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Submission to IPART on the Methodology of Council Fit for the Future Proposals.

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This submission by the Lane Cove Bushland and Conservation Society Inc. (LCBCS) addresses IPART's "need to consider whether a council has sufficient scale and capacity." This should be broadly consistent with the objectives of the preferred options recommended by the ILGRP. These options vary for different councils and include mergers, joint organisations or other structural improvements." (IPART Fact sheet, Fit for the Future Assessments, p 1)

The LCBCS believes 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 "Better, Stronger Local Government The Case for Sustainable Change"(BSLG) pointed 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)

The evidence 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 Local Government and Shires Association:

"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. Evidence of this lack of correlation is contained in the report, "Compulsion Versus A Collaborative Regional Approach, An Empirical Analysis Of Forced Amalgamation Versus A Regional And Shared Services Approach" prepared by Dollery, Kortt and Drew in May 2015 for Ryde Council. The Report concluded that: "empirical evidence on amalgamation in the literature falls overwhelmingly against forced amalgamation. Indeed, the bulk of the empirical literature shows that shared services and other kinds of inter – council collaboration best secure the advantages of scale."

Although BSLG acknowledged the evidence cited above, "Future Directions for NSW Local Government" (FD) still proposes amalgamations to yield 15 councils for the Sydney metropolitan area without convincing supporting evidence, merely asserting that this will "create high capacity councils" (page 44). The unsubstantiated implication is that smaller councils cannot have high capacity. 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.

In the light of the above evidence we believe that IPART should not choose a particular number as the minimum size for a council to have sufficient scale and capacity, but that the criterion should be whether or not an existing council can demonstrate scale and capacity. The evidence shows that choosing one, or more than one number, would be arbitrary. We note that in all the documents we have viewed, considerable uncertainty exists as to the definition of scale and capacity. We believe that Lane Cove Council already has appropriate scale and capacity, meets the other criteria and that its "Fit for the Future" submission supports this. Any joint organisation will enhance this already well-established scale and capacity.

References

Dollery, Grant and Kortt (2012), *Councils in Cooperation*, Federation Press, Sydney.

LGSA (2011) *Modernising Local Government: consultation report*.