

**Submission by the Lane Cove Bushland and Conservation Society Inc (LCBCS) to the Independent Local Government Review Panel on the paper:**

**"Future Directions for NSW Local Government" (FD)**

June 21 2013.

This submission should be read in conjunction with our previous submission on the paper "Better, Stronger Local Government The Case for Sustainable Change"(BSLG) made on March 20 2013 and attached below as Appendix 1.

**1: Defining Local Government**

The Review's various papers, research reports and the like discuss much change, however we have been unable to find a description of what the Review believes that local government does and should do, other than scattered references, such as, "the need for *integrated strategic planning* for the lower North Shore" (our emphasis) which is primarily a function of state government but may involve some regional councils arising from the current planning review. Is it more than "roads, rates and rubbish"? This is important because of the pervasive view through the Review's documents that bigger is better. Does the Review believe that local government's functions are better carried out by larger councils than smaller ones? It seems to, but if so, it should clearly define and show what these functions are.

"Destination 2036" identified many relevant issues and made many suggestions for change in the way councils do their business and how relations between the three levels of government can be improved. However, it does not actually say or describe what local government does and should do, nor does it concern itself with the attitudes and values of those which local government serves. Given the participants, perhaps the assumption was that everyone knew what local government is and what it does.

**2: On Localness**

The responses to the paper "Strengthening your Community" summarised as "common themes and emerging concepts" (pages 3 to 5), clearly showed that people valued local government. Although "local" is not defined, the views expressed on how it is valued could only be achieved at a small-scale. It points out that comments generally centred on the theme of "local people making local decisions" and "there was also a perception that the smaller scale of local government allowed small voices to be heard in the democratic process" (page 4).

The summary of the written submissions to stage 2 of the consultation process show two things clearly; that local representation is highly valued and that most of the financial and resource issues are related to years of rate pegging and cost transfer from the state government to local government. It also shows no aversion to beneficial changes and a better financial reporting. One telling response was the description of local government as "Australia's best form of democracy".

**As we have seen, many submissions emphasised the "localness" of local government. It would be appropriate and indeed we believe necessary, for the Review to explore the meaning and value attached to "localness". This should include qualitative research exploring people's views as well as quantitative research seeking to measure their interaction with councils, councillors and staff. This would inform the relationship between size and "localness".**

### **3: Finance**

The BSLG paper acknowledged the difficulties caused by rate pegging and cost shifting. Page 20 of FD discusses tackling the infrastructure backlog but does not acknowledge that extra rates and some infrastructure funding cannot fix it. Nor can it be fixed by simply having larger councils, by councils increasing their efficiency, or the limited supplementary revenue available to councils.

Put simply, many costs need to be transferred back to the state government and one-off grants be made to make up the backlog. It seems that the Review is sympathetic to this view. If so, it should say so explicitly. Rate pegging should be abolished or substantially improved, for example as proposed on page 16.

### **4: Amalgamations**

We repeat the following from our previous submission.

“BSLG suggests that: “The evidence suggests that NSW has too many local councils and that various forms of consolidation should be pursued to strengthen capacity and sustainability.” (p. 23), but cites little evidence to support this. Dollery, Grant and Kortt (2012) cite a number of studies, which overwhelmingly show that there is no correlation between size and efficiency. This is supported by the LGSA:

“Overwhelmingly councils do not believe there is contemporary or emerging evidence supporting amalgamations based on economies of scale. The greater majority cited studies that showed the contrary” (LGSA, 2011). Dollery, Grant and Kortt (2012) also demonstrate the theoretical and achieved benefits of shared services. This suggests that the strong links on the left hand column of Table 2 on p. 24 are not so.”

Although BSLG acknowledged the conflicting evidence cited above, FD proposes amalgamations to yield 15 councils for the Sydney metropolitan area with very little supporting evidence. It is claimed that this will "create high capacity councils" (page 44). The implication is that smaller councils cannot have high capacity but no evidence is presented to support this. Some councils already co-operate in regional organisations (such as NSROC) to provide services and the supply of goods providing economic benefit without impinging on the localness of their general functions.

