



Bland Shire Council
Business Paper
Extraordinary Council Meeting
10 November 2015



OUR VISION, MISSION AND VALUES



ETHICAL DECISION MAKING AND CONFLICTS OF INTEREST
A guiding checklist for Councillors, Officers and Advisory Committees

Ethical Decision Making

- Is the decision or conduct legal?
- Is it consistent with Government policy, Council's objectives and Code of Conduct?
- What will the outcome be for you, your colleagues, the Council, anyone else?
- Does it raise a conflict of interest?
- Could your possible conflict of interest lead to private gain or loss at public expense?
- Can the decision be justified in terms of public interest?
- Would it withstand public scrutiny?

Conflict of Interest

- A conflict of interest is a clash between private interest and public duty. There are two types of conflict: Pecuniary – regulated by the Local Government Act and Office of Local Government and, Non-pecuniary – regulated by Codes of Conduct and policy. ICAC, Ombudsman, Office of Local Government (advice only).

The test for conflict of interest

- Is it likely I could be influenced by personal interest in carrying out my public duty?
- Would a fair and reasonable person believe I could be so influenced?
- Conflict of interest is closely tied to the layperson's definition of "corruption" – using public office for private gain.
- Important to consider public perceptions of whether you have a conflict of interest

Identifying Problems

1st - Do I have private interest affected by a matter I am officially involved in?

2nd - Is my official role one of influence or perceived influence over the matter?

3rd - Do my private interests conflict with my official role?

Whilst seeking advice is generally useful, the ultimate decision rests with the person concerned.

Agency Advice

Officers of the following agencies are available during office hours to discuss the obligations placed on Councillors, Officers and Advisory Committee members by various pieces of legislation, regulation and Codes.

Contact	Phone	Email	Website
Bland Shire Council	6972 2266	council@blandshire.nsw.gov.au	www.blandshire.nsw.gov.au
ICAC	8281 5999 Toll Free: 1800 463 909	icac@icac.nsw.gov.au	www.icac.nsw.gov.au
Office of Local Government	4428 4100	dlq@dlq.nsw.gov.au	www.dlg.nsw.gov.au
NSW Ombudsman	9286 1000 Toll Free: 1800 451 524	nswombo@ombo.nsw.gov.au	www.ombo.nsw.gov.au



Extraordinary Council Meeting Agenda

10 November 2015

commencing at 7:00PM

1.0 INTRODUCTION

Let us acknowledge the Wiradjuri people, their elders past and present, traditional custodians of the land we now share.

Let us be inspired by the resilience, innovation and perseverance of past generations.

Let us honour those who protect this great land, may you draw strength from your God or Faith

so that we may, here today, on behalf of our community, - build a vibrant future together.

("Pause for Reflection").

2.0 ATTENDANCE

2.1 Councillors

Cr P Grellman

Cr L Hampton

Cr K Keatley

Cr T Lord

Cr L McGlynn

Cr B Monaghan

Cr L Pike

Cr N Pokoney

Cr P Templeton

2.2 Staff

General Manager – Ray Smith

Director Asset & Engineering Services – Will Marsh

Director Corporate, Community & Development Services – Adele Casey

Executive Assistant – Julie Sharpe

2.3 Apologies

3.0 DECLARATIONS OF INTEREST

A pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss the person or another person with whom the person is associated.

A person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision a person might make in relation to a matter.

Councillor/Officer	Item	Nature of Interest

4.0 MAYORAL MINUTE

5.0 STAFF REPORTS

That the Council receive the staff reports.

