



Executive Summary

The City of Ryde welcomes the opportunity to provide this submission on Future Directions for Local Government and wishes to make the following key points:

1. Consultation

The City of Ryde is concerned that the consultation undertaken by the Panel has been inadequate given the significant impact the recommendations could have on local communities. Council has supplemented the consultation program and has included the outcomes with this submission.

We strongly recommend that prior to any further action being taken or recommendations being finalised that further more extensive consultation be undertaken.

2. Larger local government areas

The City of Ryde does not believe that the case that 'bigger is better' has been made by the Panel. A significant amount of research and a number of experiences identified in our submission do not support the Panel's position with regard to the amalgamation of metropolitan Councils. We believe that amalgamation would be at the expense of recognising communities of interest and appropriate local representation. We also believe that the value placed by residents on adequate local representation has not been quantified or recognised by the Panel.

3. Relationship with State Government

As outlined in our submission, the City of Ryde feels that the Panel's recommendations specifically with regard to Ryde are at odds with current and developing State plans and regions. We feel that based on this the recommendation that Ryde align with Parramatta, Auburn and Holroyd is inconsistent and illogical.

In addition, it is clear that many areas of reform for local government will require significant and long term commitment from the State sector. The City of Ryde believes that the scope of the Panel's recommendations must include significant tangible improvements to the relationship between State and local government particularly with regard to strategic planning, delivery of programs and long term financial sustainability.

4. Opportunities for shared services

We believe that the Panel should give consideration to avenues for Councils to explore a variety of shared service options. This could include County Councils but we believe Councils should not be limited to a particular model that may not be appropriate for every service or every local government area.

Evidence is provided in our submission that a range of consolidation options provides the greatest scope for Councils to achieve economies of scale and efficiencies while maintaining local representation.

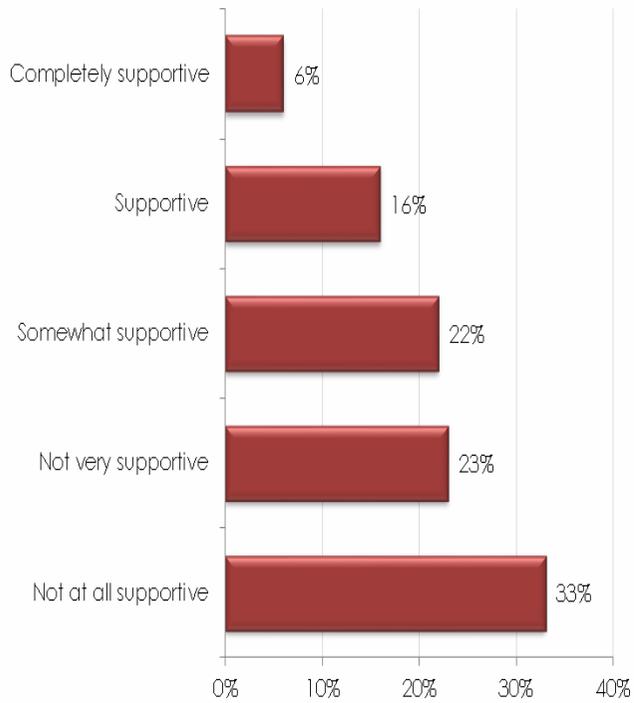
5. Feedback from City of Ryde residents

The following graphs show overall feedback from Ryde residents regarding the Panel's recommendations:

How supportive would you be of City Of Ryde being amalgamated with other nearby Councils?

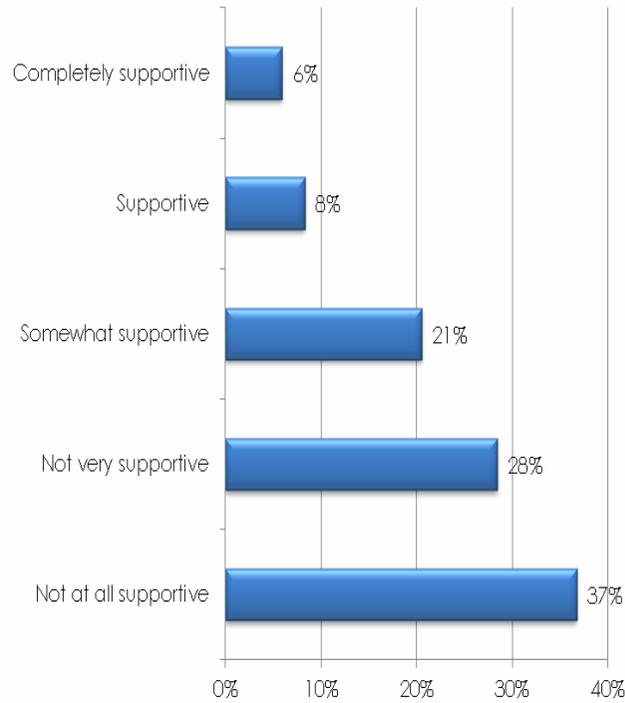
Telephone survey: n=600

56% of residents were not very or not at all supportive of amalgamation



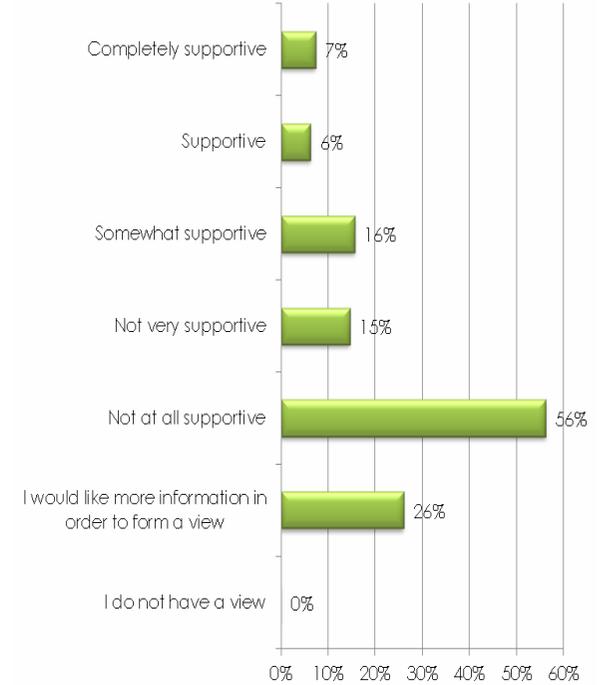
Online survey: n=256

65% of residents were not very or not at all supportive of amalgamation



Community workshop: n=121

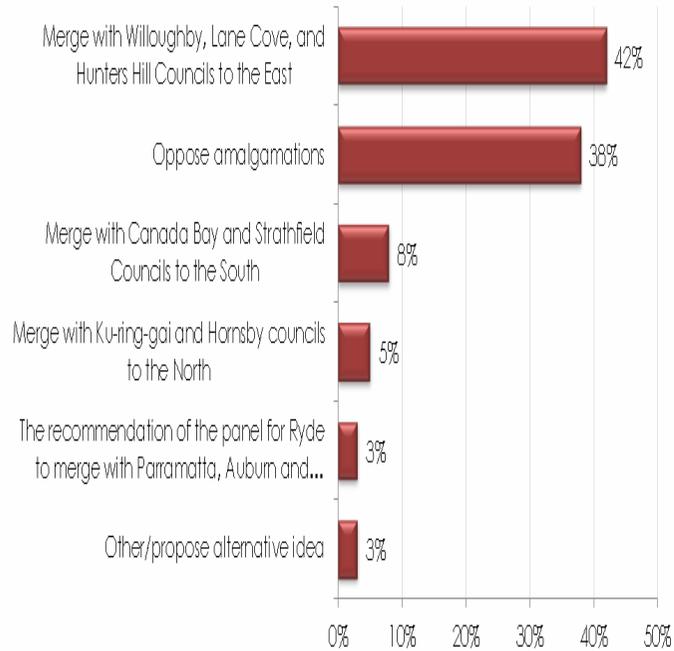
71% were not very or not at all supportive of amalgamation



Which one of the following options would be your preference?

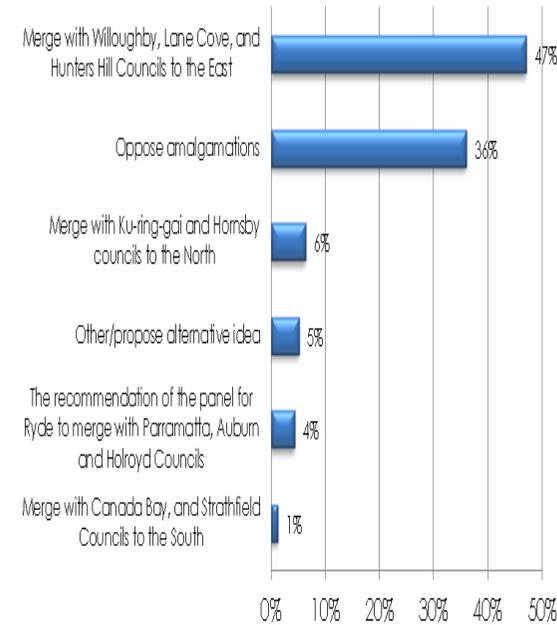
Telephone survey: n=600

If pressed, 42% would prefer to merge Eastward, however, 38% would always oppose amalgamation



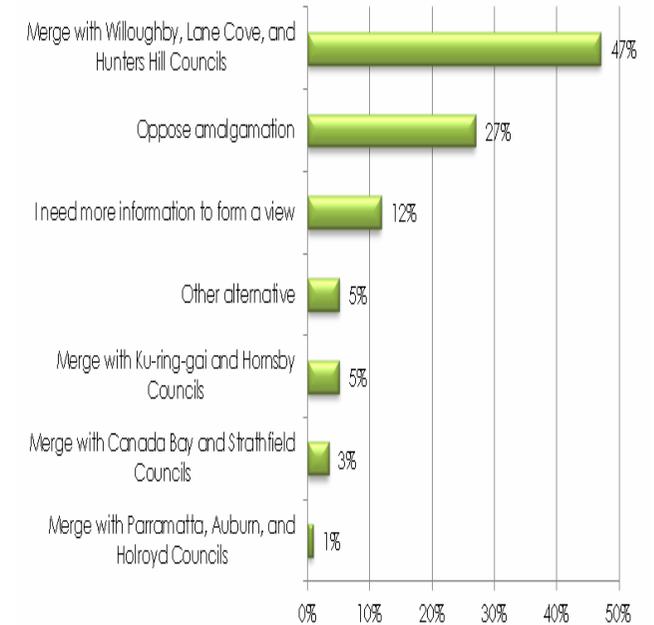
Online survey: n=256

If pressed, 47% would prefer to merge Eastward, however, 36% would always oppose amalgamation



Community workshop: n=119

If pressed, 47% would prefer to merge Eastward, however, 27% would always oppose amalgamation



Background

At the Extraordinary Council Meeting held 30 April 2013 at North Ryde Community Centre, Council resolved as follows:

- (a) That Council advise the Independent Local Government Review Panel that while Ryde Council understands the principle of local government boundary adjustments, it does not see a future for the Ryde area as part of an enlarged Parramatta City and that in consequence, Council does not propose to attend the “Metropolitan Councils” workshop at Parramatta on 15 May 2013, but instead will attend as observers, at the Northern Sydney Councils workshop at Chatswood on 14 June 2013.
- (b) That following the meeting at Chatswood on 14 June 2013, Council hold a consultation program with the community to receive their feedback on the proposal for amalgamation.

