

Department     Executive Services

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## REPORT

At the 4 November meeting, Council considered a report with an update on the State Government's Fit for the Future program criteria, including associated guidelines and templates for completion, that were contained in the information released by the NSW Office of Local Government on 31 October 2014.

Following consideration of that report, Council resolved:

1. *THAT the City of Canada Bay, agrees to opening discussion with the Council's the State Government are proposing to amalgamate , that is Ashfield, Burwood, Leichhardt, Marrickville and Strathfield, – on the basis that the City of Canada Bay Council remains opposed to any forced merger with its neighbouring councils and continues to support local government reform initiatives through regional and sub-regional resource sharing/strategic alliances and sector wide cooperation (e.g. the Southern Sydney Regional Organisation of Councils 'Council of Mayors' proposal).*
2. *THAT Council develop a communications strategy and community engagement program to actively inform our community and Council staff about the State Government reform agenda and its implications for the City of Canada Bay.*
3. *THAT the City of Canada Bay, in formulating the response to the NSW Government Fit for the Future program:*
  - a) *Meet with those Council's proposed to be amalgamated with the City of Canada Bay, on the basis that the City of Canada Bay Council continues to remain opposed to any forced amalgamation / merger*
  - b) *Seek agreement of these councils to undertake shared modelling and business case analysis of options to assess whether each option performs better, worse or no different against the Government adopted assessment criteria as well as analysis of the impacts of options on representation and communities of interest, including the options of:*
    - i. *amalgamation of Ashfield, Burwood, Canada Bay, Leichhardt, Marrickville & Strathfield as proposed by the Panel and supported by the State Government*
    - ii. *the Southern Sydney Regional Organisation of Council's (SSROC) Council of Mayors model*
    - iii. *the Status Quo (as the base).*
4. *THAT Council allocate \$30,000 towards the preparation of a business case in conjunction with and communication and engagement strategy.*
5. *THAT the General Manager brief Councillors at future workshops so as to provide an update on the development of a community engagement and communication strategy and feedback on the business case analysis of options being examined, in this process.*

In regard to Item 1, I convened a meeting with the Mayors and General Managers of Ashfield, Burwood, Leichhardt, Marrickville and Strathfield Councils, to initiate discussions regarding the amalgamation proposed by the State Government

All Councils held a position similar to the City of Canada Bay, in that they oppose any forced amalgamation. They also were in agreement to opening discussions on responding to the Fit for the Future program, which requires a submission by Council by 30 June 2015 (note: Strathfield Council have resolved not to make a submission).

All six (6) Councils agreed to formalise an alliance to support and facilitate a robust response to the State Government's Fit for the Future program.

To provide Councils with reliable data on which to base their business case, it was agreed that a Memorandum of Understanding (MOU) be prepared and circulated to clearly establish the roles and responsibilities of each Council so we can work collaboratively in the short timeframe that is available. A hardcopy of the MOU is attached.

The funding suggested in the MOU aligns with funding Council has already allocated for community education and information programs and business case preparation. The MOU expires on 30 June 2015.

## **RECOMMENDATION**

1. THAT Council reiterates its position of remaining opposed to forced amalgamations.
2. THAT Council agrees to work collaboratively with Leichhardt, Marrickville, Ashfield, Burwood and Strathfield Councils and endorses the proposed MOU to enable a business case analysis of the various options and alternatives to be undertaken for further consideration by Council.

**Draft—November 2014**

**MEMORANDUM OF UNDERSTANDING ("MOU") for the FIT FOR THE FUTURE PROGRAM**

Dated .....2014

**BETWEEN**

**ASHFIELD COUNCIL** of 260 Liverpool Road Ashfield, New South Wales ("Ashfield")

AND

**BURWOOD COUNCIL** of 1-17 Elsie Street, Burwood, New South Wales ("Burwood")

AND

**CITY OF CANADA BAY** of 1A Marlborough St Drummoyne, New South Wales ("Canada Bay" )

AND

**LEICHHARDT COUNCIL** of 7-15 Wetherill Street, Leichhardt, New South Wales ("Leichhardt" )

AND

**MARRICKVILLE COUNCIL** of 2-14 Fisher Street, Petersham, New South Wales ("Marrickville")

AND

**STRATHFIELD COUNCIL** of 65 Homebush Road Strathfield, New South Wales ("Strathfield" )

**BACKGROUND**

On Wednesday 10 September 2014 the State Government released its response to the final recommendations of the Independent Local Government Review Panel (Revitalising *Local Government* April 2014) and the Local Government Acts Taskforce. In doing so, the State Government also announced funding up to \$1 billion for local government in NSW to assist councils implement the Government supported recommendations.