Section 1 – Office of the General Manager (*reports for decision*)

5.1 Fit For The Future – IPART Assessment 1

6.0 URGENT BUSINESS WITHOUT NOTICE

7.0 CLOSURE OF THE MEETING TO DISCUSS CONFIDENTIAL BUSINESS UNDER THE PROVISIONS OF SECTION 10A(2) OF THE LOCAL GOVERNMENT ACT

8.0 RESUMPTION OF THE MEETING AND CONSIDERATION OF RECOMMENDATIONS OF THE CLOSED SECTION OF THE MEETING

9.0 CLOSE OF THE MEETING

SECTION 1 – OFFICE OF THE GENERAL MANAGER

5.1 Fit For The Future – IPART Assessment

Our leadership

Setting a benchmark for community standards

Vision: A well run council acting as the voice of the community

DP14.2 Ensure councillors take ownership and a strong leadership role in implementing the Community Strategic Plan

Author: General Manager

Officer's Recommendation:

- 1. That the details contained in the attachment to this report forms the basis of Bland Shire Council's formal response to the IPART Assessment of council's Fit for the Future submission and that such response be lodged by the closing date of 18 November 2015;**
- 2. That council's response is modified, if necessary, following the outcome of the public meeting scheduled for 10 November 2015;**
- 3. That each of the adjoining councils to Bland Shire is advised of Bland Shire Council's response to the IPART Assessment.**

Introduction

Councillors will be well aware by now that the IPART Assessment of Bland Shire Council's submission, under the Fit for the Future framework, has deemed us to be 'unfit'! While council has been identified to be financially sustainable the fact that we do not meet the 'scale and capacity' criteria, which relates to population, is the reason for the unfit result.

The NSW State Government has now given council until 18 November to provide a response to the IPART Assessment and in doing so to also identify any preferred merger options.

While a response is not compulsory I believe that it is in our best interests to indicate to the government our position on council amalgamations.

The response must be submitted on-line and provision is being made for comments on the IPART Assessment followed by a 'drop down' box whereby a council can indicate its preferred merger options concluding with a comment box, limited to a maximum of 50 words, to explain council's merger proposal(s).

Responses have been received from all of the adjoining councils to Bland Shire and it has been a unanimous result in that each of the seven (7) councils intends on maintaining their stance to 'stand alone' and to not identify any preferred merger options as per the direction from the NSW State Government.

Council must now determine its response and based on the advice from our neighbouring councils and given the discussions held at the November council workshop I have attached a draft response in the format that is required by the government.

Conclusion

The Premier of NSW has indicated that his government will advise all councils of their future prior to the end of the year. He has also indicated that the local government general elections will still take place next September (2016).

The report of the Parliamentary Inquiry into Reform of Local Government in NSW was released last week and contains 17 recommendations, the most pertinent of which is:

Recommendation 11

That the NSW Government commit to a policy of no forced amalgamations of local councils, except in circumstances where it can be established that a council is severely financially unsustainable to the point of bankruptcy or unable to maintain an acceptable level of service provision.

All of the other recommendations relate to various reforms of local government and changes to existing legislation. A copy of the 17 recommendations as well as the Executive summary and findings from the Inquiry is included as an attachment to this report.

Financial Implications

The NSW State Government has made a significant funding package available for council mergers that are:

- Supported by the merging partners; and
- Supported by the Government.

Up to \$15M could be available for 3 or more merging councils. However, there would be no funding available if councils are 'forced' to merge.