On 13 May 2013, Council wrote to the Chair of the Independent Local Government Review Panel and advised as follows:

The City of Ryde Council has been giving consideration to *Future Directions for NSW Local Government* and is planning to make a submission.

In order to be able to adequately provide an informed submission, Council has determined that further information is required regarding the background work that has been done in creating the report.

To that end, the City of Ryde is respectfully requesting a copy of the relevant working papers that guided the preliminary recommendations contained in the report, particularly with regard to potential savings, potential efficiencies and the optimum size for metropolitan Councils.

As you would appreciate, we would be grateful if this information could be provided as soon as possible so that the City of Ryde can be afforded every opportunity to respond completely to the report within the timeframe allocated.

This is a matter of significant importance to Ryde and we are keen to provide the community, Councillors and Council with adequate information and time to respond.

To date Council has not received the requested information. It is also noted that the detail requested was not provided at either the Community Hearing or Council Workshop attended by City of Ryde representatives.

On 30 May 2013, Council wrote again seeking the information requested so as to better inform our submission.

Public Consultation- Outcomes of Public Meeting held 3 June 2013

Attachment 1 – Report from Community Consultation Meeting

Council conducted a Public meeting regarding *Future Directions* on Monday, 3 June 2013.

This public consultation was undertaken due to Council's belief that the consultation undertaken to date by the Independent Local Government Review Panel has been limited and it was appropriate that it be supplemented by the City of Ryde.

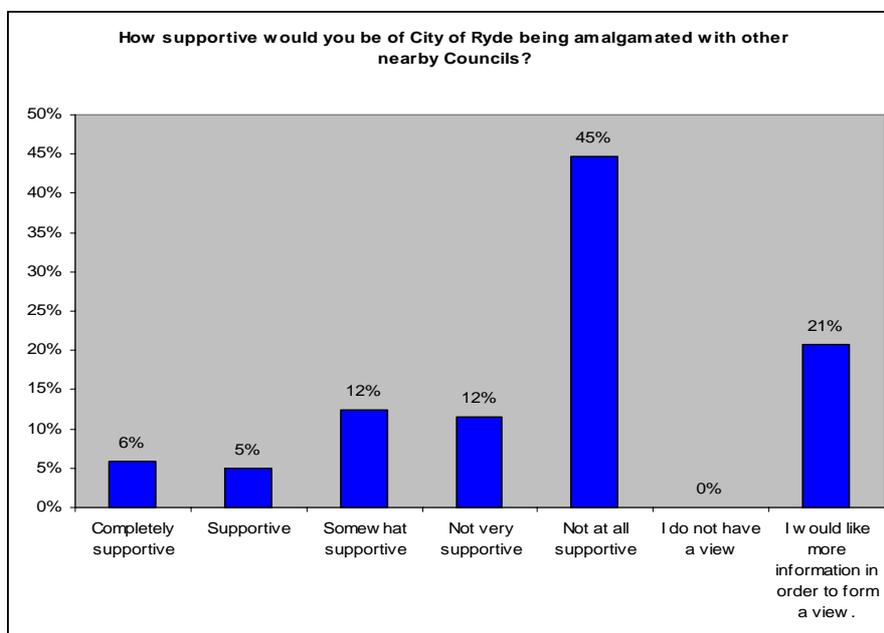
Some of the feedback received as part of the public meeting (both qualitative and quantitative) supports this belief.

The consultation meeting, while hosted by Council, was facilitated by a third party to ensure an open and transparent process.

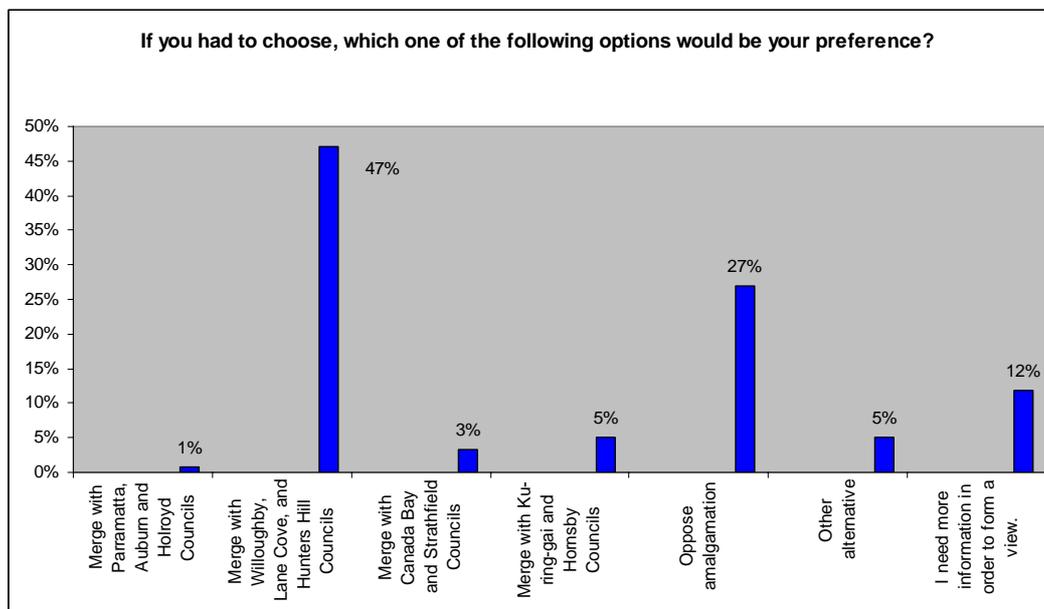
The following issues were raised at the meeting and where appropriate have been incorporated into Council's submission. A copy of the report is ATTACHED – Attachment 1.

At the conclusion of the Public meeting all attendees were asked to vote on a series of questions. The result was recorded live and provided to the attendees at the meeting.

It is clear that those who participated do not support amalgamation generally and most certainly do not support amalgamation with Parramatta, Holroyd and Auburn specifically. 57% of attendees indicated that they were not supportive of amalgamation.



When asked to vote on amalgamation options 1% supported an amalgamation with Parramatta, Auburn and Holroyd (noting that the majority present did not support amalgamation at all)



In summary, the results of the community consultation (as advised by Urbis who facilitated the meeting) were as follows:

Based on the considerable attendance at the workshop and the nature of feedback received, it is evident that the proposed reforms are contentious and of interest to the Ryde community. Participants demonstrated a high level of pride in and attachment to their community, and emphasised the importance of local representation, decision makers' knowledge of local needs and issues, and Council being accessible and accountable.

An area of particular concern in relation to the reforms is the proposal to amalgamate Ryde with Parramatta, Auburn and Holroyd Councils. Therefore, much of the discussion at workshops focussed on challenges and issues associated with this particular aspect of the proposals. There is greater support for amalgamation with northern Council's on the basis of shared interests and identity, and an established relationship through NSROC.

Participants at the workshop were generally supportive of improving the governance and financial sustainability of local governments, though many felt that these outcomes could be achieved without amalgamation. NSROC was cited on a



number of occasions as a well-functioning regional network, already achieving efficiencies through collaboration.

There is a high level of interest in the rationale for reform (particularly amalgamation) and concern regarding the adequacy research underpinning the proposed changes. Participants indicated a strong desire to know more and receive further information, to inform their views on the proposed reforms.

Public Survey conducted June 2013

Attachment 2 – Report from phone survey

A random telephone survey of 600 residents was conducted between 28th May and 1st June 2013.

Interviewing was conducted in accordance with IQCA (Interviewer Quality Control Australia) Standards and the Market Research Society Code of Professional Conduct. Where applicable, the issues in each question were systematically rearranged for each respondent.

A copy of the survey report is ATTACHED – Attachment 2

It was clear through the telephone survey that there is no support for the Panel's recommendation that Ryde amalgamate with Parramatta, Auburn and Holroyd.

In addition, the phone survey reinforced Council's concern about the need for additional community consultation regarding the Panel's recommendations. 93% of residents gave the importance of consultation a score of 7 or greater where 10 is very important and 1 is not at all important.

In summary, the results of the phone survey (as advised by Micromex who conducted the survey) were as follows:

- *70% of residents claim to be aware of the review.*
- *93% of residents indicated that it is important to be consulted with about this issue.*
- *At a broad level, 56% of residents are not very supportive - not at all supportive of the amalgamation option versus 22% who are supportive - very supportive.*
- *If we remove the fence-sitters (somewhat supportive 22%), the data shows that the community is 2.5:1 against amalgamation.*
- *If pressed, the preferred merge option is to merge eastwards (42%), however, 38% still oppose amalgamation outright.*
- *Only 3% of residents support the Panel's proposal of a merger with Parramatta, Holroyd and Auburn.*

Comments recorded as part of the survey process are included in this submission and identified in blue with a red box.

