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26 August 2015

Hon Paul Green MLC
Chair
Parliamentary Inquiry into Local Government in NSW
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Green

I deeply regret the need to write to you for the second time in two weeks to correct evidence given at the Parliamentary Inquiry into Local Government in NSW.

The draft transcript of this Monday's hearing quotes the Chief Executive of the Office of Local Government (OLG) as follows, in response to a question from David Shoebridge MLC re whether any stakeholder on the Ministerial Advisory Group (MAG) supported the appointment of the Independent Pricing and Regulatory Tribunal (IPART) as the body to assess councils' Fit for the Future proposals:

"Ms DOHENY: I know that when IPART was appointed Local Government NSW did support the appointment of IPART as the expert panel. The other point on the appointment of IPART was the addition of John Comrie. In addition to IPART's local government expertise John Comrie was appointed to provide additional expertise in local government."

This is an egregious misrepresentation of the facts.

I attach, by way of supporting evidence, copies of a media article from the Sydney Morning Herald about IPART's appointment from the day of the announcement, in which I am quoted, as well as my message to Local Government NSW's (LGNSW's) members that week.

LGNSW found out about IPART's appointment from the media. Along with other stakeholder groups represented on the MAG, we expressed our serious dissatisfaction with the situation at the MAG meeting that followed IPART's appointment. OLG was present at that meeting.

LGNSW had argued strongly in previous MAG meetings for a genuinely independent and expert assessment panel. It and other stakeholder groups were therefore further dismayed when the Government-appointed "independent" Chair of the MAG revealed he had known for some time of IPART's impending appointment but had not conveyed this information to MAG members.

I would be very grateful if you would advise the Committee of the above, so as to again set the record straight.

Yours sincerely

Keith Rhoades AFSM
PRESIDENT

The Sydney Morning Herald

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IPART to assess whether Sydney councils must merge

Leesha McKenny

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The fate of many of Sydney's councils will be handed over to the independent pricing watchdog, which will determine whether they successfully argue their case either for or against merging.

Local Government Minister Paul Toole announced the Independent Pricing and Regulatory Tribunal (IPART) will act as the "expert advisory panel" set out in the state government's plan to reduce the number of NSW councils.

IPART has been tasked with considering a range of criteria, including whether a future council had "the scale and capacity to engage effectively across community, industry and government".

Under the government's "Fit for the Future" program, many metropolitan councils have been set a "scale" target of about 250,000 residents.

Sydney's smallest councils - those with fewer than 40,000 residents, such as Mosman, Lane Cove, Strathfield and Hunters Hill - also count among those most staunchly opposed to amalgamating.

Councils, which stand to gain millions of dollars in financial incentives if they amalgamate voluntarily, have until the end of June to put forward their preferred merger option or to justify why they should not be required to do so.

The state government has not ruled out forcing mergers between those who refuse to nominate changes.

But it has handed over the responsibility for making a decision about each council's proposal to IPART, which will develop a methodology for assessing the written submissions before delivering its recommendations to the state government.

Mr Toole said he was confident IPART would perform the role "transparently and effectively".

"Councils and communities deserve these proposals to be considered independently, and assessed with consistency, fairness and impartiality," Mr Toole said.

IPART would also be required to consider whether a proposal is sustainable, efficient, and "effectively manages infrastructure and delivers services for communities".

The terms of reference were developed in consultation with representatives from industry bodies and unions, the government said.

Local Government NSW president Keith Rhoades was "lukewarm" about IPART's role in the process, adding that he would rather have seen a panel comprised of a mix of government appointees and those from the local government sector.

"Could have been better, that way. Could have been worse, too," said Cr Rhoades, who declined to comment on the implications of IPART's assessment criteria on Sydney's councils before the June deadline for submissions.

Mr Toole said NSW needed councils to be "financially sustainable and able to deliver efficient and effective services".

"We need a sustainable system of local government – one that provides quality services and infrastructure and will

help us to deliver downward pressure on rates, better services and more infrastructure," Mr Toole said.

An Independent Local Government Review Panel report commissioned by the state government said Sydney's councils should be "significantly reduced" from 41 to between 15 and 18.

Premier Mike Baird urged a gathering of the state's councils last year to consider boundary changes, telling them that the status quo was "not sustainable".

Message from the President

Cr Keith Rhoades AFSM



We knew an announcement was imminent and I was alerted by the media on Sunday morning that the Government had chosen IPART as the Expert Panel to review Councils' *Fit for the Future* submissions.

Our sector as a whole has a right to expect the *Fit for the Future* process to have integrity. To that end I welcomed the inclusion of Local Government expert John Comrie in the Panel once advised of this by the Government. As the former CEO of the South Australian Office of Local Government, and as former CEO of LG South Australia, John brings to the table a unique understanding of the challenges faced by Councils. That's precisely why LGNSW put his name forward to the Minister.

The Panel announcement was followed on Monday by a fully-fledged Assessment Methodology consultation paper from IPART, suggesting all of this had been in the works for some time. The USU and LGPA, who each have a representative on the Ministerial Advisory Group along with our two seats, have joined us in expressing surprise that the Government failed to mention these plans at the MAG's meeting a little over a week ago.

While it's fair to say this episode goes to the very heart of the reform process, we can take some satisfaction from the fact that the Methodology paper has picked up matters LGNSW has been pushing on your behalf, including the fact that all criteria are not equal, community consultation, the importance of social factors, councils being able to meet with the Panel and the recognition of issues around water authorities. We have not got everything we wanted, but progress has been made.

I believe the best outcomes in any endeavour are achieved by working constructively and collaboratively. As LGNSW President I have stated over and over again that LGNSW is committed to working in partnership with the State Government to achieve reforms including voluntary amalgamations that benefit residents and ratepayers. However we are not prepared to be used as a rubber stamp to legitimise a predetermined, ideologically-driven approach.

I would urge all Councils to provide LGNSW with your feedback on the Methodology, which we circulated to all Mayors, Councillors and General Managers on Monday, hot off the press. Just 28 days is being allowed for public comment, and to ensure LGNSW's submission accurately reflects your input I'd encourage you to make your views known to us as quickly as possible. More information about the consultation process can be found [here](#).

This week Chief Executive Donna Rygate and I met with representatives from Shellharbour, Wollongong, Kiama, Shoalhaven, Wingecarribee, and Campbelltown. These meetings are providing a great deal of insight into Members' highest priorities and the traditional and new challenges facing Local Government today.

It was a busy week with LGNSW's one-off forum on Regional Collaboration and Shared Services taking place, and the remainder of the week full of LGNSW's Board Working Committee meetings, which are drilling down into specific areas such as Planning and Environment, and Human and Cultural Services issues.

On that note, please take the time to complete the Human and Cultural Services survey before it closes on 8 May. It's all too easy to overlook this important area of Council business in times of change, but it does play a key role in helping to create the livable communities sought by our residents and ratepayers. You can access that survey [here](#).

Kind regards

Cr Keith Rhoades AFSM
LGNSW President