BLAND SHIRE COUNCIL



RESPONSE TO THE IPART ASSESSMENT OF COUNCIL'S FIT FOR THE FUTURE SUBMISSION

COMMENT BOX 1

- That IPART be requested to amend their report by removing the statement that “council opposed a merger with either Coolamon or Temora” as this is not correct. In council’s submission, refer to page 1, it is clearly stated that “Council held initial conversations with Coolamon and Temora regarding potential merger options, however, neither council was prepared to enter merger discussions”
Our submission also included a copy of the written responses from Coolamon and Temora confirming their desire to stand alone. This meant that Bland Shire Council could not complete Template 1.
- There have been no identifiable advantages provided by either IPART or the NSW State Government that Bland Shire Council and its communities will be better of economically or socially as a result of council amalgamations.
In IPART’s own words “We do not have sufficient evidence to evaluate the costs and benefits of the merger option prepared to the stand alone proposal”
- Bland Shire council has the burden of having the second largest road network of all NSW Councils and with the freezing of the FAG’s and R2R funding this has placed unnecessary financial hardship on council. The NSW Government must address the underlying problem of inadequate funding of local councils as a direct result of almost 40 years of rate pegging.
- The NSW Government is making the claim that we are dealing with 100 year old boundaries of local government areas, but all amalgamations will achieve are the same boundaries but on a larger scale. The Government must consider boundary changes that will provide a much greater scope for more effective local government.

- Council amalgamations in rural areas will have a long term devastating effect on the viability of small towns such as West Wyalong. While council employees may have a three year protection period from loss of employment after that three year period there is a definite likelihood that job losses will occur and that families will be forced to leave their home town in search of alternative employment in larger centres. By forcing council amalgamations in rural areas the NSW Government will be perpetuating the decline of rural NSW.
- Bland Shire Council supports all 17 of the recommendations arising from the Parliamentary Inquiry into local government reform in NSW. In particular, council strongly urges the NSW Government to immediately adopt Recommendation 11:

That the NSW Government commit to a policy of no forced amalgamations of local councils, except in circumstances where it can be established that a council is severely financially unsustainable to the point of bankruptcy or unable to maintain an acceptable level of service provision.

DROP DOWN BOXES TO IDENTIFY A PREFERRED MERGER OPTION

- That council deliberately leave this section blank as council does not support the amalgamation of rural councils.

COMMENT BOX 2 (A maximum of 50 words)

- Council amalgamations in rural areas will have a long term devastating effect on the viability of small towns such as West Wyalong. By forcing council amalgamations in rural areas the NSW Government will be perpetuating the decline of rural NSW.

MEDIA RELEASE

29 October 2015

LGNSW WELCOMES PARLIAMENTARY REPORT

The NSW Government has failed to make a case for forced council amalgamations, and “unreliable” criteria necessitates the withdrawal of Government claims councils are unfit, according to the findings of a Parliamentary Inquiry into Local Government which have been welcomed by the sector.

The Inquiry, headed by the Hon Paul Green MLC, tabled its 272-page report in the NSW Parliament today, highlighting significant shortcomings in the Baird Government’s Fit for the Future process and calling on the Government to cease its plans to force council mergers.

Local Government NSW President Clr Keith Rhoades AFSM welcomed the report, which also called for an end to cost-shifting and long-term State Government policies and practices which undermine good financial management in Councils.

“For years now LGNSW has called for meaningful local government reform – not pointless structural change but reform designed to overcome systemic funding model failures and create the stronger councils we all want,” Clr Rhoades said.

“We have pointed out over and over again that structural change is not the answer – that there is no evidence that council mergers create downward pressure on rates, or improve services to residents and ratepayers.

“For much more than a year now we have been urging the Government to ‘Fix the Funding First’ – and consistent with evidence from the Chair of the Government’s own Review Panel - if this path had been taken then the need to expend political capital by forcibly amalgamating councils against community wishes would not exist.”

Clr Rhoades said the Legislative Council inquiry also criticised the “scale and capacity” criterion used by IPART to slur the majority of NSW councils as “unfit” for the future, thereby misrepresenting their true status to the community.

“The Inquiry said the scale and capacity criterion was problematic, ill-defined and difficult to measure objectively – and yet the Government and IPART selected this as the one criterion councils had to meet to be found fit,” he said.

“LGNSW argued vociferously that this criterion was a Catch 22 for councils, because they could only win the right to stand alone by showing scale and capacity, and they could only show scale and capacity if they agreed to amalgamate in line with the Government’s preferences.

“That criterion, now discredited, is the only reason IPART could declare the majority of NSW councils “unfit”, and claim NSW’s system of local government is broken.