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The Panel's stated goal

A more sustainable system of democratic local government that has added capacity to address the needs of local and regional communities, and to be a valued partner of State and federal governments.

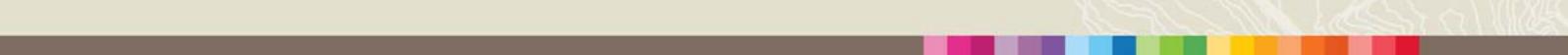
City of Ryde welcomes the report from the Independent Panel in achieving a more sustainable system of Local Government.

The Panel has presented the following options for Ryde:

- Amalgamate with Auburn, Holroyd and Parramatta (preferred option); **or**
- Combine a strong County Council and move the northern boundary of Parramatta and western Ryde to M2

The City of Ryde does not support the Panel's preferred option.

The City of Ryde does support a reform agenda and investigating options that promote a County Council model where the local identity of the City of Ryde can be retained. The City of Ryde also does not believe this model should include Auburn, Holroyd and Parramatta with the City of Ryde.



Sustainable system

The recent publication of the report into Financial Sustainability of the NSW Local Government Sector includes recommendations key to the long term future of local government. As the financial sustainability of all Local Governments is central to this outcome, the City of Ryde strongly recommends that the Panel consult with TCorp to ensure any proposed changes facilitate and encourage the sector to be able to act on these recommendations. This recognises the knowledge and insights that TCorp has gained in undertaking the Financial Sustainability Reviews of all NSW Local Government.

Mr Kevin Pugh, Senior Manager Corporate Finance NSW Treasury Corporation was invited by Council to discuss the TCorp report at a Councillor Workshop held 23 May 2013. He advised his role was completely separate to the Independent Panel's role and that he did not have an understanding as to why the Independent Review had suggested a potential amalgamation with Parramatta, Holroyd and Auburn.

At the Workshop it was also noted that one of the TCorp report recommendations was that rate pegging be reviewed to ensure local government receives enough flexibility in the legislation to allow Council to meet existing costs. City of Ryde strongly supports the removal of rate pegging. It was noted that the Independent Review Panel has suggested the ability for Councils to receive a rate increase equivalent to the rate pegging increase plus 3% which will still be significantly deficient in addressing the revenue increases required by the majority of Local Government.

Other issues raised through the TCorp report that should be further considered include inconsistent treatment of depreciation which significantly impacts benchmarking of financial sustainability and may result in a crude assessment of each Council's infrastructure backlog.

The question was asked at the Workshop whether TCorp would be providing advice to the Independent Panel regarding what changes would be required, especially in respect of the rating legislation, to enable Councils to raise the required level of funds. Mr Pugh advised that this was not within their scope.

The report into the Financial Sustainability of the NSW Local Government Sector provides a unique opportunity for changes to the Local Government Act, which can empower Councils to meet their financial goals and ensure their long term sustainability. Given that TCorp has now had the opportunity to speak to many local Councils it is recommended that the Independent Panel consult and engage with TCorp more specifically to ensure any proposed changes, especially to the Act, are targeted and focused in empowering Councils to achieve financial sustainability.

Local Government to address needs of local and regional communities

Council struggles to understand how a larger local government area addresses the needs of local communities. More and more, decision making for local communities (particularly with regard to planning matters) is being made at a State level without appropriate consultation. In addition, Council believes that returns from planning growth must be reinjected into local communities to ensure improved services to areas impacted by higher population densities.

Recently, Council has acted on behalf of the community regarding a number of State Government planning decisions. This action has been driven by the community's concerns and it is because of Council's relationship with our community that we have been ready and able to act. Larger Council areas will remove this strong community connection and leave residents in need disenfranchised and unrepresented in State level discussions.

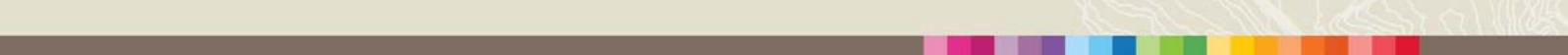
The City of Ryde Council strongly believes that Ryde should be a separate centre of governance because of the area's history, geography, economic structure and the existing communities of interest.

We are one of the oldest local government areas in Australia with a long and proud history that should be respected and maintained.

On the 3rd January 1792, the first land in the Ryde area was granted to eight marines, along the northern bank of the river between Sydney and Parramatta. The area was named by Governor Phillip the 'Field of Mars', Mars being the ancient God of war, named to reflect the military association with these new settlers. Today, Field of Mars Reserve is the remnant of a district which once extended from Dundas to the Lane Cove River.

These grants were followed soon after by grants to ten emancipated convicts in February 1792, the land being further to the east of the marines grants, thus the area was called Eastern Farms or the Eastern Boundary. By 1794 the name Eastern Farms had given way to Kissing Point, a name believed to have originated from the way in which heavily laden boats passing up the Parramatta River bumped or 'kissed' the rocky outcrop which extends into the river at today's Kissing Point.

Few local government areas in Australia, let alone NSW, can lay claim to such a long and proud history as the City of Ryde. To see Ryde Council identified in the Panel's report as 'merge – Parramatta group' disregards Ryde's heritage and importance in NSW local government history.



The City of Ryde is also home to Macquarie Park, a nationally significant research and business centre, specialising in the communications, medical research, pharmaceutical and IT&T sectors. Macquarie Park is set on over 200 ha of commercial landuse, 98 ha occupied by Macquarie University on the doorstep of the National Park. With over 800,000 sqm of commercial floor space and the capacity to reach over 2 million sqm, Macquarie Park is well placed to be a key anchor in the global economic corridor.

Its prime location in Sydney's Inner North is a major factor driving Macquarie Park's continued growth. It is located 12kms by road from the Sydney CBD and 13kms from Parramatta and the Epping-Chatswood Rail Link provides direct rail access to Macquarie Park.

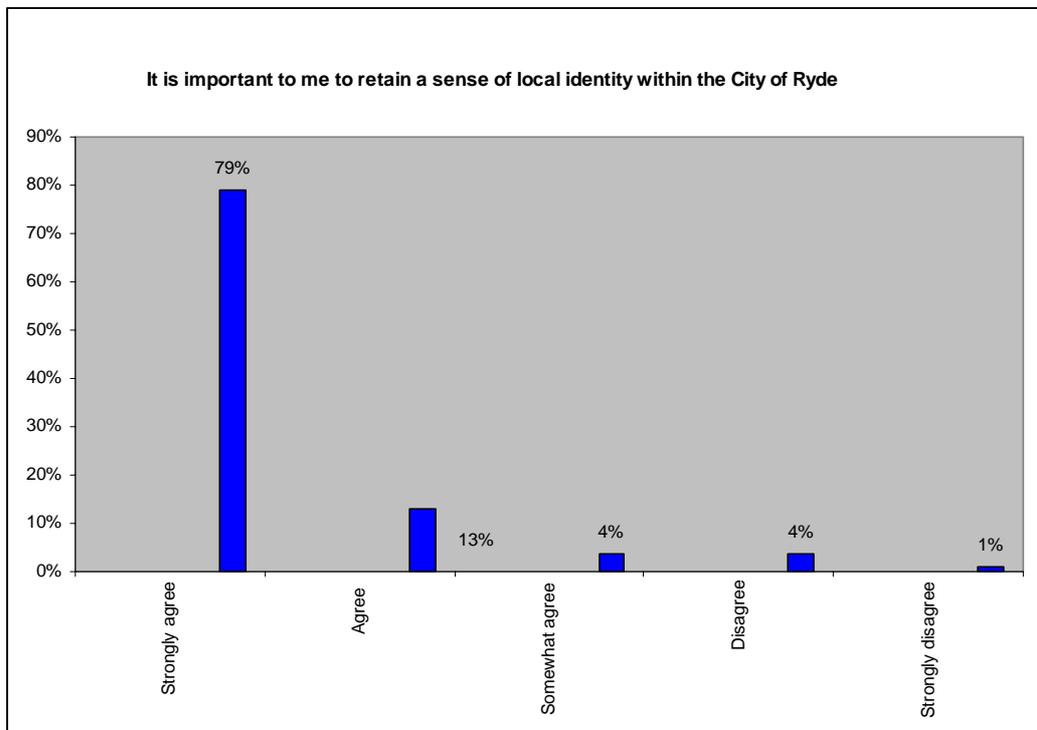
Council believes that Macquarie Park has already established itself as a premium location for globally competitive businesses with strong links to both the university and research institutions that has achieved an enhanced sense of identity. In the future, Macquarie Park could quite conceivably become Sydney's second CBD.

In addition to Macquarie Park, the City of Ryde has the Eastwood, Gladesville, West Ryde and Ryde town centres as well as the Meadowbank Employment area.

As set out in the National Institute of Economic and Industry Research Report, Ryde is a local government area with significant service provision. It is a local government area with a single large university, a large TAFE and secondary schools. There is also a large hospital. Additionally, the report identifies that Macquarie Park serves to meet the demands of suburbs to the north west of Sydney. Ryde is identified along with Parramatta as a centre that satisfies the demands of suburbs further north west. This suggests that the two areas should remain separate local government areas so that this support and service is neither diminished nor homogenised.

Ryde's long and proud history also contributes to the sense of place as do Ryde's extensive range of active and long serving community volunteers and organisations.

The residents of Ryde have told Council, in no uncertain terms that they do not identify with Western Sydney. At the Community Consultation held 3 June 2013, 79% of those present indicated that they place strong importance on maintaining a sense of local identity within the City of Ryde – as shown in the graph below.



They have spoken of key differences with regard to levels of wealth and multiculturalism. One concern is that the City of Ryde has invested prudently and built reserves which are at risk of cross subsidising other Councils who have not been so prudent.

We have a wonderful city that is of a manageable size and amalgamation would create a very different atmosphere and lose the community spirit we have here now. People enjoy living in Ryde at present; it is big enough.

