

MM-1 MAYORAL MINUTE - FIT FOR THE FUTURE UPDATE

Department Executive Services

Author Initials: AT

REPORT

On 18 December 2015, the State Government announced that it proposed to merge the City of Canada Bay with Burwood and Strathfield Councils.

The merger proposal of the three Councils will be referred to the Chief Executive of the Office of Local Government who delegates the examination of merger proposals to “Delegates” under the Local Government Act 1993.

The process for creating new Councils is outlined in the attachment.

There has been a briefing session arranged by the Department of Premier and Cabinet on Thursday, 7 January, where further details of the process will be made available.

I am very disappointed in the manner in which the State Government has conducted the structural review of Local Government and stunned by the outcome.

From the outset, the City of Canada Bay actively engaged in the Fit for the Future process. It was clear that the State Government was seeking to reform the Local Government sector and the Minister for Local Government and the Premier stated, on numerous occasions in the early stages of the process “no change was not an option”.

When the Fit for the Future program of reform was released it was clear on a number of criteria:

- Starting point was the recommendations of the Independent Local Government Review Panel ie. the City of Canada Bay was recommended to merge with Marrickville, Leichhardt, Ashfield, Burwood and Strathfield Councils (population approximately 350,000)
- All Councils needed to agree to the merger
- A Council resolution reflecting that agreement was required to enable the merger proposal to proceed
- A Council resolution to alter boundaries and reshape Council areas was also required.

Marrickville, Leichhardt, Burwood, Ashfield and City of Canada Bay engaged Morrison Low as independent consultants to provide a report on the financial sustainability of this proposed merger (Strathfield did not participate but the information was obtained from their annual report).

Following the release of the report, Marrickville, Leichhardt, Ashfield and Strathfield Councils resolved to “stand alone” which effectively eliminated that merger proposal. Burwood and Canada Bay also resolved to stand alone at that time. The inner-west grouping only met four (4) of the State Government’s benchmarks by 2020.

The State Government then announced that the Independent Pricing & Regulatory Tribunal (IPART) would be engaged to undertake the future assessment of the Fit for the Future proposals from Local Government and provide a report to the State Government.

IPART released their assessment criteria which clearly outlined that scale and capacity was considered to be their threshold criteria. Other criteria that was to be assessed was:

- Financial sustainability
- Infrastructure service management
- Efficiency

The threshold criteria of scale was considered to be the major stumbling block for the City of Canada Bay in its preferred position of “standing alone”. The minimum population for a new entity was also suggested to be above 250,000 as this is when the funding to assist Councils that wished to merge became available.

The State Government was always evasive when questioned on the population threshold however always referred to what the Independent Review Panel had recommended as the “starting point for each Council (ie. 360,000 in our case).

At an Extraordinary Council Meeting on 26 May 2015, Council resolved not to merge with Burwood and Strathfield Councils (see attachment)

As Councillors would be aware, the City of Canada Bay was approached by Burwood Council and Auburn City Council about a possible merger.

Morrison Low were again engaged to undertake the modelling of this proposed new entity.

The Morrison Low report clearly showed that the merger proposal with Auburn and Burwood would deliver a better long-term financial outcome to our community than the merger proposal with Leichhardt, Marrickville, Ashfield, Burwood and Strathfield (note: it was also considered likely that Strathfield would be included at some stage, however given the advice that they did not want to be included at this time, they were excluded).

On 16 June 2015, the Council considered the merger proposal with Burwood and Auburn Councils and resolved to proceed (Council resolution attached).

As a consequence of the Council resolution, the merger proposal was submitted to the NSW State Government.

IPART assessed our submission, deemed our merger proposal as “fit”.

There were only two merger proposals from metropolitan Councils received by IPART.

IPART stated in their report card summary of the assessment of all Councils that:

“These were assessed fit because mergers would deliver substantial benefits to their local communities when compared to Councils standing alone.”

All inner metropolitan Sydney Councils, except Bankstown, that submitted stand-alone proposals were considered “not fit”.

The State government has now considered the IPART report and delivered a contrary recommendation.

The goal posts have changed. We have played the game fairly, playing to the rules and satisfied all the criteria through the Fit for the Future process.

We have accepted that the State Government was seeking structural reform of Local Government and have worked hard to ensure that our community would not be disadvantaged in the process.

The merger with Auburn and Burwood Councils satisfied the criteria that was set:

- Scale and capacity
- Financial sustainability
- Infrastructure service management
- Efficiency
- deemed fit by IPART

We also provided the necessary Council support through Council resolutions:

- maintained the integrity of current council boundaries
- had willing partners who had been working together to facilitate a faster progression towards achieving efficiencies when transitioning to a new Council

The merger would have delivered a superior long-term outcome for our community financially, providing for new community facilities to meet the growing needs of our community, enabling the management of growth areas along the Parramatta Road corridor in an integrated manner, and delivering a strong financial outcome for our residents.

RECOMMENDATION

1. THAT Council acknowledges its resolution of 26 May 2015 not to merge with Burwood and Strathfield.
2. THAT given that the City of Canada Bay resolved on 16 June 2015 to endorse a proposal for a merger with Canada Bay, Burwood, Auburn and Strathfield Councils, and the State Government's proposal is to merge Canada Bay, Burwood and Strathfield Councils being contrary to that resolution, the City of Canada Bay maintain its current status and adopt the position of "stand alone" and prepares a submission to the Boundaries Commission on that basis.
3. THAT following the briefing session scheduled by the Department of Premier and Cabinet on 7 January 2016, to discuss the next steps in the process, the General Manager provide all Councillors with a report on how the State Government intends to proceed with the merger process.
4. THAT if it is necessary to lodge Council's submission to the Boundaries Commission prior to the next Council Meeting scheduled 2 February 2016, then the Mayor and General Manager be authorised to call an Extraordinary Council Meeting to enable details of Council's submission to be discussed by Councillors prior to lodgement.

Attachments:

1. Council Boundary Review – process for creating new Councils
2. Motion of Urgency – Cr Kenzler – Fit For The Future
3. Fit for the Future – Consideration of Options for Submission to the State Government