“Almost 92% of metropolitan councils and 76% of non-metropolitan councils met the IPART financial criteria overall, despite the systemic funding challenges. That’s hardly broken despite what the Government says.

Other key Inquiry recommendations welcomed by the sector included:

- That the NSW Government commit to a policy of no forced amalgamations, unless councils could be proven to be virtually bankrupt or unable to maintain an acceptable level of service provision
- That the State Government cease its cost-shifting practices and ensure adequate ongoing funding accompany services, assets or regulatory functions handed over to local councils
- Council-operated water utilities remain under council control

- That the option to form Joint Organisations – a collective arrangement designed to provide efficiencies without diminishing local democracy or identity - be open to all councils in NSW, not just those selected by the State Government. The Inquiry commended the “cooperative and consensus” Hunters Hill-Ryde-Lane Cove model as providing a good basis for local council reform in metropolitan Sydney.
- Implementation of the Independent Local Government Review Panels recommendation that the Boundaries Commission – the body which reviews proposed council amalgamations – be strengthened and made more independent before any NSW council amalgamations take place
- That all councils have access to Fit for the Future funding incentives, irrespective of IPART’s Fit/Unfit finding
- That Local Government Minister Paul Toole work cooperatively with the sector to seek a reversal of an indexation freeze on federal Financial Assistance Grants.

“We commend the Inquiry for its comprehensive and balanced approach - this is a strong report, and the sector will continue to review its findings over the next few days,” Cr Rhoades said.

“In the interim, I would urge Local Government Minister Paul Toole to heed the Inquiry’s findings and recommendations: they highlight the clear path that can be walked collaboratively by the State Government and local councils to deliver lasting and meaningful sector reform to the people and communities of NSW.”

Media Enquiries

LGNSW President, Cr Keith Rhoades AFSM:	0408 256 405
Media Toni Allan	0412 774 441

Executive summary

The catalyst for this inquiry was the NSW Government's Fit for the Future reform program for local government, which was announced in September 2014. The Fit for the Future program was a direct response to the final reports of the Independent Local Government Review Panel (ILGRP) and the Local Government Acts Taskforce, as well as the findings of Treasury Corporation's review of the financial sustainability of NSW Local Government, and the Local Government Infrastructure Audit.

Calls for reform of the local government sector have been building for some time and inquiry participants expressed widespread support for reform, including support from the sector itself. However, the committee questions whether the Fit for the Future program is the best way to achieve reform.

The Fit for the Future process (Chapter 3)

A major component of the Fit for the Future program was a requirement for local councils to prepare proposals, by 30 June 2015, demonstrating how they intended to become 'fit for the future'. The Independent Pricing and Regulatory Tribunal (IPART) was appointed on 22 April 2015 to assess councils' Fit for the Future proposals. IPART provided its assessment to the NSW Government on 16 October 2015, and the Government subsequently released the report on 20 October 2015. IPART found 71 per cent of Sydney metropolitan councils and 56 per cent of regional councils to be 'not fit'. The committee believes it is unfair and misleading for the Government and IPART to label these councils as 'unfit' and calls on the Premier and the NSW Government to withdraw such statements.

Inquiry participants raised concerns regarding the appointment of IPART and the deadlines for providing and assessing council proposals. These included questions about IPART's expertise in local government and its ability to assess some elements of the criteria. While IPART has significant capacity to analyse the finances of local government, the committee finds that it does not have the demonstrated skills or capacity to assess the overall 'fitness' of councils as democratically responsible local bodies. In relation to time frames, the committee finds that IPART's appointment occurred too late in the Fit for the Future process and that the 30 June 2015 deadline for councils to submit proposals was too short.

A recurring criticism from inquiry participants was that the Government's reform package was too focused on amalgamations and structural reform, rather than addressing the entire set of recommendations made by the ILGRP. The committee considers that a more constructive approach to the Government's reform program would have been to implement other recommendations of the ILGRP prior to embarking on any structural reforms to the local government sector.