As set out in the National Institute of Economic and Industry Research Report the defining of communities of interest, or communities of place, can be difficult to quantify including elements such as amenity or community spirit. However, there are many quantifiable characteristics that are considered in the report.

The specific quantifiable areas of wealth and multiculturalism are reflected in the research undertaken by the National Institute of Economic and Industry Research: *New South Wales Local Government Areas: Similarities and Differences*. In this research

Ryde is identified as a high wealth LGA. Ryde is not identified with Parramatta, Holroyd and Auburn as a multicultural LGA.

One of the stated goals of the Panel's proposal for Ryde is to create a more diverse local government area. It is our position that the proposed change would certainly result in a very different demographic make up – one with which the current residents of Ryde do not identify. It also disregards Ryde's existing diverse community makeup.

We also put it to the Panel that the proposed change with regard to the Northern Sydney group will not create a more diverse local government area. The evidence provided in the NIEIR Report shows that the Northern Sydney recommendation is an example of bringing together Councils from similar demographic clusters, thus preserving the sense of identity and communities of interest.

The Panel identifies that an essential element of an effective system of local government is to maintain a strong sense of local identity and place. The City of Ryde feels that this is in conflict with the proposed amalgamation of Ryde, Parramatta, Holroyd and Auburn.

The proposed amalgamation is going to be too large and with no commonality.
There would be no sense of belonging and as a result all the communities would suffer

In *No Lessons Learned: A Critique of the Queensland Local Government Reform Commission – Final Report* by Brian Dollery, Chong Mun Ho and James Alin, the public choice argument regarding larger Councils is considered:

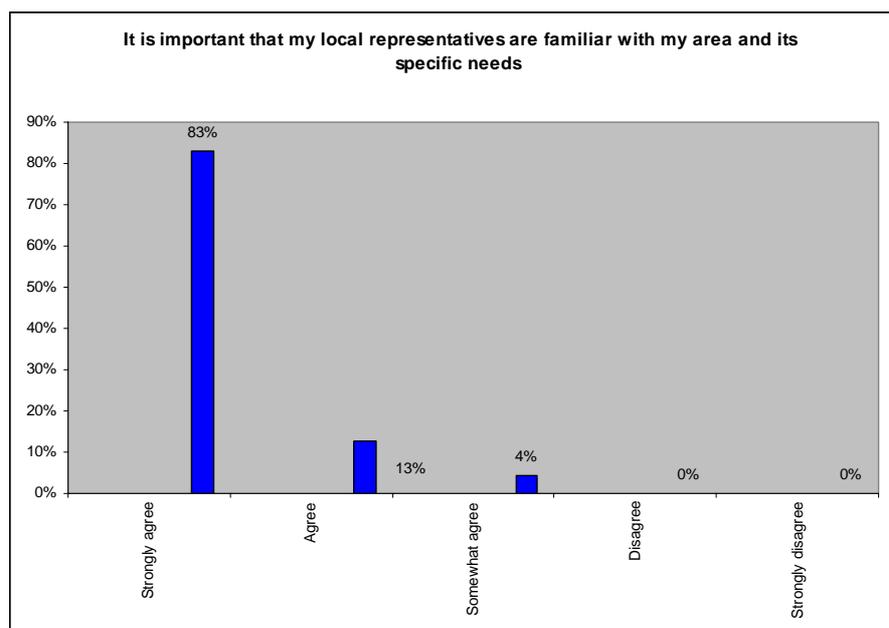
. . . .a conceptual rebuttal of the notion that 'big is beautiful' by maintaining that large councils are less accountable and transparent and more complex than their smaller counterparts and thus less easily monitored by voters, who have less contact with elected representatives. It is also argued that smaller municipalities are much closer to constituents and thereby better informed than large councils. A second empirical string to the public-choice bow is that 'bigger is not better', since considerable evidence has demonstrated that small councils deliver services more cheaply (see, for example, Boyne 1992; 1998b).

The City of Ryde rejects the Panel's premise that larger local government areas address local needs more effectively or efficiently.

In addition, we strongly believe that counter-measures recommended in the Panel's report to ensure local representation are unnecessary as the argument for amalgamation has not been demonstrated nor validated in your Discussion Paper.

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The residents of Ryde have indicated that they place significant importance on local representatives being familiar with their area and its specific needs. 96% of those present at the Community Consultation meeting expressed this view as shown in the graph below.



As first conceived by Coleman in 1988 and as popularised by Putnam in 1993, 'social capital' are those aspects of life that enable people to act together to more effectively achieve shared goals. In *The Local Capacity, Local Community and Local Governance Dimensions of Sustainability in Local Government*, Dollery, Crase and Grant state that;

In the local government context, social capital engenders local civic awareness that manifests itself in a variety of community projects . . . The determinants of local social capital are complex and not well understood, but include a 'sense of community' and a 'sense of place' that derive from living in a small and distinctive community, such as a local government area. Community size and community social capital are therefore intrinsically linked together.

. . . a municipal council often represents the 'heart' of a community and serves to symbolize its character and independence. The abolition of these councils could thus severely damage a 'sense of community' built up over the generations. The economic consequences of this loss may be felt in different retail shopping patterns, altered school enrolment, changed sporting club allegiances, and so forth, which



will have ramifications for the composition of economic activity and the strength of the rate base of the former small council areas.

For this reason, the City of Ryde does not support the Panel's amalgamation recommendation. We do, however, support boundary adjustments in addressing anomalies where communities of interest are fragmented. The boundaries of each Local Government area need to be reflective of the natural communities of interest that exist across NSW.

Partner of State and Federal governments

The State Government has released a significant number of planning and strategy documents over the past year. In none of these documents has the City of Ryde been identified as part of Western Sydney and in all cases has been considered a Central or Northern Sydney Council.

The City of Ryde does not believe that the proposed local government area relating to Ryde reflects the Panel's stated goal. Indeed, we believe it to be in direct contradiction with the goal of partnering local government and State Government.

The following recent NSW Government publications have given consideration to long term planning for NSW and as part of this consideration have identified Council groupings for planning purposes.

- *Draft Metropolitan Strategy for Sydney to 2031 – March 2013*

The stated aim of the Draft Metropolitan Strategy is to set the framework for Sydney's growth through to 2031.

In the draft, the City of Ryde is included in the Central Subregion. This region includes Ashfield, Botany Bay, Burwood, Canada Bay, Hunters Hill, Lane Cove, Leichhardt, Marrickville, Mosman, North Sydney, Randwick, Strathfield, Sydney, Waverley, Willoughby and Woollahra.

Macquarie Park is identified as a specialised precinct in the Strategy and is included in the Global Economic Corridor which includes North Sydney, Chatswood and Parramatta.

The West Central and North West Sub region includes Auburn, Blacktown, Holroyd, Parramatta and The Hills.

- *NSW 2021 – Published December 2012 – Regional Action Plans*

As part of this series of reports the Action Plan identified a Northern Sydney region which included Hornsby, Hunters Hill, Lane Cove, Ku-Ring-Gai, North Sydney, Willoughby and Ryde.

The report states that;

Northern Sydney is renowned for its high quality lifestyle and environment as well as its status as Australia's 'Silicon Valley', with a number of high-tech and other high quality professional services and education firms and organisations located within the region.

Parramatta was included as part of the Greater Western Sydney Region which included Auburn, Blacktown, Blue Mountains, Hawkesbury, Holroyd, Penrith and the Hills.

- *A New Planning System for New South Wales – April 2013*

The White Paper sets out a proposal for Subregional Delivery Plans to be prepared by Subregional Planning Boards. These Boards have been identified as a new planning body which will comprise representatives from each Council in the subregion as well as representatives from Planning and Infrastructure.

To date, it has been anticipated that these Subregions would align to those identified in the Draft Metropolitan Strategy for Sydney.

- *Destination 2036 – June 2012*

The Action Plan developed as part of Destination 2036 clearly identified continued support for the strengthened recognition of Regional Organisations of Councils (such as NSROC) as a tool for regional planning and service delivery.

This position was reflected in the Action Plan which states:

the NSW Government is looking to ROCs as a key regional planning, consultation and delivery mechanism for the new State Plan – NSW 2021, as well as other regional planning initiatives, such as Regional Transport Plans.

Again, the City of Ryde is included within the Northern Sydney Region Organisation of Councils and is not aligned with Parramatta, Auburn or Holroyd.

As is demonstrated above from a range of State Government reports, the City of Ryde has correctly been identified as a northern or Central Sydney Council. The recommendation to align with Parramatta, Auburn and Holroyd is very inconsistent and illogical.

In a broader sense, while the panel has focused its review on the future of Local Government, the critical component in Local Government's future is how the State Government partners, communicates and genuinely works with Local Government.

Therefore, the City of Ryde strongly emphasises that while this Review is focused on Local Government and the changes that are required to make it more sustainable, equally the focus is required to be on the State Government. It is imperative that the success of the Panel's Review and recommendations will be how serious the State Government embraces this opportunity to work with Local Government as a true partner.

The following sections give specific consideration to the areas identified by the Panel in *Future Directions for Local Government*

Sustainability and Finance

General Comments

The Panel states that in order to achieve strategic capacity there needs to be a move to larger, more robust organisations that can generate increased resources through economies of scale and scope. It is stated that;

Mergers should be pursued where they can make a substantial contribution to addressing financial problems, reducing fragmentation of resources and duplication of effort, and building strategic capacity for the long term.

The City of Ryde in principle, supports this.

However, the City of Ryde again directs the Panel to *No Lessons Learned: A Critique of the Queensland Local Government Reform Commission – Final Report* by Brian Dollery, Chong Mun Ho and James Alin.

In discussing economies of scale, the report identifies that;

. . . in its adoption of the ‘big is beautiful’ perspective of local councils, the Commission alludes to the cost ‘dividends’ attendant upon scale economies in the proposed new larger councils. The Commission thus implicitly endorsed inter alia the findings of Stephen Soul (2000) in his influential doctoral thesis, which examined the effect of council size (as measured by population) on gross expenditure per capita, and concluded that increasing population yields a lower level of gross expenditure per capita up to a council size somewhere between 100,000 and 316,000 people, at which point ‘scale diseconomies’ begin. But the theoretical basis of this study has been shown to be badly flawed on the basis of pioneering work by Boyne (1995) ignored by Soul (2000) (Dollery et al. 2006b). In essence, Boyne (1995) has demonstrated that council size (as proxied by population) bears no relationship to scale economies, since population is linked to numerous other variables affecting expenditure.

