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<b>Subject</b>	<b>FIT FOR THE THE FUTURE - FEEDBACK FROM COMMUNITY ENGAGEMENT</b>
<b>File Ref</b>	SC1096
<b>Prepared by</b>	Emma Lannan - Executive Policy Officer
<b>Reasons</b>	To update Council on the outcomes of the ‘Amalgamations & Ashfield’ community engagement campaign
<b>Objective</b>	To consider feedback about the amalgamation options put to the community and determine Council’s response to NSW Government’s Fit for the Future program.

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***At its meeting of 12 May 2015, Council did not address this item due to a lack of quorum. The matter is now submitted to the Council meeting of 26 May 2015 for consideration.***

#### **Overview of Report**

**In February, Council resolved to respond to Fit for the Future by putting three options to the community. This report provides the results of the community engagement. IPART has recently announced its methodology for assessing Council’s submission to Fit for the Future and its implications for Council are outlined.**

#### **Background**

In September 2014, NSW Government released the ‘Fit for the Future’ reform program in response to the recommendations of the Independent Local Government Review Panel (*Revitalising Local Government* April 2014) and the Local Government Acts Taskforce. The NSW Government proposed the merger of Ashfield with Burwood, Canada Bay, Leichhardt, Marrickville and Strathfield Councils to form a new Metropolitan Council.

All Councils are have been requested to undertake a self-assessment, and then prepare to a road map to become ‘fit for the future’ and submit it to the NSW Government by 30 June 2015. The criteria to be applied to the self-assessment process are scale and capacity; financial sustainability; infrastructure management; and, efficiency. Councils must first demonstrate how they meet scale and capacity criteria, with the NSW Government supporting the Panel’s recommendation that in the Inner West region, this is achieved by merging the six councils (or some similar merger).

All six Inner West Councils have stated their opposition to forced amalgamations.

#### **Council’s response**

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In November 2014, Council resolved to enter into a Memorandum of Understanding with four other Inner West Councils to facilitate discussion on responding to the Fit for the Future program. Through the MoU, a consultant firm, Morrison Low, was engaged to identify the likely financial, governance, social and environmental outcomes of the merger options on the respective councils and their communities. The purpose of the research was to enable each council to prepare their respective business cases and then engage with their communities. The outcomes of this report (*Inner West Communities Shared Modeling Report*, Morrison Low February 2015) were presented to Council on Tuesday 24 February 2015. Council subsequently resolved:

1/5 That Council thank the representatives of Morrison Low for their presentation

2/5 That Council adopt the community engagement process with the change that the distribution of the letter from the Mayor be distributed in March with the information pack and other items. The open houses should take place in April or earlier if practicable.

3/5 That the options to be presented to the community be as follows:

1. Stand alone
2. City facing
3. State Government preferred six inner west Councils

4/5 Council is still of the opinion that we are in good shape and fit for the future, under any fair criteria, but we note that standing alone does not meet the arbitrary requirements of the State Government Fit for the Future Program.

5/5 That Council convene a workshop of all Councillors as soon as practicable, to evaluate in fine detail the Morrison Low Study to identify positive and negative impacts of an amalgamated Council comprising the six Local Government areas identified by the State Government.

The community engagement process was implemented, as resolved by Council. The methods and outcomes of this process are detailed further below.

### **The options**

The Morrison Low Report provided detailed analysis of two options: Ashfield as a standalone council or an amalgamation of six Inner West councils.

It also noted that several other sub-regional options exist. We noted that Bankstown and Campbelltown councils have been recommended as standalone councils, with respective populations to 2031 of 222,000 and 233,000. Using this as a benchmark and with regard to shared communities of interest, Council resolved to include a third option in the community consultation: 'City-facing' amalgamation of Ashfield, Leichhardt and Marrickville Councils.

The following options were put to the community for feedback:

#### **Option 1 – Standalone (Ashfield Council)**

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Ashfield Council currently meets four out of seven of the financial sustainability, infrastructure management and efficiency criteria, With an approved Special Rate Variation, this option will meet six out of seven criteria and could easily satisfy all seven, with a change in policy. However, this option does not satisfy the threshold criteria of scale, due to the small population.

### **Option 2 – Amalgamation of City-facing Councils (Ashfield, Leichhardt, Marrickville Councils)**

This option already meets four out of seven of the financial sustainability, infrastructure management and efficiency criteria and has the resources to meet five within six years. This option is broadly consistent with the NSW Government's preference, in terms of scale, that is, population.