Nonetheless, there are a number of positive outcomes resulting from the Fit for the Future reforms. Chief among these is the fact that it has encouraged local councils across the state to review their long term financial sustainability and consider ways to improve their performance, even though the process was too rushed for councils to take full advantage of it.

The financial sustainability of councils (Chapter 4)

The financial sustainability of local councils in New South Wales has been of significant concern for some time. Both Government and independent reviews have highlighted concerns over infrastructure backlogs, underspending on asset maintenance and operating deficits of numerous councils.

There is significant variability in the financial position of councils throughout the state. Factors affecting this include the population size and density, incomes of rate payers and number of businesses in the council area.

In addition to the variability between councils, there are a number of factors which have affected financial sustainability of all councils over an extended period of time. These include rate pegging, rate exemptions, regulated charges and cost shifting by state and federal governments. The freezing of Financial Assistance Grants will also have a significant immediate impact as well as a significant cumulative impact in coming years.

Numerous inquiry participants called for removal of rate pegging because they said it adversely impacts on the sound financial management of local councils. The committee considers that communities should be able to decide the level of services provided by their local council and the rates they are willing to pay for such services. We therefore recommend that the government evaluate the option of removing rate pegging and allowing rates to be set by local councils in consultation with their community.

In relation to Financial Assistance Grants, the committee is concerned about the decision to freeze the grants at their current level and calls on the Minister for Local Government to work cooperatively with the local government sector to petition the Australian Government to seek a reversal of the decision. In addition, the committee supports the redistribution of the grants according to need, so that the councils in the most need of financial assistance receive the bulk of the federal funding.

Cost shifting by state and federal governments is an issue that is having a significant impact on the financial sustainability of local councils. The committee believes that where the NSW Government devolves responsibility for providing services, assets (such as regional roads), concessions, or other regulatory functions to local government, it should provide full cost recovery.

Another issue raised by inquiry participants was the contribution that water utilities operated by local councils make to the financial sustainability of those councils. The committee therefore recommends that those water utilities that are currently operated by local councils remain under councils' control.

Merits of the Fit for the Future criteria (Chapter 5)

The four criteria used by IPART to assess whether councils are 'fit for the future' were scale and capacity, sustainability, infrastructure and service management, and efficiency. Each of the criteria, except scale and capacity, had a number of associated performance measures and benchmarks.

Scale and capacity was the threshold criterion for Fit for the Future proposals and, in the committee's view, it was also the most problematic. The key problems with this criterion were that it was ill-defined and difficult to objectively measure. The committee is of the view that any criteria for making assessments about the future of local councils should be clearly defined, objective, measurable and verifiable, particularly if those assessments may lead to widespread structural reforms. It is the committee's opinion that the scale and capacity criterion does not satisfy those parameters. Accordingly, it was not an appropriate criterion to include in the Fit for the Future assessment criteria.

Of the three performance measures associated with the sustainability criterion, the committee considers that the operating performance ratio is the most useful indicator of a council's financial position and long term sustainability. However, a drawback of this measure, along with a number of the other Fit for the Future measures, is its reliance on depreciation data.

The committee heard that there is a lack of consistency between councils in how depreciation is determined. The committee considers there is scope to implement a more uniform approach and therefore proposes that the Office of Local Government make use of the Auditor-General's expertise and, in consultation with the local government sector, develop guidelines to ensure greater consistency across councils in the treatment of assets.

Many of the other performance measures for the Fit for the Future criteria were criticised by stakeholders. The committee finds it troubling that the future of some local councils in New South

Wales could be influenced by such measures. Accordingly, the committee concludes that there is significant uncertainty about the reliability of many of the Fit for the Future performance measures, which undermines the validity of the assessments on whether councils are 'fit' or 'unfit'.