Finally, the Commission apparently takes for granted that substantial scale economies exist in Australian local government. This presumption is unwarranted and ignores both Australian empirical evidence on economies of scale in local

government (see, for instance, Byrnes and Dollery 2002) as well as empirical evidence abroad (see, for example, Bish 1971; 2000; Boyne 1998a; Duncombe and Yinger 1993; Hirsch 1968; and Rouse and Putterill 2005), which points to the fact that scale economies cease for many municipal functions for populations above 50,000 residents and many labour-intensive services exhibit diseconomies of scale. With regard to Australian local government, Byrnes and Dollery (2002, p.405) conclude that 'the lack of rigorous evidence of significant economies of scale in municipal service provision casts considerable doubt on using this as the basis for amalgamations'.

The City of Ryde believes that there is no evidence that economies of scale would be achieved through the proposed reform agenda. We reject the Panel's premise that larger metropolitan Council areas would be, by definition, more efficient.

There doesn't seem to be conclusive evidence that there are economic benefits of merging.

Council does not believe that any evidence has been provided that the proposed mergers could make a 'substantial contribution to addressing financial problems.'

However, there may exist opportunities for economies of scope arising through resource-sharing opportunities. For this reason, the City of Ryde supports a reform agenda focussed on applying the benefits of the County Council or shared-services model more widely. This would in essence formalise the current NSROC (ROC) model with more specific functions in supporting the relevant member Councils.

We believe, like the Panel, that one size does not fit all. As a result, the City of Ryde supports a suite of consolidation options to empower Councils to identify the options that will be the most efficient and effective for our community.

As stated above, the City of Ryde is part of the Northern Sydney Regional Organisation of Councils (NSROC). Recently, NSROC has produced a significant number of strategies and plans regarding the region including the following:

- Regional State of the Environment (SoE) Report 2011-2012. The Report provides updates on environmental indicators and highlights regional and Council initiatives to maintain and improve the environment of northern Sydney.
- Regional Waste Industry Management Consultation. NSROC is facilitating a process for its member Councils to identify the potential for a regional solution to waste management, for the short and long term.

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- Coordinated NSROC submission on NSW Government's Discussion Paper "Sydney over the next 20 years" which highlights the key metropolitan planning issues for Northern Sydney.
- Missing Link and Missing Out. The F3-M2 Motorway Connection is critical to Sydney, NSW and the nation. NSROC recognises this, and together with Gosford City Council, have released *Missing Link and Missing Out* a research report by PWC. The report highlights the need for, and the benefits of, the link in the National Road Network.
- NSROC Regional Priorities – Key Actions for Northern Sydney. NSROC has set the scene for the NSW and Federal Governments with **NSROC Regional Priorities – Key Actions for Northern Sydney** plan. The Plan sets out seven priority areas for the region and over 80 actions which involve regional coordination and contribution and leadership by State and Federal Government.
- Comparative analysis of NSW ROCs. NSROC, in collaboration with the Australian Centre of Excellence for Local Government (ACELG), have released a comparative analysis of all NSW ROCs including a summary of their structure, membership, financial, operational and governance arrangements. The report was very timely given the State Government's *Destination 2036: draft action plan* and its proposals for ROCs utilisation. This report provided councils and other stakeholders with an understanding of what the 17 ROCs do across NSW.

In *Shared Services in Australian Local Government: Rationale, Alternative Models and Empirical Evidence* (2009) Dollery, Akimov and Byrnes refer to the South Australian Financial Sustainability Review Board *Rising to the Challenge* report and note that the report;

... contented that cooperation through shared service provision' can be practical and cost-effective way for councils to share experiences and resources, tackle common tasks, or take advantage of economies of scale.' It argued that existing regional organisations of councils (ROCs) and area integration models represent the best institutional vehicles for this purpose.

In addition, it was noted that;

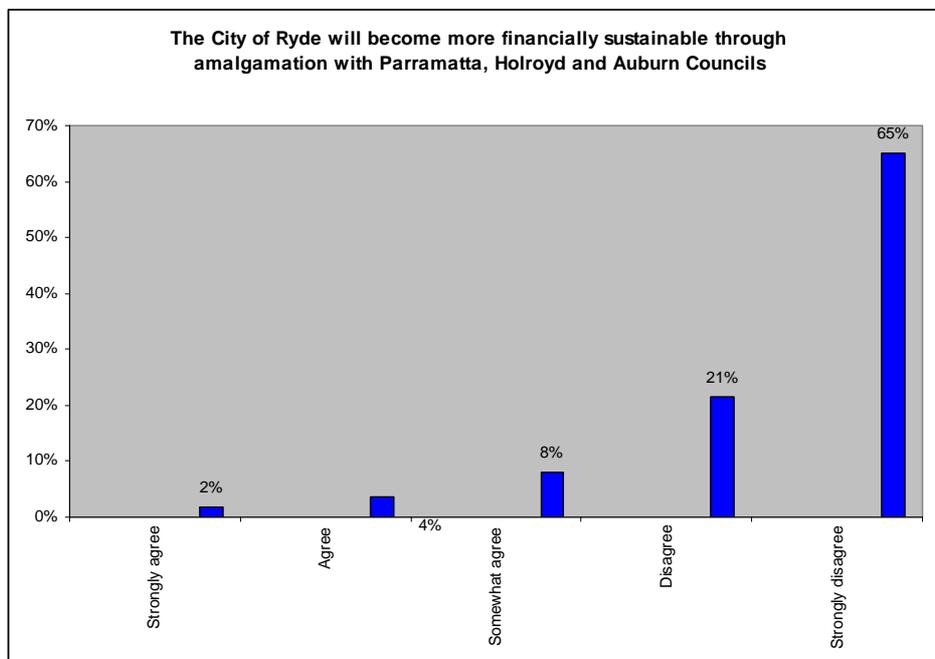
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. . . the Hawker Report concluded that 'the efficiencies of local government can be improved through a mixture of changes that may include partnerships, regional cooperation and/or amalgamations', although it is stressed that 'one answer does not fit all'. It is recommended that the federal government should engage 'established ROCs and other regional bodies which have demonstrated their capacity to be involved in the regional planning and delivery of federal and state government programs.

The City of Ryde would like to understand why the Panel appears to have largely disregarded the function of the ROCs. In the particular case of Ryde, the Panel's preferred option disregards the ROC structure to such a degree that it is recommended that Ryde amalgamate with members of WSROC.

Also, while the current ROC model has some deficiencies, it is believed that the County Council model can be adapted to the current Councils in ROCs as they do share similar communities of interest. This model, supported by the appropriate changes to the legislation, can succeed in delivering a range of agreed shared services to member Councils.

Finally, our community has indicated that they do not believe the Panel's recommendation will improve the City of Ryde's financial viability as shows in the results of the Community Consultation in the graph below.



Specific Comments – Key Proposals and Options

- Develop a standard set of sustainability benchmarks; require all councils to appoint a qualified Chief Financial officer; strengthen the guidelines for councils' 4 Year Delivery Programs; and place local government audits under the oversight of the Auditor General

The City of Ryde supports this proposal, noting that we currently have a suitably qualified Chief Financial Officer.

- Improve the rating system and streamline rate-pegging to enable councils to generate essential additional revenue.

The City of Ryde questions the Panel's position with regard to rate-pegging. We believe that the entire financial system, including the rating system must be reviewed and that rate-pegging, at its core, is one of the key factors restricting local government sector sustainability. As detailed earlier in this submission, the City of Ryde is strongly recommending the removal of rate pegging.

In addition, the TCorp report recommended that 'future increases in all rates and annual charges for Council services should be based on the underlying cost of delivering these services and the annual movement in the cost of these services.' We are concerned that the Panel's proposal that Council be allowed to increase rates by up to 3% more than the annual cap set may not be sufficient to meet underlying costs. This recommendation is not sustainable or will enable Local Government to address the on going examples of operating deficits to be removed. A full and comprehensive review of the Local Government funding model is required.

We are very concerned that the Panel's position will set Councils up to fail by not providing for adequate provisions to bolster their revenue base. Council questions the position that the identified rate increase **should** be sufficient to address the financial positions of each Local Government, identified by TCorp. We look forward to the Panel's further investigations to determine whether the amount identified will enable **all** Councils to tackle ongoing financial sustainability.

The different financial positions of councils could mean that Ryde ratepayers are subsidising other council areas, there would be less representation for local residents and less input for residents

- Progressively re-distribute grant funding to provide greater assistance to rural-remote councils with limited rating potential.

The City of Ryde submitted the following Motion to the National General Assembly of Local Government and suggests that the Panel consider this as an avenue to review local government funding:

Review of Inter-Government Agreement for Local Government and increasing total funding for Financial Assistance Grants to 1% of Total Commonwealth Taxation Revenue

- (1) That the Federal Minister for Local Government , the Hon Simon Crean MP, urgently organise to undertake the review of the Inter-Government Agreement that Guides Inter-Government Relations on Local Government Matters, to reinforce the principles of the Agreement and commitment from each level of Government to ensure that Local Government receives increased funding for the effective delivery of additional functions that have previously been transferred to Local Government by other levels of Government
- (2) That the Federal Minister for Local Government, the Hon Simon Crean, as an acknowledgement of the critical role played by Local Government in delivering programs and services to the Australian community and to assist in the financial sustainability of Local Government, be requested to restore the total funds available for the Financial Assistance Grant program to 1% of total Commonwealth Government tax revenue.