Although we are not entirely clear what "high-capacity" means, we believe that Lane Cove Council has demonstrated a high capacity to serve its community. For example, in the section in FD on creating a sustainable system, we believe that Lane Cove Council meets the relevant essential elements outlined in box 2.

To summarise our key points about this Review:

1) There is no definition of what is meant by 'local government' in the report. This is needed to assist understanding of the proposals and avoid the conclusion that this Review is ideologically driven.

2) The Review presents much evidence on the value of local government to residents and communities and yet proceeds to make recommendations contrary to the wishes of the people.

3) The Review strongly lacks any evidence for the view that 'bigger councils are better', again reinforcing the impression that the recommendations are ideologically driven.

## **5: Conclusion**

Lane Cove Council works. It is genuine local government and it is as financially sustainable as the present funding system allows. It's not perfect, but we see no benefits in amalgamation as it would no longer be genuine local government (the proposed "local boards" are no substitute). The views expressed at the community consultation on June 14 2013 at Chatswood were clearly against any amalgamations on the lower North Shore and indeed, were sceptical of the purported benefits of amalgamation in general.

In spite of its claims to be evidence-based, we feel that the review is dominated by a "bigger is better" ideology. The case for amalgamations has not been made.

## **Appendix 1**

### **Submission by the Lane Cove Bushland and Conservation Society (LCBCS) to the Independent Local Government Review Panel on the paper:**

#### **“Better, Stronger Local Government**

#### **The Case for Sustainable Change”**

**(BSLG)**

March 2013

This submission will focus on governance, finances and amalgamations. Its comments are confined to metropolitan councils in general and Lane Cove Council in particular.

### **Governance**

We believe that the emphasis of local government is that it should be **local** and thus must be of an appropriate size and have an appropriate level of representation. As BSLG points out:

“Local government is the democratic representative of communities. It is ‘close to the people’. It can lead communities. It can be the voice of communities. It can moderate between competing interests.” (p.10) We note term of reference number four: “ability for local representation and decision making”.

Lane Cove has a population of about 31 500 who are represented by nine councillors, a ratio of 3500 people per councillor. In contrast, Bankstown has a population of about 190 000 represented by 12 councillors, a ratio of about 15 800 people per councillor. We

suggest that this makes proper representation difficult and unwieldy. As is pointed out on page 31 of BSLG, the ratio in Brisbane city is about 40 000 to 1 and even though the councillors are full time and have personal staff, this suggests a more difficult and unwieldy representation than in Bankstown. The “localness” of such government is questionable. We point out that the state electorate of Lane Cove has 65 000 people, far closer to the Brisbane ratio than the Lane Cove Council ratio.

Over many years the LCBCS has enjoyed good relations with Lane Cove Councillors and staff and this is due in no small measure to the size of our municipality and Council. We would like to keep it this way and we feel that most Councillors and staff would support this view. However, we do not suggest that this model is appropriate in all cases.

BSLG suggests that metropolitan councils have a significant imbalance in size and that: “It is very difficult to see how such imbalances in the metropolitan system of local government can be justified. They would make it almost impossible for local government to develop and present a coherent strategic view on metropolitan issues to state and federal governments.” (p.25) We suggest the imbalance is because some councils are too large. Coherent strategic views on metropolitan issues are mainly the province of state governments, however regional local government organisations can and do make real inputs into strategic views.

We do not support the introduction of full time executive mayors. We believe that the role of such a mayor is currently undertaken by the general manager and would continue to be so.

Our experience of: “The current ‘one-size-fits-all’ model in NSW (which) may be characterised in terms of a ‘weak mayor’, small number of councillors, and collective decision-making on all issues. “ (BSLG, p.32) is that, in general, it works in Lane Cove. We believe that collective decision-making is what councils should aim for and authority be not concentrated in a few hands. The main impediment to genuine collective decision-making is when political party councillors or a group of independents consistently vote as a bloc.

