

Submission by the Lane Cove Bushland and Conservation Society (LCBCS) to the Independent Local Government Review Panel on the paper:

**“Better, Stronger Local Government
The Case for Sustainable Change”**

(BSLG)

March 2013

This submission will focus on governance, finances and amalgamations. Its comments are confined to metropolitan councils in general and Lane Cove Council in particular.

Governance

We believe 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 BSLG points 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) We note term of reference number four: “ability for local representation and decision making”.

Lane Cove has a population of about 31 500 who are represented by nine councillors, a ratio of 3500 people per councillor. In contrast, Bankstown has a population of about 190 000 represented by 12 councillors, a ratio of about 15 800 people per councillor. We suggest that this makes proper representation difficult and unwieldy. As is pointed out on page 31 of BSLG, the ratio in Brisbane city is about 40 000 to 1 and even though the councillors are full time and have personal staff, this suggests a more difficult and unwieldy representation than in Bankstown. The “localness” of such government is questionable. We point out that the state electorate of Lane Cove has 65 000 people, far closer to the Brisbane ratio than the Lane Cove Council ratio.

Over many years the LCBCS has enjoyed good relations with Lane Cove Councillors and staff and this is due in no small measure to the size of our municipality and Council. We would like to keep it this way and we feel that most Councillors and staff would support this view. However, we do not suggest that this model is appropriate in all cases.

BSLG suggests that metropolitan councils have a significant imbalance in size and that: “It is very difficult to see how such imbalances in the metropolitan system of local government can be justified. They would make it almost impossible for local government to develop and present a coherent strategic view on metropolitan issues to state and federal governments.” (p.25) We suggest the imbalance is because some councils are too large. Coherent strategic views on metropolitan issues are mainly the province of state governments, however regional local government organisations can and do make real inputs into strategic views.

We do not support the introduction of full time executive mayors. We believe that the role of such a mayor is currently undertaken by the general manager and would continue

to be so.

Our experience of: “The current ‘one-size-fits-all’ model in NSW (which) may be characterised in terms of a ‘weak mayor’, small number of councillors, and collective decision-making on all issues. “ (BSLG, p.32) is that, in general, it works in Lane Cove. We believe that collective decision-making is what councils should aim for and authority be not concentrated in a few hands. The main impediment to genuine collective decision-making is when political party councillors or a group of independents consistently vote as a bloc.

Finance

It is pleasing that the Report recognises the deleterious effect of years of rate pegging and: “...welcomes the revised rate-pegging guidelines for 2013/14 which move towards a system based on IPR processes.” (BSLG, p. 18) This has been the long held view of the Local Government and Shires Association of NSW (LGSA) which submitted to the Panel that:

“In the long run, rate pegging has resulted in:

- Under-provision of community of infrastructure and services;
- The deferral of infrastructure maintenance and renewal expenditure resulting in massive infrastructure backlog; and
- Undermining the financial sustainability of councils. (p.6)

It also pointed out the impact of years of cost shifting: “The annual cost shifting amount of \$440 million in 2008/09 almost equals the estimated annual infrastructure renewal gap of \$500 million per annum (gap between what councils would need to spend on renewing their existing infrastructure and what they actually can afford to spend).”(p.7) (LGSA, 2012)

The Report acknowledges that these are: “...‘running sores’ such as the land use planning system, rate-pegging and cost shifting” (p.34), but falls short of recommending that the last two cease and grants be made to redress the backlog. Rather it calls upon Councils for ongoing efficiency gains and productivity improvements ... essential in a climate of fiscal restraint and growing community needs and demands, to expand regional collaboration and shared services, review the system of developer contributions and consider amalgamations. We think that the above methods would not increase the financial capacity of the vast majority of New South Wales councils to overcome this backlog, nor could there be enough efficiency gains from shared services.

Amalgamations

BSLG 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 LGSA:

“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. This suggests that the strong links on the left hand column of Table 2 on p. 24 are not so.

The Northern Sydney Regional Organisation of Councils (NSROC) is our local example of shared services. It has chosen to focus on research and advocacy with procurement having a minor role. It is clear that shared services do provide real economic benefits and their role could be expanded. However, as Dollery, Grant and Kortt (2012) point out, they can have a positive role in improving efficiency in local government, but caution that they should be seen as the “silver bullet”. Their limitations should be recognised.

There seems to be a continuing ideological belief that “bigger is better.” We recall several past proposals to merge Lane Cove Council with others, the worst being the proposal to create a Lower North Shore Council by merging Lane Cove, Hunters Hill, Mosman, North Sydney and Willoughby. Little evidence was presented to support these proposals. Lane Cove Council is financially viable and we do not wish to inherit other’s problems (should there be any). We have noted above that the size of Lane Cove makes for genuine **local** government. The amalgamation referred to above would not be so. We note the recent Queensland referenda in which the residents of several large councils voted to de- amalgamate, even though their rates would rise. This suggests values placed on **local** government beyond the supposed financial benefits of amalgamation.

We note that in Sydney, most large councils have clear majorities of members of the two major political parties. The parties have more resources to mount election campaigns than independents and thus it is easier for such majorities to occur and make it easier for state governments to ensure that local councils adopt their policies.

We note that BSLG seems to be primarily concerned with financial viability, economic efficiency and “strategic capacity” (we are not sure what the latter means). We suggest that to fully meet its terms of reference and for completeness, it cite or carry out empirical studies to establish attitudes and values held by consumers of council services about the value of **local** government.

Finally we note that the Panel is required to: “take into account the Liberal-National’s 2011 election policy of no forced amalgamations.” Given the abandonment of its election policy of ensuring public participation in planning, and allowing shooting in national parks, we are nervous.

References

Dollery, Grant and Kortt (2012), *Councils in Cooperation*, Federation Press, Sydney.
LGSA (2011) *Modernising Local Government: consultation report*
LGSA (2012) *Strengthening Your Community*, Submission to the Independent Local Government Review Panel by the LGSA.