### **Option 3 – Amalgamation of six Inner West Councils (Ashfield, Burwood, Canada Bay, Leichhardt, Marrickville, Strathfield Councils)**

This option will meet four out of the seven financial sustainability, infrastructure management and efficiency criteria, and has the resources to meet all seven. This option is consistent with the NSW Government's preference for the Inner West.

Attachment 1 details these options against the Fit for the Future criteria, including scale and capacity.

### **Financial Implications**

Council has previously allocated a budget of up to \$30,000 towards research and community engagement for the Fit for the Future reform program. The original budget assumed a joint Council consultation. Council later determined to undertake a more comprehensive program of community engagement. The total cost has risen to approximately \$46,000 (\$22,500 for community engagement and \$23,500 on research.)

The NSW Government is providing financial incentives to support the voluntary amalgamation of councils. It has also indicated that councils deemed 'fit' by IPART will have access to a State Government borrowing facility and priority for other government funding and grants. The short and long term costs of amalgamation were detailed in the Morrison Low Report (February 2015) and reported to Council previously (24 February 2015).

### **Public Consultation**

In November 2014, Council resolved to develop a community education and information campaign in line with our neighbouring Councils. Each Council considered the findings of the Morrison Low report in February 2015 and determined their approaches to consultation. Ashfield Council resolved to implement a meaningful engagement strategy to ensure our community had the opportunity to actively participate in shaping its own future. We have implemented a strategy that is in line with our community engagement policy and commitment to International Association for Public Participation (IAP2) principles. In line with IAP2 principles, this engagement process:

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### **Informed**

One way balanced and objective information to help the Ashfield community understand issues, alternatives and opportunities

### **Consult**

Two communications designed to obtain community feedback about ideas, alternatives and proposals to inform decision making.

### **Involve**

Participatory processes designed to help identify issues and views to ensure that concerns and aspirations are understood and considered prior to decision making.

The strategy employed a range of communication mediums, from those used in our day to day operations to dedicated forums for community participation in this process. This included written information that was distributed and online; surveys and feedback forms and opportunities to engage directly with Councillors.

### **Amalgamations and Ashfield engagement**

The following communications materials were prepared by Council and distributed under the banner 'Amalgamations and Ashfield,' to inform the community about the Fit for the Future program and its implications:

- A Media Release providing a detailed brief on the Fit for the Future reform agenda including the options to be considered by the community.
- A Mayoral Column in the Inner West Courier explaining the proposed changes to the community and to inviting them to give their feedback.
- A dedicated portal on Council's website to provide background material on the Fit for the Future reform agenda, as well as reports commissioned by council, the options, answers to common questions and the opinions of Councillors. The 'Amalgamations and Ashfield' web pages have been viewed nearly 200 times during the consultation period (April 2015) and over 480 times, since February 2015 in the three months.
- Five Open House sessions were held at Haberfield Library, Ashfield Aquatic Centre, Ashfield Civic Centre and Summer Hill Plaza. The Open Houses provided an opportunity for local residents to speak to Councillors and Council staff, view displays explaining the options being put forward and submit their feedback forms.
- Information packs were distributed to over 22,000 households and ratepayers, which included:
  - Letter from the Mayor explaining the Fit for the Future reform agenda, Council's position and inviting the community to participate in the consultation process;
  - Brochure outlining the background to Fit for the Future, the current situation of the six Inner West Councils, three options and the process for participating in consultation;
  - Reply paid feedback form for the community to indicate their preferences by ranking the options.

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- Information packs were distributed electronically to business via the Ashfield and Summer Hill Chambers of Commerce, which included:
  - Letter from the Mayor explaining the Fit for the Future reform agenda, Council's position and inviting the community to participate in the consultation process;
  - Brochure outlining the background to Fit for the Future, the current situation of the six Inner West Councils, three options and the process for participating in consultation;
  - Reply paid feedback form for the community to indicate their preferences by ranking the options;
  - Invitation to attend the Open House sessions
- Translated versions of the brochure in Italian outlining Fit for the Future, the current situation of the six Inner West Councils, three options and the process for participating in consultation.
- Translated versions of the brochure in Chinese outlining Fit for the Future, the current situation of the six Inner West Councils, three options and the process for participating in consultation.
- Advertisement in the Inner West Courier informing residents about the engagement process and inviting them to attend one of the Open house events to be held throughout the local area.
- Permanent displays outlining the proposed options and promoting the Open House dates were set up at the Civic Centre and Ashfield Aquatic Centre.
- Brochures in English, Chinese and Italian and feedback forms were made available at Council's Customer service points.
- Online survey, accessed through Council's website, to collect information about community priorities, concerns and opinions to inform Council's decision making process. 20 people participated in this survey.
- Online process for the community to respond to Councillors' opinions that were available on the 'What do your Councillors think' page. Two people participated in this process.
- News updates were posted on Council's website and social media profiles, inviting the community to participate in the engagement process.
- Council staff were given a general overview of the Fit for the Future program, Council's proposed options and the community engagement process via staff meetings and in the monthly staff newsletter 'Spl@ash'.

