most of the employees surveyed was the individual emotional response during the amalgamation process. Many spoke of the sense of loss with team members they considered friends leaving the organisation and some experienced guilt over the fact that they were able to

retain their job or achieve a promotion (Local Government Managers Association, October 2014).

Council staff in Western Australia also identified the stress they experienced due to the uncertainty the council amalgamation process caused. Even the threat of amalgamation has been identified by employees as a stressful period. The Western Australian Department of Local Government also makes reference to the fact that amalgamation is a stressful time for employees. Reference to this, is made in the Western Australian Department of Local Government Amalgamation Guide as follows:

The process of amalgamation is a stressful time for employees and elected members, who may experience feelings of insecurity brought about by the uncertainty that comes with change. (DLG&C, WA August 2013).

Apart from reduced efficiencies an increase in staff turnover occurs in the period leading up to, during and after amalgamations. As an employee of Holroyd City Council, I have observed an increase in staff turnover, due to the “Fit for the Future” process. Staff turnover is another cost associated with council amalgamations.

Employees may be negatively affected by changes to their work locations as a result of amalgamations. This is more likely in instances where additional travel time or transportation may become a major issue.

Historically proponents of council amalgamations view the amalgamation process as an opportunity to restructure, reduce entitlements and contract out services. One such example of this occurring, was the amalgamation of Richmond River Council and Casino Council to form Richmond Valley Council in NSW in 2000.

G. The known and or likely costs and benefits of amalgamations for residents, businesses and local communities.

There have been various claims made regarding the benefits of council amalgamations. Below is a list of benefits taken from (Handout 1 on Amalgamation potential advantages and disadvantages, 2009) provided to the residents of the Shire of Mundaring when amalgamations were proposed as part of the local government reform process in Western Australia:

- Increased capacity for local government to better plan, manage and deliver services to their communities with a focus on social, environmental and economic sustainability;
- Increased capacity for local government to have adequate financial and asset management plans in place;
- enhanced efficiency in the processing of planning, building and other licence applications made by business and the community;
- greater ability to attract and retain staff including the provision of further career development opportunities;
- greater competition for positions on council and, in conjunction with other reforms, potential for enhanced governance capacity; and
- Larger local governments with greater capacity to partner with State and Federal Government, and the private sector, to further improve services to communities.

The same claims of benefits to the community have been made by proponents supporting the 'Fit for the Future' reform process. However, in western democracies overseas and in Australia there has been an increase in scepticism for the reasons for council amalgamations due to the fact that claimed economic benefits do not materialise. There is increased evidence both internationally and in Australia the negative impacts of forced amalgamations on communities.

Councils across the State of New South Wales have informed their communities of potential disadvantages and advantages of amalgamations as part of the 'Fit for the Future' reform agenda. The following list of disadvantages of amalgamations has been drawn from information material (City of Canning, Local Government Reform: The Future of the City of Canning, 2013) in Western Australia as they faced the prospect of amalgamation:

- Potential loss of local identity and possible reduction of community interest (if amalgamation occurs, communities of interest may be significantly different).
- Loss of representation; with fewer Councillors and reduced access to Councillors with greater number of electors.
- The process of amalgamation is time and resource consuming.

- Cost to fund potential changes would be funded by the ratepayer.
- Possible loss of access to resources and services in some areas – for example amalgamations may result in reductions in customer service staff and resources from some areas while services are provided and refocused on other areas.
- Change in service delivery of current programs.
- Significant cost increase: the cost of reform during the amalgamation process can be significant. These costs may include such things as locating suitable sites and accommodating a larger workforce in new or upgraded central buildings.
- Additional costs associated with reworking information technology systems, town planning schemes, procedures and policies.
- Additional costs associated with changed staffing arrangements.

As increasing evidence of negative impacts on communities from amalgamations presents itself, increasing scepticism continues to grow amongst the community in regards to the entire process of amalgamation. Inequity exists between the three tiers of Government in regards to distribution of revenue and concerns raised about the financial viability of particular councils, arguably the reform process, should concentrate on more appropriate measures to address the financial sustainability of local government in the longer term rather than forced amalgamations.