The NSW Government has packaged their response under the banner of 'Fit for the Future' (FFF)

For details see <http://www.fitforthefuture.nsw.gov.au/>

The government's focus is supporting voluntary mergers, including a reduction of the Sydney metropolitan councils from 41 to 18. The government response signals strongly that Sydney Metropolitan Councils, and in particular the inner and eastern councils, will need to address the Panel recommendations for mergers, citing increased 'scale and capacity' (i.e. size) as key components to ensuring financial sustainability and more effective metropolitan governance.

The current State Government proposal is the creation of a new Sydney-Central Metropolitan Council through the merger of Ashfield ; Burwood; Canada Bay; Leichhardt; Marrickville and Strathfield Councils - resulting in a new inner city council of almost 350,000 people.

Apart from the reform funding, the State Government announced it will also:

- Introduce a new streamlined Local Government Act from 2016/17 that cuts red tape and puts Integrated Planning and Reporting as the nucleus of council activities
- Provide a State government borrowing facility for more cost effective council loans
- Introduce a new role for the Auditor General to oversee financial management of councils
- Introduce minimum two-year terms for Mayors
- Introduce greater powers for the community if they want a directly elected Mayor
- Introduce clearer roles for Mayors, Councillors and General Managers
- Provide councils who are deemed 'Fit for the Future' with additional planning powers
- Review of the current rating system providing councils who are deemed 'Fit for the Future' with easier access to Special Rate Variations

All NSW Councils (excluding those in the Far West) have been requested to undertake a self-assessment, then prepare a road map to become 'Fit for the Future' and submit it to the State Government by 30 June 2015.

A series of templates were released on 31 October 2014 to assist Councils in undertaking the self assessment.

The submission, in turn, will be assessed by an independent panel and those councils who are subsequently deemed by the Government as being 'Fit for the Future' will be given access to reform funding, improved State borrowing facilities, reduced red tape and extra planning powers.

The criteria to be applied to the self assessment process are:

1. Financial sustainability
2. Effectively managing infrastructure and delivering services for communities
3. Efficiency – value for money
4. Scale & Capacity – to engage effectively across community, industry and government

Councils must first demonstrate how they meet the scale and capacity criteria, with the Government supporting the Panel's recommendations that in our region, this can only be achieved by merging with our 6 councils (or some similar merger).

The Government expects that council amalgamations will formally commence in October 2015, transitional governance arrangements put in place (i.e. local transition committees comprising the Mayor and 1 councillor from each council plus the General Managers) and mergers completed by September 2016 in time for the next local government elections.

All six Inner West Councils proposed by the State Government for amalgamation have agreed to opening discussion on responding to the Fit for the Future program ([note that Strathfield Council have resolved not to make a submission on the Fit for the Future program](#)).

## **PURPOSE**

The purpose of this MOU is to:

- i) Formalise the alliance between the six councils to support and facilitate a robust response to the State Government Fit for the Future Program; or in the event that 1 or more councils choose not to respond to the Program, provide those councils with reliable data on the likely outcomes of the mergers on their communities
- ii) Facilitate opportunities for mutual exchange and collaboration between the councils through:
  - Shared modelling of the merger options to identify the likely social, environmental, financial and governance outcomes on the respective councils and their communities; thereby enabling each council to prepare their business cases
  - Each Council to establish an internal Fit for the Future working party tasked with sharing and collating relevant information between councils
  - An integrated community engagement program to actively inform our communities about the State Government reform agenda and its implications for the respective local government areas
- iii. Thereafter enable respective councils to respond and/or engage further with their communities as best suits their particular circumstances.