NOTES

1. The Minister for Local Government of the Commonwealth of Australia, the Hon Simon Crean has agreed for the review of the Intergovernmental Agreement Establishing Principles Guiding Intergovernmental Relations on Local Government Matters (IGA) to be undertaken. This undertaking was given in November 2011, however it still has not been progressed.
2. The IGA stipulates the principles by which intergovernment relations will be undertaken to ensure appropriate funding arrangements are agreed and provided.
3. Despite the presence of the IGA, it has been acknowledged in various reports, that the cost shifting by both the Commonwealth and State Governments to Local Government, is estimated to cost the Local Government sector between \$500 million and \$1.1 billion per annum.
4. Despite this additional cost onto Local Government operations, it has also been coupled with a continuing reduction in funds available for the Financial Assistance Grant. In the early 1990s the total funding for the Financial Assistance Grant (FAG) was 1% of total Commonwealth Tax revenue and this has continued to decline down to the current position of 0.71% of total Commonwealth Tax revenue.

5. Restoring the total FAG allocation to 1% of Commonwealth Tax revenue, would equate to an additional \$750 million.
6. This reduction in the total FAG allocation in real terms, is further demonstrated that while the total FAG allocation in dollar terms has increased by 47.5% since 2001, GST grants to the States has increased by 75.6% and the total Commonwealth Tax revenue has increased by 62%.
7. Growth in demand for Local Government services has increased rapidly over the past decade, together with enormous challenges in maintaining aging assets and infrastructure to satisfactory standards. The current estimated national Local Government infrastructure backlog is \$14.5 billion.

This motion identifies that over a number of years, Local Government has been the recipient of extensive cost shifting from both levels of government, with no increase in revenue. Somehow, Local Government has been expected to pick up and deliver these additional services. In NSW, Local Government has so many constraints such as rate pegging that makes it more difficult in raising additional revenue.

Additionally, the Federal Government over the past decade has slowly reduced the total quantum of funds for the Revenue Sharing Grant. The revenue sharing grant was introduced back in the 1970's to provide Local Government with a share of personal income tax receipts, originally set at 2%. This Grant is Local Government's only receipt of a 'growth' tax, which has been reduced steadily in real terms over the last few decades. It therefore is essential that this grant continue to be paid to each Local Government authority.

In total, these issues have significantly impacted Local Government's ability in being financially sustainable. While there are other contributing factors, these areas have played a critical role and need to be addressed by all levels of Government.

The other area that has had a continuing impact on Local Government's income is all the fees set in statutes. This removes Council's ability to set reasonable levels of fees for services, with a consideration of the actual costs of the service.

All fees set by statute should be removed.

- Establish a State-wide Local Government Finance Agency to bring down interest costs and assist councils make better use of borrowings.

The City of Ryde in principle supports this concept, however more detail is required as this could further impact on Council's overall financial position.

Infrastructure

General Comments

The City of Ryde is also concerned about the ongoing issue of cost shifting between State and Local Government. In the recent report of the NSW Treasury Corporation on the *Financial Sustainability of the NSW Local Government Sector* (2013) it was found that;

Cost shifting occurs between different levels of government - TCorp has sighted examples of instances where Councils have been adversely impacted by other levels of government transferring responsibility for certain assets without appropriate funds being provided. Examples of cost shifting include where a State and/or regional road is re-classified as a local road and the responsibility for these assets are transferred to the local Council without adequate compensation to maintain the assets. Other examples include revenue generating activities, such as the operation of caravan parks, that Councils have used to cross subsidise maintenance or other services, being taken from them without adequate compensation or recognition of the adverse impact on the Council

Given the need to address the infrastructure backlog, Council believes that this cost shifting must be addressed and that the Panel should give further consideration to this recommendation from TCorp. Also, as stated earlier in this submission, City of Ryde's motion to the upcoming General Assembly is seeking to gain the commitment of all levels of Government to honour the Inter Governmental Agreement.

In *A New Model of Regional Governance in Australian Local Government with Local Autonomy Preserved* (2007) Dollery, Wallis and Ramsland consider infrastructure and state that;

The funding crisis in these local council has been mostly manifested in chronic under-investment in infrastructure with a widespread local infrastructure backlog now obvious. Some of these state systems have undergone extensive amalgamation in the recent past, most notably Victoria, South Australia and New South Wales, but widespread problems of financial unsustainability nonetheless remain amongst their local councils. This indicates that a lack of adequate funding, defects in the local government funding process and expenditure pressures largely outside the control of local councils represent the main source of the financial crisis. The principal problem is this one of funding rather than structure.

However, this does not imply that structural change cannot improve the effectiveness and operational efficiency of local councils. However, it does demonstrate that amalgamation is not a 'silver bullet' that can cure all the ills afflicting local councils. Moreover, the bleak experience with amalgamation in other states, especially its social divisiveness and conflictual nature, together with its damaging economic effects on small local communities, does not offer a solution to the problems in contemporary local government.

In addition, Council directs the Panel to *Are Shared Services a Panacea for Australian Local Government?* (2008) in which Dollery and Akimov state that;

. . . a spate of recent national and state-based inquiries into the financial sustainability of Australian local councils have concluded that amalgamation most certainly does not represent a 'silver bullet' for curing the financial ills of local government. Without exception, these reports recommend shared local service arrangements as a superior structural alternative to amalgamation in terms of reducing costs and improving operational efficiency.

. . . It appears clear that shared local service models by themselves will never represent a panacea for the deep financial problems facing a large number of contemporary Australian local councils.

. . . Indeed, some commentators, like Dollery et al and PWC have argued that only massive monetary injections by the Commonwealth government in the form of a national local infrastructure asset renewal fund will be sufficient to deal with the local infrastructure renewal fund.

As a result of the above, the City of Ryde encourages the Panel to continue to explore and recommend changes to the local government funding model, not just rating, as the current funding model is grossly deficient. Also narrowing Council funding solutions down to granting an additional 3% rates income above the cap, will not solve Local Government's revenue and infrastructure funding deficiencies. Also, recommendations addressing cost shifting to local government have to be provided to allow Councils to address both their financial position and their infrastructure backlogs.

Specific Comments – Key Proposals and Options

- Maintain the Local Infrastructure Renewal Scheme for at least five years, with a focus on councils facing the most severe problems.

Council notes that this proposal is mainly for rural Councils who would benefit from this scheme. Ryde would support this as we also have a infrastructure back log and funding issues.

- Create a Strategic Projects Fund for roads and bridges to help reduce the infrastructure backlog.

The City of Ryde believes that the current infrastructure backlog can only be addressed by adequate ongoing funding that is realistic and clearly able to meet current and ongoing needs.

This proposal could be to the detriment of metropolitan and more sustainable councils, like Ryde. For the scheme to be a success, funding overall must increase so that there is no transfer of funds from one area to the other, so that there is an equitable system that sets all local government areas up to succeed..

- Investigate the Queensland model of Regional Road Groups, as well as options for cost savings through strategic procurement initiatives.

The Queensland model is for regional areas and there is an agreement between the LGA and State government which works well.

In NSW the model could work in rural areas but not specifically in metropolitan areas

If the County Council model were adopted it could be an option but not as critical in the city where roads are generally of a standard and the issues plaguing Councils are usually with drainage, footpaths and buildings.

Strategic procurement initiatives cost savings are not realistic as Councils already have Local Govt Procurement, State Govt Contracts and NSROC contracts to sources goods and services from extremely efficiently.

- Require asset and financial management assessments of councils seeking special assistance.

City of Ryde supports TCorp undertaking a similar review on a regular basis and when seeking special assistance.

Productivity and Improvement

General Comments

It is noted that the *Future Directions* report gives consideration to the establishment of County Councils where there are strong socio economic links to meet the particular needs and circumstances of a region.

In *Reconceptualising Shared Services* (2011) Peter McKinlay of the Local Government Centre – Auckland University of Technology states that:

Arguments from the literature have generally favoured shared services over amalgamation. Bish (2001) in a comprehensive review of North American research dismisses the argument for amalgamation as a product of flawed nineteenth-century thinking and a bureaucratic urge for centralised control. He does so making the very reasonable point that the presumed economies of scale which will result from amalgamation are a function not of the size and scale of individual local authorities, but of the services for which those local authorities are responsible, and the point at which economies of scale will be optimised will be very different for different services. The case against amalgamation is also reinforced by the absence of any significant post-facto that amalgamation achieves either the promise savings or the anticipated efficiency gains (McKinlay 2006).

The City of Ryde supports local government reform that offers flexibility for Councils to identify the appropriate structure for service delivery for their communities. We feel that this is the only way forward that balances local representation with improved productivity.

Deloitte's *Stop, start, save – Shared service delivery in local government* (2009) identified shared service opportunities for local government commencing with transactional processing including payroll and accounts. The report also identifies entering into shared services as an evolutionary process warning against seeing change as a 'tactical quick fix.'

The City of Ryde is generally supporting a County Council or shared services model where all parties have a common need and are committed to working together to achieve an improved outcome. A working example of this is Westpool, a joint pooling arrangement of a number of western Sydney Councils who have joined together to provide insurance coverage and today have expanded the services provided as agreed by all members. Such a model could be applied to the shared provision of services such as:

- Finance (accounting services, accounts payable, payroll)
- Information Systems (system management, system support, information management, printing)

- Human Resources (strategic HR management, remuneration conditions, training and succession planning, recruitment and performance management, WHS management, policy development)
- Stores/Purchasing (strategic procurement, procurement management, inventory management, contract management)
- Plant/Fleet (fleet management, light fleet, workshop)
- Legal Services
- Property (accommodation, depots, facilities management)
- Customer interfaces (call centre, billing services)

Other services such as libraries could also be considered under such a model. The City of Ryde and Hunters Hill Council have a long standing arrangement currently with regard to the provision of library services at Gladesville.

Some Councils have already progressed or undertaken significant research into the savings and efficiencies of shared services.

One Council with a population of approximately 150,000 and operating expenses of \$235.8 million has identified a potential saving through preliminary shared services of \$4.7 million per annum.