Amalgamations can shift the focus away from the smaller town populations, therefore impacting on the quality of life of remaining community members. Amalgamations have severe negative impacts on small local economies. Less local spending occurs due to a loss of income experienced by local workers and services in certain areas previously covered by a smaller sized council are reduced. This in turn then may impact on property values in a particular area, due to a reduction in services or infrastructure which then leads to a reduction in property demand.

There is increasing evidence that severe impacts on service provision and local assets due to a loss of local expertise and knowledge as a result of an amalgamation process. This has been identified by a study conducted by the Centre for Labour Research at Adelaide University. It noted one of the negative

aspects expressed by the employees was the loss of experience and expertise which resulted from staff loss (Pocock et.al, Op. Cit).

Evidence of the negative impacts on local expertise and knowledge from forced amalgamation processes in Queensland were also identified. The Noosa Iconic Panel in its submission to the Queensland State Government parliamentary review stated that after amalgamation of the Caloundra, Maroochy and Noosa Councils “there has also been a loss of 10 former senior staff from the Noosa office” (Gardner, 2010). In the report to the Parliament on the Review of the *Iconic Queensland Places Act 2008* by the Department of Infrastructure and Planning (DIPQ), reference is made to views expressed in a number of submissions. Some of the views include the following:

(Noosa) Panels have played an important role in protecting iconic values where Local Government remains ‘shell shocked’ from amalgamations.

Panels should be kept because the Sunshine Coast Regional Council have lost a lot of corporate knowledge from the original Noosa Shire, but the panel has such expertise (DIPQ).

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

A report released in 2013 by The Australian Centre of Excellence for Local Government (ACELG) identified the important role local government has in regional Australia. The publication was titled the Profile of the Local Government Workforce and key findings of the report included the following:

- Local governments are particularly important employers in rural and regional areas and the economic strength of these regions is increased by the capacity of local governments;
- Compared with other levels of government (and other sectors) the workforce is numerically significant and offers a range of high quality jobs and long term career opportunities across Australia. This can have significant flow on effects in regional areas such as opportunities for on going training and career path development, and keeping a young family in the area and a part of the community;

- With the pending retirement of a senior male cohort, women will soon appear in the most senior management roles in local government if they are supported with continued flexible work opportunities and provided with development opportunities;
- Local government supports diversity and indigenous employment more actively than other spheres of public sector employment.

We can also add that a local council presence, with its diverse range of services, assists community members link in with other community members as they access services near to home (Millar and Dowling, 2004).

Brian Dollery in his publication *Sustaining Services for Future Generations: An economic Analysis of Shared Services and Outsourcing in Australian Local Government* (2008) identifies problems affecting regional and rural communities as a result of the forced amalgamations:

Chief amongst these are a reduction in the vibrancy of local democracy, less political representation and lower public participation, various deleterious effects on local economic development, including decreased economic activity, rising unemployment and the formation of 'ghost towns', and a loss of 'sense of place' on the part of local residents.

From the above it would seem that any job losses resulting from council amalgamations in rural and regional communities has a detrimental impact on the local economy and quality of life. This may result in entire families moving from rural and regional communities. With the reduced economic activity in small towns as a result of council amalgamations property prices can be affected. This adds to the financial stress and reducing their mobility opportunities.

Conclusion:

The Fit for the Future reform package seems to have been rushed. It would seem that the NSW Government is heading for failure as previous States in Australia if it presses ahead with the forced mergers. There are serious flaws with the NSW Governments Fit for the Future framework. There is a lack of empirical evidence provided to substantiate the scale of economies that 'bigger is better'.

Amalgamations and boundary changes do not in themselves ensure the financial sustainability of local government and their communities. More long term strategies need to be put in place to provide an adequate income base for councils so that their local communities can be robust and adequately provided for well into the future.

Attempts by councils, to provide services required by local communities, is hampered by state government measures such as rate pegging, cost shifting, and federal government funding delays and freezes.

Council amalgamations and boundary changes which have been forced on communities by state governments can have significant negative impacts on communities. These can include: reduced economic viability of small centres, the loss of local expertise, community sense of loss of local identity, perceived reductions in democratic control, potential loss of services and potential increased costs during periods of transition.

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