Amalgamations (Chapter 6 & 7)

The amalgamation of local councils was a core issue raised throughout the inquiry. This issue was brought into sharp focus by the ILGRP's 2014 report *Revitalising Local Government*, which outlined a number of preferred merger options for local councils in New South Wales.

Process for considering amalgamations

Currently, the *Local Government Act 1993* requires amalgamation proposals to be examined by the Boundaries Commission or the Director-General. In its report, the ILGRP recommended strengthening the independence of the Boundaries Commission and the process for examining amalgamation proposals. We support the ILGRP's recommendation to ensure a robust and consultative process is in place before any further steps are taken by the Government in relation to council amalgamations. Further, the committee finds that a strengthened and more independent commission may make up for some of the flaws in the Fit for the Future process to date.

Costs and benefits of amalgamations

The committee notes there are mixed views about the costs and benefits of amalgamations of local councils. While many stakeholders opposed 'forced' amalgamations, some inquiry participants took a firm position of support for amalgamations.

According to those who support amalgamations, one of the key benefits is the potential for increased strategic capacity. Other benefits suggested by inquiry participants included streamlined administrative processes, reduced operating expenses, improved service delivery and simpler planning systems.

On the other hand, those who opposed amalgamations suggested that the costs of mergers included high transitional costs related to the integration of systems, staff, premises and governance structures, disruption to service provision, and potential losses in staff expertise and experience. The impact on a council's budget position may also be a concern, especially if the residents of one council are expected to take on the debt and infrastructure backlog of a neighbouring council through a merger.

The potential costs for rural and regional communities, particularly small rural townships that would no longer be the business centre of a local council, were raised by some inquiry participants. The committee heard that these smaller centres can suffer the most from council amalgamations.

The employment protections in the *Local Government Act 1993*, which apply to the majority of council employees across the state, do not apply to senior staff such as general managers. The committee is of the view that special consideration needs to be given to ensure there is adequate support and assistance for such staff in the event that their positions are lost in an amalgamation. Of particular concern are senior staff located in rural areas, who may need to relocate to another area to seek new employment. We therefore recommend that the NSW Government put in place a program to support senior staff affected by amalgamations.

In regard to the impact of amalgamations on rates, the evidence was mixed. Some stakeholders suggested that rates would decrease as a result of mergers, while other said they would increase. The committee notes that there are likely to be some winners and some losers following any amalgamation as disparate rating systems are aligned.

Although questions were raised about the rigour and robustness of empirical research on the impacts of amalgamations, much of the available evidence appears not to support claims of cost savings and efficiency. The committee finds that the projected economic benefits of council amalgamations have

been consistently overstated by the proponents of forced amalgamations and the costs and extensive diseconomies of scale caused by amalgamations have not been adequately explained by those same proponents.

Given the numerous concerns raised by stakeholders about the costs of amalgamations the committee is of the view that the case for amalgamations, and in particular, forced amalgamations, has not been made. The apparent lack of empirical evidence to demonstrate the benefits of amalgamations lends further weight to these concerns. The committee therefore calls on the NSW Government to commit to a policy of no forced amalgamations of local councils. The only exception to this policy should be in circumstances where it can be established that a council is severely financially unsustainable to the point of bankruptcy or unable to maintain an acceptable level of service provision.

Factors affecting the outcome of amalgamations

The committee heard that there are a multitude of factors that can affect the success of amalgamations. Such factors include the level of community support for amalgamation, the availability of resources and support to assist councils, the level of planning and communication, the availability of incentives, and whether there is a genuine partnership approach between the State Government and local government sector.

The committee considers that there appear to be better outcomes for amalgamations that occur in a voluntary way and are supported by the community. However, the committee acknowledges that there is some contention over the distinction between ‘voluntary’ and ‘forced’ amalgamations.

The committee was troubled by the fact that there was no disclosure of what the next steps in the Fit for the Future process would be after IPART provided its final report to the Government. The committee is concerned that this reflects either a lack of transparency or a lack of a clear road map or plan for the future of the local government sector in the state. The committee considers that at the outset of any program to transform the local government sector, it should be vital to have a clear understanding of the entire process and to be able to inform and explain to the community how this process will work.