## **Finance**

It is pleasing that the Report recognises the deleterious effect of years of rate pegging and: “...welcomes the revised rate-pegging guidelines for 2013/14 which move towards a system based on IPR processes.” (BSLG, p. 18) This has been the long held view of the Local Government and Shires Association of NSW (LGSA) which submitted to the Panel that:

“In the long run, rate pegging has resulted in:

- Under-provision of community of infrastructure and services;
- The deferral of infrastructure maintenance and renewal expenditure resulting in massive infrastructure backlog; and
- Undermining the financial sustainability of councils. (p.6)

It also pointed out the impact of years of cost shifting: “The annual cost shifting amount

of \$440 million in 2008/09 almost equals the estimated annual infrastructure renewal gap of \$500 million per annum (gap between what councils would need to spend on renewing their existing infrastructure and what they actually can afford to spend).”(p.7) (LGSA, 2012)

The Report acknowledges that these are: “...‘running sores’ such as the land use planning system, rate-pegging and cost shifting” (p.34), but falls short of recommending that the last two cease and grants be made to redress the backlog. Rather it calls upon Councils for ongoing efficiency gains and productivity improvements ... essential in a climate of fiscal restraint and growing community needs and demands, to expand regional collaboration and shared services, review the system of developer contributions and consider amalgamations. We think that the above methods would not increase the financial capacity of the vast majority of New South Wales councils to overcome this backlog, nor could there be enough efficiency gains from shared services.

### **Amalgamations**

BSLG suggests that: “The evidence suggests that NSW has too many local councils and that various forms of consolidation should be pursued to strengthen capacity and sustainability.” (p. 23), but cites little evidence to support this. Dollery, Grant and Kortt (2012) cite a number of studies which overwhelmingly show that there is no correlation between size and efficiency. This is supported by the LGSA:

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The Northern Sydney Regional Organisation of Councils (NSROC) is our local example of shared services. It has chosen to focus on research and advocacy with procurement having a minor role. It is clear that shared services do provide real economic benefits and their role could be expanded. However, as Dollery, Grant and Kortt (2012) point out, they can have a positive role in improving efficiency in local government, but caution that they should be seen as the “silver bullet”. Their limitations should be recognised.

There seems to be a continuing ideological belief that “bigger is better.” We recall several past proposals to merge Lane Cove Council with others, the worst being the proposal to create a Lower North Shore Council by merging Lane Cove, Hunters Hill, Mosman, North Sydney and Willoughby. Little evidence was presented to support these proposals. Lane Cove Council is financially viable and we do not wish to inherit other’s problems (should there be any). We have noted above that the size of Lane Cove makes for genuine **local** government. The amalgamation referred to above would not be so. We note the recent Queensland referenda in which the residents of several large councils voted to de- amalgamate, even though their rates would rise. This suggests values placed on **local** government beyond the supposed financial benefits of amalgamation.

We note that in Sydney, most large councils have clear majorities of members of the two major political parties. The parties have more resources to mount election campaigns than independents and thus it is easier for such majorities to occur and make it easier for state governments to ensure that local councils adopt their policies.

We note that BSLG seems to be primarily concerned with financial viability, economic efficiency and “strategic capacity” (we are not sure what the latter means). We suggest that to fully meet its terms of reference and for completeness, it cite or carry out empirical studies to establish attitudes and values held by consumers of council services about the value of **local** government.

Finally we note that the Panel is required to: “take into account the Liberal-National’s 2011 election policy of no forced amalgamations.” Given the abandonment of its election policy of ensuring public participation in planning, and allowing shooting in national parks, we are nervous.

#### References

Dollery, Grant and Kortt (2012), *Councils in Cooperation*, Federation Press, Sydney.  
LGSA (2011) Modernising Local Government: consultation report  
LGSA (2012) Strengthening Your Community, Submission to the Independent Local Government Review Panel by the LGSA.