## **DURATION OF MOU**

This MOU commences upon execution and will continue until 30 June 2015. Should the need arise for Councils to continue operating under an alliance arrangement following the 30 June 2015 deadline, a new MOU will be developed with new terms of reference.

## ROLES, RESPONSIBILITIES OF EACH COUNCIL

The Councils agree to work collaboratively to:

1. Facilitate the shared modelling of the merger options based upon

- Financial sustainability including identification of the likely merger costs and impact on rates
- Infrastructure and service delivery
- Scale and Capacity
- Effectiveness and efficiency
- Analysis of the social impacts particularly as they relate to representation and communities of interest.

(Note that Strathfield Council support a stand alone option only)

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In turn leading to development of a business case analysis ( providing enough information to allow the councils to understand the likely advantages and disadvantages of each option ) for :

- Amalgamation of Ashfield, Burwood, Canada Bay, Leichhardt , Marrickville & Strathfield as proposed by the Panel and supported by the State Government
- Alternative amalgamation options eg with reduced number of councils
- The JO option ie the SSROC "Council of Mayors" model previously submitted to the State Government – **see attachment**
- Each option compared to the Status Quo (as the baseline) and a view reached as to whether each option performs better, worse or no different to the Government self assessment criteria

(Note that Strathfield Council have excluded the concept of JO's and only support a stand alone option)

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2. Develop an integrated community education and information program providing consistent messaging across the region, tailored however appropriately to meet the individual circumstances of each of the six councils.

This could, for example, include a shared web platform under the "saveourlocalarea.com" banner.

The Councils will each provide appropriate monetary and in-kind support to assist in the achievement of the above. Wherever possible, Councils agree to utilise modelling already developed by SSROC or other studies conducted in the recent past by Councils or other entities.

## **SUGGESTED MONETARY CONTRIBUTIONS**

1. Shared modelling of the merger options to develop a business case analysis for each council – in the range of \$15,000 to \$20,000 each (i.e. a budget between \$90,000 and \$120,000 in total)
2. An integrated community education and information program – in the range of \$5,000 to \$10,000 each (i.e. \$30,000 to \$60,000 in total)

Contributions from each of the six councils will be finalised upon selection of the successful consultants and payable on formal engagement of the successful consultants.

## **PROJECT MANAGEMENT**

A Steering Committee comprising the General Managers of each of the six councils and their nominated FFF working party member will operate to:

- Develop the requisite Expression of Interest documents, identify a panel of suitably qualified consultants, seek fee submissions from suitably qualified consultants for the shared modelling merger option ; as well as the development and facilitation of an integrated community education and information program
- Short list, interview, select and approve the respective successful consultants
- Monitor and evaluate progress of the project plans
- Approve and monitor the expenditure of funds (Leichhardt Council agrees to manage the monetary contributions of each council in order to issue progress payments when and as approved by the Steering Committee)
- Respond to critical issues management and coordinate any media and publicity demands arising from this council alliance with their respective Mayors
- Determine suitable secretarial support to manage correspondence amongst Steering Committee members, set and circulate agendas, and take and circulate minutes

## **TIMING**

1. Seek selective Expressions of Interest submissions from suitably qualified consultants (minimum of 3 for each project) for the shared business case modelling and integrated community engagement

program once a decision has been formalised by each Council at their next available Council meeting.

2. Successful consultants appointed by the end of December 2014 (TBC, see point 1 above)
3. Shared business case modelling outcomes to be completed for submission to the Steering Committee by no later than the end of January 2015 (TBC) and thereafter presentation to the Mayors and General Managers by early to mid-February 2015  
(Note that Strathfield Council have excluded the concept of JO's and only support a stand alone option)
4. Community engagement program framework and action plan developed and submitted to the Steering Committee no later than mid-January 2015, presented to the Mayors and General Managers by no later than mid February 2015, with program commencement due no later than the end of February 2015.

Ashfield Council .....

Burwood Council .....

City of Canada Bay .....

Leichhardt Council .....

Marrickville Council .....

Strathfield Council .....

**Appendix – SSROC 'Council of Mayors' proposal**