

FFTF – LGNSW Submission: Principles and Process for Considering New Proposals – LGNSW Paper

November 2015

Principles and Process for Considering New Proposals

Issue

There is an urgent need for the Government to clarify the principles and process for considering new proposals from councils.

Regardless of individual councils' views on amalgamations, the process should be predicated on good governance and achieving the best outcomes for the community. Bearing in mind these key factors, this paper proposes the following for adoption by the Government:

1. The Government should clarify the process for assessing and determining merger proposals in this latest round of consultation, including an explanation of exactly what will happen to those councils which do not submit a merger preference, and Government must reaffirm its commitment not to introduce a structural rural council model
2. The Government must be consistent, fair and evidence-based when determining any merger decisions, and the following factors must be applied:
 - a. Council preferred amalgamation options will be accepted regardless of whether they rigidly conform with the ILGRP preferred options.
 - b. Councils, or council groupings, which have been assessed by IPART as fit will not be forced to merge with other councils.
 - c. Councils which realistically fulfilled the 10 elements of strategic capacity and are assessed as financially fit will not be forced to merge simply because they did not comply with the ILGRP's preferred scale and capacity merger options.
3. Should neighbouring councils differ on preferred merger partners at the close of the current round of consultation, the Government must provide a negotiation process to help facilitate an acceptable outcome for the neighbouring councils.
4. The Government must make the legislative process for amalgamations clear prior to 18 November.
5. Amalgamations must be subject to the full legislated Boundaries Commission inquiry process. This includes extensive community consultation.
6. The full FFTF funding amount for amalgamations should continue to be available to all councils, whether the amalgamations are forced or voluntary, and funding available to Rural Councils should be increased substantially
7. Councils should have the option of using Stronger Communities funding for infrastructure backlog renewal and asset maintenance instead of new infrastructure. Directing funding to new infrastructure may only serve to create additional new maintenance and depreciation expenses for councils, negatively impacting the financial criteria.
8. Councils must have the option of managing the implementation of an amalgamation through the establishment of Transition Committees rather than by the appointment of an Administrator. Transition Committees should include elected members and staff of the amalgamating councils to help ensure community interests are represented and to assist with smooth transition. Transition Committees were originally foreshadowed in the FFTF Program. Administrators should only be appointed if that Transition Committee approach fails. If Administrators are to be appointed, they should have Local Government expertise or knowledge of the sector. Any transition committees established should include elected representatives of the relevant councils.

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9. Councils which were assessed as financially fit should be given immediate access to the TCorp borrowing facility and other incentives irrespective of the current round of consultation, as should the Western Division councils.
10. The Government should allow a realistic and practical timeframe for transition to ensure the rigour that should be applied to each individual assessment and potentially.

Recommendation

That the MAG recommends:

- (1) The Government adopts the above processes and principles.
- (2) The Government commits to ensure the best possible outcome for communities from the reform process when determining the process moving forward.
- (3) The Government provides a comprehensive briefing for the MAG at its 10 November meeting on the following:
 - The process for assessing and determining merger proposals in this latest round of consultation, including an explanation of what will happen to those councils which do not submit a merger preference;
 - Proposed process to implement amalgamations, either voluntary or forced (including current or proposed legislation, practical steps for a merger implementation); and
 - Proposed resources and/or funding to be made available to support merging councils.

Reasons for Recommendation

The sector has invested huge resources to date in the FFTF process in good faith, on the understanding that the assessment process would be independent and based on principles of fairness and the consistent application of a balanced set of criteria. These were the basic principles underpinning the Terms of Reference for the expert assessment panel. In this latest round of consultation, councils have been asked to blindly submit preferred merger proposals, including those councils which have already submitted a merger proposal through the IPART assessment process.

Councils need and deserve clarity about the processes before them, particularly about how their proposals will be assessed and what processes will apply if they do not take up the invitation to submit preferred amalgamation options. Communities also have the right to know and understand the consequences of their councils' response. Without this understanding, the process is effectively a 'black box' decision which contravenes the principles of transparency and fairness adopted in the early stages of the FFTF process.

If the Government is intent on pushing forward with its structural reform agenda for Local Government, it is critical that the process is designed to get the best outcome for communities. This requires a commitment from the Government to an open, transparent and fair process, which enables the councils and their communities to have a genuine say in how their restructured councils will look in the future.