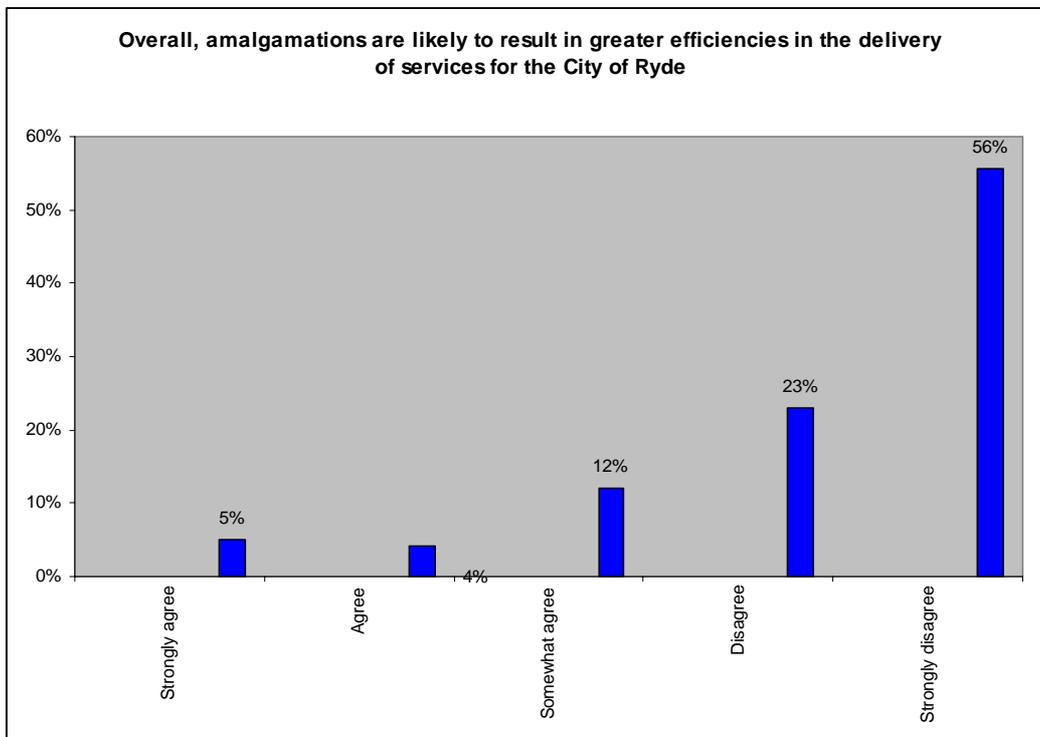
The City of Ryde does not believe the Panel has made the case that amalgamation is the appropriate vehicle to achieve productivity and improvement. As identified in *Consolidation in Local Government: A Fresh Look*, 'efficiency gains can be achieved through various forms of consolidation that have the capacity to yield economies of scope.'

This focus on a County Council or shared service option is supported by the Panel's 'cluster-factor' that identifies strong socio-economic links identified with NSROC Councils. This link does not exist between Ryde and Parramatta, Holroyd and Auburn.

We strongly encourage the Panel to consider alternate models of consolidation that have been demonstrated to reap the benefits required to ensure an efficient and sustainable local government sector.

Much of the work of a local council requires them to prioritise activities that best suit the needs and the unique character of the particular community in a local government area. My greatest fear is that all the activities that are considered essential to people in Ryde may be disregarded if we are part of a more generic/amalgamated government area.

Our community has also voiced concern that amalgamations will not result in greater efficiencies in service delivery for the City of Ryde as shown in the survey results from the Community Consultation meeting in the graph below.



With regard to the Industrial Relations position presented by the Panel, the City of Ryde recommends the following changes with regard to provisions in General Manager and Senior staff contracts to support shared service opportunities identified by the Panel and Destination 2036. It is noted that these recommended changes were identified by the Local Government Managers Association working group into shared services.

- The standard contract should be changed to enable multiple employing entities to be able to employ a General Manager or senior staff member with supporting guidelines to assist in facilitating this arrangement.
- Amend s348(3)(b) of the Local Government Act to include an exception when advertising senior staff positions to enable Councils to determine whether they advertise externally when absorbing senior staff roles through inter-Council staffing arrangements.
- Amend s351 of the Local Government Act to allow temporary appointments for a period of 24 months for the purposes of trialling a new position relating to inter-Council shared services or resource arrangements.

Ryde Council is in good shape (well it seems to be). Services in Ryde appear excellent.

We have nothing in common with the proposed Councils Ryde would amalgamate with.

I doubt the reasoning that a bigger council would provide better or more economic services!

Specific Comments – Key Proposals and Options

- Introduce a requirement for regular 'best value' service reviews

The City of Ryde has a current rolling program of best value service reviews and supports this proposal. However, there would be a requirement to establish an appropriate standard that would apply for Best Value service reviews.

- Develop a consistent data collection and performance measurement system for NSW councils, and strengthen internal and performance audit processes.

The City of Ryde supports a consistent data collection and performance measurements system. However, we recommend that this be a streamlined process that does not require the duplication of reports as is currently required. There is no reason why NSW Councils could not establish a customer satisfaction index that is benchmarked on an annual basis.

In addition, the City of Ryde recommends that the Division of Local Government act as the coordinating body for much of local government reporting. The Division would require adequate resources for this and suitable accountability measures for the Division would be vital. It is important for the Division to facilitate and establish the standard and provide support to Councils in reaching the required standard.

The City of Ryde has a robust internal audit process. Without further information it is unclear as to how this should or could be strengthened.

The City of Ryde supports any performance audit process being closely linked to the Community Strategic Planning and IPR framework.

- Commission a review by IPART of the regulatory and compliance burden on NSW local government.



This is supported on the condition that the scope of any such review be to reduce the current multiple reporting requirements. Council agrees that local government must be open, accountable and efficient. However Local Government needs to be empowered by the State Government to manage its business. Any regulatory and compliance requirements must complement this goal.

Better Governance

General Comments

It is noted that some of these issues are identified in the Taskforce into a new Act for NSW's Discussion Paper on which the City of Ryde has provided comment.

Providing for local democracy is identified as one of the key drivers for this reform agenda. Consideration is given to two particular characteristics of local democracy, that is, the degree of democratic deficit created by Council amalgamations and the factors in determining local government boundaries.

The Queensland Local Government Regulation of 2005 stated, in part, that local government areas should be drawn in such a way as to:

- Reflect communities of interest;
- Reflect local communities;
- Have a centre, or centres, of administration that is easily accessible to its population;
- Ensure effective elected representation;
- Not divide local neighbourhoods; and
- Follow natural geographical features.

The City of Ryde believes the recommended amalgamation proposal does not reflect communities of interest. This is evidenced in the feedback collected at the Community Consultation meeting and through the phone surveys conducted.

The proposal also divides an existing local neighbourhood relationship between Ryde and Hunters Hill. There is a long history of cooperation between the two local government areas, particularly with regard to community services such as libraries. The NIEIR research supports this in many of the identified cluster groupings.

In addition, the proposal does not follow one of Sydney's most significant natural geographical features; the Parramatta River. This natural boundary not only separates Ryde from western Sydney but creates distinct communities of interest.

With regard to democratic representation, we refer the Panel to the comments of R. Kiss in *Reasserting Local Democracy* (2003) who highlighted the drop in the number of elected local representatives across Australia as a result of Council amalgamations. By way of

comparison, Kiss notes that the ratio of Councillors to population in Australia far exceeds the ratio found in Europe.

The City of Ryde believes that an effective level of representation currently exists for the residents and ratepayers of Ryde and is concerned at any proposed increase to the Councillor ratio.

There exists evidence with regard to the 'bigger is better' attitude to local government reform that the assertion that amalgamations would result in less administration and bureaucracy as well as streamlining processes is unfounded. As stated in *No Lessons Learned: A Critique of the Queensland Local Government Reform Commission – Final Report*:

... in the public administration literature a wealth of evidence exists that larger bureaucracies are less effective since (a) longer administrative hierarchies inhibit the efficacious transformation of policy decision into policy action and (b) decision-making is further removed from situational knowledge and this is less well informed.

Council fundamentally disputes the proposition that amalgamation is appropriate for Ryde. We do not believe the case has been put that the proposed mergers will improve efficiency. We strongly believe that the proposed merger will, for the City of Ryde, negatively impact local representation and effective democracy.

Council would be too big to continue representing the local community or residents

We do however, support the investigation into options relating to a County Council model. Council believes that such a mode could provide efficiencies for our community without compromising local representations.

Specific Comments – Key Proposals and Options

- Mandate ongoing professional development for councillors.

This proposal is supported, however, it must be balanced with a complementary financial allowance for Councillors. If the goal is to promote professionalism and skills within the elected Council there must be financial recognition of this expectation and measures to ensure accountability.

The City of Ryde supports the Panel's position that Councillors cannot be expected to play a strong role in policy development and to effectively monitor the organisation's performance unless they are given adequate support. We do not believe that this is

only the responsibility of the Mayor and General Manager and contend that the relevant provisions should support this position.

The proposed amalgamation with Parramatta, Auburn and Holroyd would result in a population of approximately 459,000. In comparison, the State members for Lane Cove, Ryde and Epping represent approximately 65,000, 70,000 and 65,000 people respectively.

Were the proposed local government area to be represented by, for example, nine Councillors this would result in a representative ratio comparable with a Local member of the State government. The City of Ryde questions how this proposal could be considered effective local democracy for the residents of Ryde.

The geographical area represented should also be considered. The proposed amalgamated Council has an area of around 175km². This is larger than any of the State areas of Lane Cove (33km²), Ryde (27km²), Epping (32km²) or the Federal Division of Bennelong (58km²).

The City of Ryde notes that currently being a Councillor is a voluntary role: Councillors are not employed full time to perform their civic duties and are not seeking financial reward for fulfilling their civic duties.

We support an appropriate allowance that recognises the role of Councillors and creates a structure that will assist in attracting women, young people and people from diverse backgrounds to become Councillors.

- Strengthen the authority and responsibilities of mayors and require popular election of mayors in all councils with a population of 20,000 or more.

This proposal is supported; however again, it must be balanced with a complementary remuneration structure for Mayors.

We restate our fundamental concern regarding the representative ratios put forward in the Panel's proposal. We emphatically do not believe that this is an increased level of local democracy.