There have been fears of amalgamation throughout the entire Fit for the Future process. This has been very disruptive and has undermined the sector’s trust from the outset. The committee considers that a better approach would have been to start a discussion on the role and functions of local government, rather than focusing on reducing the number of councils.

We found that the NSW Government failed to build on the consultative approach established during *Destination 2036* to develop a road map for the future of the local government sector, and appears to have neglected to adequately consult with the community, or effectively partner with the sector, to continue those reforms.

The committee considers that for any amalgamations that may arise out of the Fit for the Future process there is merit in ensuring that the transitions to new councils are well-managed. To this end, the committee recommends that the NSW Government consider allowing for a period of transition to ensure effective planning, consultation, implementation and ongoing service delivery to communities. Such changes, however, should not preclude use of the Boundaries Commission, and should not be inconsistent with the committee’s recommendation to strengthen the Boundaries Commission process.

Protecting and delivering democratic structures for local government (Chapter 8)

Councils play an important role within the local community, especially in regional areas. We note inquiry participants’ fears that amalgamation of local councils could mean a loss of local identity, community uniqueness and local decision making. The committee acknowledges the importance of keeping the ‘local’ in local government to ensure it remains close to the people it serves.

In relation to the election of mayors, the committee makes recommendations to encourage referendums on whether mayors should be popularly elected by voters or elected by councillors, and to increase to two years the period a mayor elected by the councillors is to hold office. We also recommend that the NSW Government consider amending the electoral legislation to introduce donation and spending caps for candidates at local government elections.

Cooperative models for local governance (Chapter 9)

The committee examined a number of cooperative models for local governance in New South Wales, including Regional Organisations of Councils (ROCs), the Joint Organisations Pilot Program and the Joint Regional Authority Model.

The committee notes the promising signs shown by the Joint Organisation Pilot Program operating in five regional areas and recommends that the Joint Organisations model be offered to all councils in New South Wales.

The committee is also impressed by the presentation of the joint regional authority model from the Hunters Hill, Ryde and Lane Cove Councils and sees very real merit in this style of joint organisation being given statutory support in preference to forced amalgamations.

Recommendations

- Recommendation 1** **44**
That the Premier and NSW Government withdraw the statements that 71 per cent of councils in metropolitan Sydney and 56 per cent of regional councils are ‘unfit’.
- Recommendation 2** **45**
That the NSW Government provide all local councils in New South Wales access to the proposed Fit for the Future incentives, regardless of the Independent Pricing and Regulatory Tribunal’s assessment of whether a council is ‘fit’ or ‘unfit’.
- Recommendation 3** **65**
That, as part of its planned review of the rating system, the NSW Government evaluate the option of the removal of rate pegging and allow councils to determine their own rates conditional on the delivery of a local works plan outlining the expenditure associate with any proposed rate increases and demonstrated community support.
- Recommendation 4** **65**
That the Minister for Local Government work cooperatively with the NSW local government sector to petition the Australian Government to reverse its decision to freeze the indexation of Financial Assistance Grants.
- Recommendation 5** **66**
That the Minister for Local Government work cooperatively with the local government sector to petition the Australian Government to seek to redistribute Financial Assistance Grants in order to direct additional funding to councils with the greatest needs, provided councils with the capacity to raise additional local revenue are able to do so.
- Recommendation 6** **66**
That the NSW Government eschews future cost shifting and commits to providing adequate funding to local government for any new services, assets or regulatory functions that it devolves to local councils.
- Recommendation 7** **67**
That the NSW Government ensure that those water utilities that are currently operated by local councils remain under the control of those councils.
- Recommendation 8** **91**
That the Office of Local Government, in consultation with the Audit Office of New South Wales and local government representatives, develop guidelines to ensure greater consistency across councils in the treatment of assets, including:
- a depreciation methodology that more closely correlates with the actual condition of deterioration and considers the councils’ priorities for the condition of the infrastructure
 - quantifying the useful life of an asset
 - determining the realistic residual values of assets
 - the componentisation of assets.