- Provide additional governance options for larger councils, including a mix of ward and 'at large' councillors and 'civic cabinet' model.

It is noted that the new Act Taskforce is recommending the abolition of Wards. As a result this is a proposal that requires specific consultation and consideration.

The City of Ryde feels that the proposals for 'at large' Councillors and 'civic cabinet' models are an attempt to improve local representation fundamentally undermined by the Panel's proposed amalgamations.

The Panel expresses the importance of keeping a sense of place and community identity proposing that special efforts need to be made after an amalgamation, to support local identity such as "place management" with community committees, with ward Councillors convening local committees or forums.

The City of Ryde questions the need for these provisions given they are currently in existence. If the proposed amalgamations are taken off the table in lieu of other consolidation models such as shared services there is no need to compensate for the loss of local representation with these measures.

Too easy for those with the most money to get elected

- Take steps to improve Council-Mayor-General Manager relations.

This proposal is supported for the General Manager to have a strong and professional relationship with the Mayor. The General Manager also has an obligation to maintain a similar relationship with Councillors.

The Panel considers that the Mayor should be involved alongside the General Manager in the selection process for designated senior staff, and in their performance reviews and any dismissal proceedings. It is noted that the position of the Panel is completely the opposite to the view of the Taskforce currently undertaking the review of the Local Government Act.

Structural Reform

General Comments

In *A Cautionary Tale: Council Amalgamation in Tasmania and the Deloitte Access Economics Report (2013)*, Joseph Drew, Michael A. Kortt and Brian Dollery state that;

amalgamations seem(s) to have retained an iron grip on state government policy makers, despite not only disappointing results from amalgamation programs, but also conceptual and empirical evidence to the contrary.

They go on to question the emphasis on structural reform at the expense of other types of reform.

As stated above, the City of Ryde is not against reform per se and encourages the Panel to move its focus on the reform of service provision by extending the County Council and shared services model. This flexibility ensures adequate local representation for the community. It also allows Councils to achieve economies of scope and scale where it is viable as agreed by each member Council and to maintain local services provision where it is not possible or viable to achieve these economies.

In *Consolidation in Local Government: A Fresh Look* by Chris Aulich, Melissa Gibbs, Alex Gooding, Peter McKinlay, Stefanie Pillora and Graham Sansom it is stated that some form of consolidation is an essential strategy to address local government's challenges and notes that:

Equally there may be disbenefits – disruption, transition costs, weakening of local democracy, loss of local identity and employment – that need to be weighed in any strategic approach to reform.

The City of Ryde is unconvinced that these elements have been appropriately weighed in the Panel's approach to reform. The options presented such as Local Boards simply add another layer of government and decision making that is currently serviced adequately and admirably by the City of Ryde. In essence, we feel that these measures have been put in place to remedy the loss of local representation and identity caused by the proposed amalgamations.

Allowing Metropolitan Councils to explore the County Council or shared services model meets the stated goals of the Panel to ensure financial sustainability without compromising local democracy.

Referring again to *Consolidation in Local Government: A Fresh Look* the pitfalls of amalgamations as the most appropriate form of consolidation are discussed;

*. . . there is little evidence that **amalgamation** will of itself yield economies of scale greater than those achievable through other forms of consolidation, or that such economies are available across many of local government's functions by whatever means. We found few robust examples in the literature, in the case studies we examined or in the experience and knowledge of the experts with whom we spoke. Yet many in central government – and some in local government – still cling to the belief that substantial savings can and should be made.*

Dollery, Burns and Johnson in *Structural Reform in Australian Local Government* (2005) describe a the dangers of amalgamation,

In effect, amalgamation forces the combined new operations of merged councils towards shared services, with little consideration for any attendant social and local representation damage, often leaving a destructive path where organizational turmoil reigns supreme for years, thereby limiting or even negating any desired gains from amalgamation.

The City of Ryde wishes to express its deep concerns that a program of amalgamations (voluntary or otherwise) will be a costly exercise that will divide local communities, not deliver the desired efficiencies and will be almost impossible to reverse. This is why any suggested merging of Local Governments must have the considerations of 'community of interest' central to this decision. The other critical issue is ensuring the community understands the proposal and has had a genuine opportunity to express their views and opinion.

Local communities would be swallowed up and local government would lose their "voice".

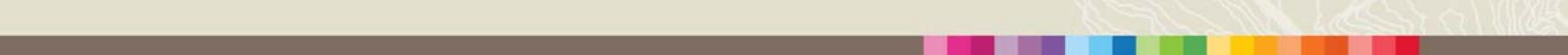
Bureaucracy and 'red tape' taken to the extreme.

Specific Comments – Key Proposals and Options

- Introduce the option of Local Boards to service small communities and to ensure local identity and representation in very large urban councils.

As stated above, the City of Ryde believes that the proposal of Local Boards seeks to address a loss in appropriate local representation caused by amalgamations. As stated the City of Ryde believes the case for the benefit of amalgamations has not been made by the Panel nor is it supported by empirical data.

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- 
- Seek to reduce the number of councils in the Sydney basin to around 15, and create major new cities of Sydney, Parramatta and Liverpool, each with populations of 600,000 to 800,000

The City of Ryde emphatically does not support this proposal and again points to the lack of empirical data supporting a 'bigger is better' philosophy with regard to improved service, economies of scale or local representation.

- Introduce a package of incentives for voluntary mergers that offers a higher level of support to 'early movers'

This proposal is of great concern to the City of Ryde. Given we do not support a merger for the City of Ryde for the reasons stated previously it is inappropriate that we be disadvantaged by our position and desire to maintain strong local representation.

In addition, the wording 'early movers' is disturbing as it suggests that amalgamations while currently identified as voluntary are intended to become otherwise.

The Panel should be focused in making fundamental changes to the Local Government funding model if it is serious in addressing Local Government's long term sustainability issues as the current model is very deficient. This requires rate pegging to be removed. The other key area for the Panel is how it proposes to address the reimbursement of Local Government for the years of cost shifting. What measures will the Panel recommend that will prevent further cost shifting to Local Government into the future.

Implementation

General Comments

In *Consolidation in Local Government: A Fresh Look* when considering the de-amalgamation of Delatite it is noted that;

The most important and probably most unsurprising conclusion is that hasty and poorly planned amalgamations that do not involve adequate consultation will result in poor outcomes and disaffected communities. This situation is exacerbated when amalgamations are pursued primarily on cost saving grounds and without regard to strategic outcomes.

The City of Ryde is deeply concerned that there have not been appropriate levels of community engagement undertaken, nor are appropriate levels planned. It has fallen to Councils to engage and inform. The other critical issue is that the parties to the proposal must be committed and agree to work together in achieving better outcomes for their communities.

I am not sure what the best option is at this point in time.

I am uncertain about whether amalgamation with any other council is the right way to go, I don't have enough information to form an opinion.

I would have to do more research, right now I'm uncertain.

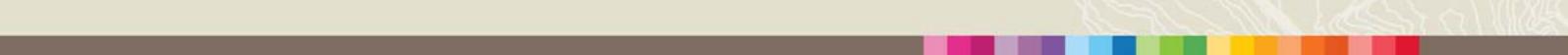
Council directs the Panel to the outcomes of the survey and consultation undertaken at the City of Ryde which are attached to this submission.

Specific Comments – Key Proposals and Options

- Appoint a Local Government Development Board for a maximum period of 4 years with a brief to drive and support a concerted program of reform.

City of Ryde agrees with a four year period to transition a reformed agenda for Local Government. As stated previously, the City of Ryde is not against reform per se and supports further investigation of consolidation models. We firmly believe the City of Ryde is best placed to deliver efficient and effective services to our community and would welcome the opportunity to explore shared service and County Council models.

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We would support any reform agenda that provides choice for local government and their communities.

We absolutely do not support an agenda of forced amalgamations or any changes to local government areas that reduce local representation and participation. As stated earlier in this submission, it is paramount for the community to be provided with a genuine opportunity to have their say.

We believe that the existing Regional Organisation of Councils has the potential to be leveraged and engaged in any local government reform agenda.

However, we echo our community's concerns that there has not been sufficient consultation regarding the Panel's recommendations. In addition, our observation of the consultation that has been undertaken is that it has been inadequate.

- Build on the new State-Local Government agreement to secure increased collaboration and joint planning between councils and State agencies.

The City of Ryde is confused by this proposal.

As stated previously, the Panel's recommendations with regard to the City of Ryde are at odds with recent planning strategies published by the State Government. We are keen to build on the proposals published by the State Government but note that in all cases they contradict the proposal put forward by the Panel. Also, the City of Ryde has experienced its local planning instruments being ignored by the State Government. ie Current Urban Activation Precincts. Unless this approach changes from the State Government, no matter what agreements may be in place, this type of action will disenfranchise and divide our community. The City of Ryde has worked extremely hard in establishing strong links with its community and Council is determined to ensure this position is protected.

- Strengthen recognition of elected local government in the NSW Constitution.

Council supports this proposal.

The City of Ryde supports a Local Government Act that empowers local government and local decision making. The Panel has a unique opportunity to remove the level of bureaucratic control and the red tape from the Act.

We support a reduction in the number of Ministerial approval processes required and, when required, a streamlining of these approval processes.

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In addition, the City of Ryde recommends that the Local Government Act recognise when appropriate community consultation has taken place and that this be taken into consideration when determining where Ministerial or other external approval processes are required.

The Independent Review Panel has identified that it is desirable to have a Local Government Act that minimises prescription and provides a range of options for the way councils are structured. This is strongly supported by the City of Ryde and should be reflected in the Act.

- Focus Local Government NSW (the new single association of councils) and the Division of Local Government on sector improvement.

The City of Ryde supports this proposal and recommends that the roles and responsibility of the Division of Local Government be clearly stated and provided for within the relevant legislation as appropriate.

At a local government level there is a feeling of “Do as we say, not as we do” with regard to State Government. There needs to be a true and genuine partnership between State and local government, with the current imbalance and inequity being addressed. For this reason, the Panel’s report should dedicate a clear focus on what changes are required at the State Government level, to facilitate a genuine partnership with Local Government.