- Recommendation 9** **118**
That the NSW Government implement the Independent Local Government Review Panel's recommendations to strengthen the independence of the Boundaries Commission and ensure a robust and consultative process is in place to consider council amalgamation proposals before any further steps are taken by the government in relation to council amalgamations.
- Recommendation 10** **119**
That the NSW Government implement a program to assist and support senior staff affected by amalgamations, particularly those staff in regional areas who may need to relocate if their position is lost through an amalgamation.
- Recommendation 11** **120**
That the NSW Government commit to a policy of no forced amalgamations of local councils, except in circumstances where it can be established that a council is severely financially unsustainable to the point of bankruptcy or unable to maintain an acceptable level of service provision.
- Recommendation 12** **137**
That the NSW Government consider amending the *Local Government Act 1993* to allow for a period of transition between a decision to merge councils and the creation of the new council, to ensure effective planning, consultation, implementation and ongoing service delivery to communities.
- Recommendation 13** **150**
That the Minister for Local Government encourage local councils with council-elected mayors to initiate a referendum on whether the mayor should be popularly elected or elected by councillors.
- Recommendation 14** **151**
That the NSW Government seek to amend the *Local Government Act 1993* to increase to two years the period a mayor elected by the councillors is to hold office.
- Recommendation 15** **151**
That the NSW Government consider amending the electoral legislation to introduce donation and spending caps for candidates at local government elections.
- Recommendation 16** **167**
That the NSW Government make Joint Organisations available to all councils in New South Wales.
- Recommendation 17** **167**
That the NSW Government work with local government on a statutory model for Joint Organisations based on the Hunters Hill, Ryde and Lane Cove Council model as a cooperative and consensus model for local council reform in Metropolitan Sydney.

Findings

- Finding 1** 43
While the Independent Pricing and Regulatory Tribunal has significant capacity to analyse the finances of local government it does not have the demonstrated skills or capacity to assess the overall ‘fitness’ of councils as democratically responsible local bodies.
- Finding 2** 43
That the Independent Pricing and Regulatory Tribunal’s appointment to the role of Independent Advisory Panel occurred too late in the Fit for the Future process and that the 30 June 2015 deadline for council proposals was too short.
- Finding 3** 44
That the recommendations of the Independent Local Government Review Panel that were unrelated to structural reform should have been implemented before considering amalgamations.
- Finding 4** 44
That the Fit for the Future reforms provided a positive impetus for local councils to review their long term financial sustainability and improve their performance, but the methodology prescribed by the government was too restrictive and rushed for councils to take full advantage of the process.
- Finding 5** 90
That the scale and capacity criterion was a flawed criterion and it should not have been included in the Fit for the Future assessment criteria and accordingly assessments of councils’ fitness based on this threshold criterion are not well-founded.
- Finding 6** 92
That there is significant uncertainty about the reliability of many of the Fit for the Future performance measures, which undermines the validity of the Fit for the Future assessment outcomes.
- Finding 7** 118
That the Boundaries Commission process was strongly supported by many organisations including Local Government NSW, and a strengthened and more independent Commission may make up for some of the flaws in the Fit for the Future process to date.
- Finding 8** 137
That the NSW Government failed to build on the consultative approach established during *Destination 2036* to develop a road map for the future of the local government sector, and appears to have neglected to adequately consult with the community, or effectively partner with the sector, to continue those reforms.
- Finding 9** 137
That the projected economic benefits of council amalgamations have been consistently overstated by the proponents of forced amalgamations and the costs and extensive diseconomies of scale caused by amalgamations have not been adequately explained by those same proponents.