See Attachment 2 for examples of the above materials.

### **Outcomes of Engagement Process**

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**FIT FOR THE THE FUTURE - FEEDBACK FROM COMMUNITY ENGAGEMENT****Feedback Forms**

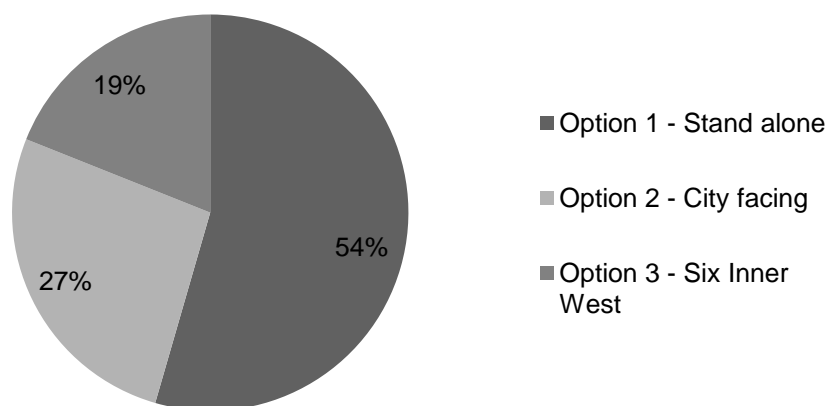
Council received a very high percentage rate of feedback from the community to this engagement process. A total of 1727 feedback forms were received. 18 of these cards were not included in the overall tally below as no preference was indicated or the respondents' intentions were unclear.

Respondents were asked to rank the options in order of preference. The feedback forms were counted and weightings applied to preferences, using the Borda Counting Method. First preferences were multiplied by two, second preferences by one and third preferences by zero. This method was chosen for its simplicity in application and explanation. It should be noted that 40% (683) of respondents only indicated one choice, rather than ranking the three options. These have been included in first preference tallies.

The results of the feedback forms are shown in Table 1 and Figures 1 and 2.

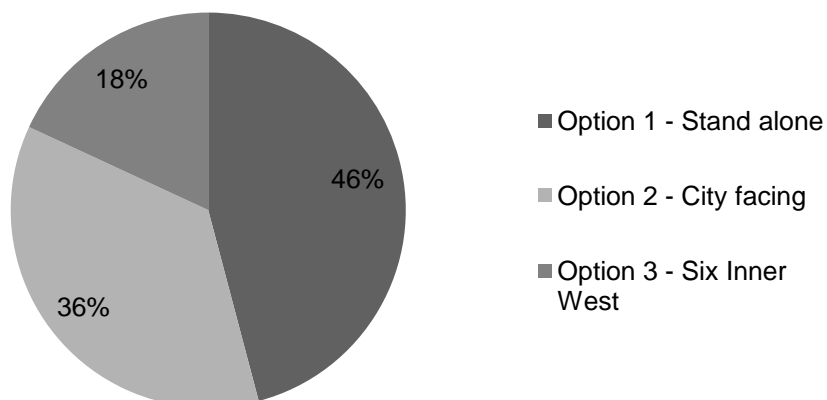
**Table. 1 Results of Feedback forms**

	<b>First preference No. of responses (%)</b>	<b>Second preference No. of responses (%)</b>	<b>Third preference No. of responses (%)</b>	<b>Weighted total</b>
Option 1	931 (54%)	177 (10%)	274 (16%)	2039 (46%)
Option 2	454 (27%)	693 (41%)	57 (3%)	1601 (36%)
Option 3	324 (19%)	156 (9%)	693 (41%)	804 (18%)

**Figure 1. Results, by first preference**

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**Figure 2. Results, by weighted tally**



From these results, it is clear that the community is nearly evenly split on the issue. With about half preferring to remain stand alone (54%) and the other half preferring to amalgamate on one of two scales proposed (46%).

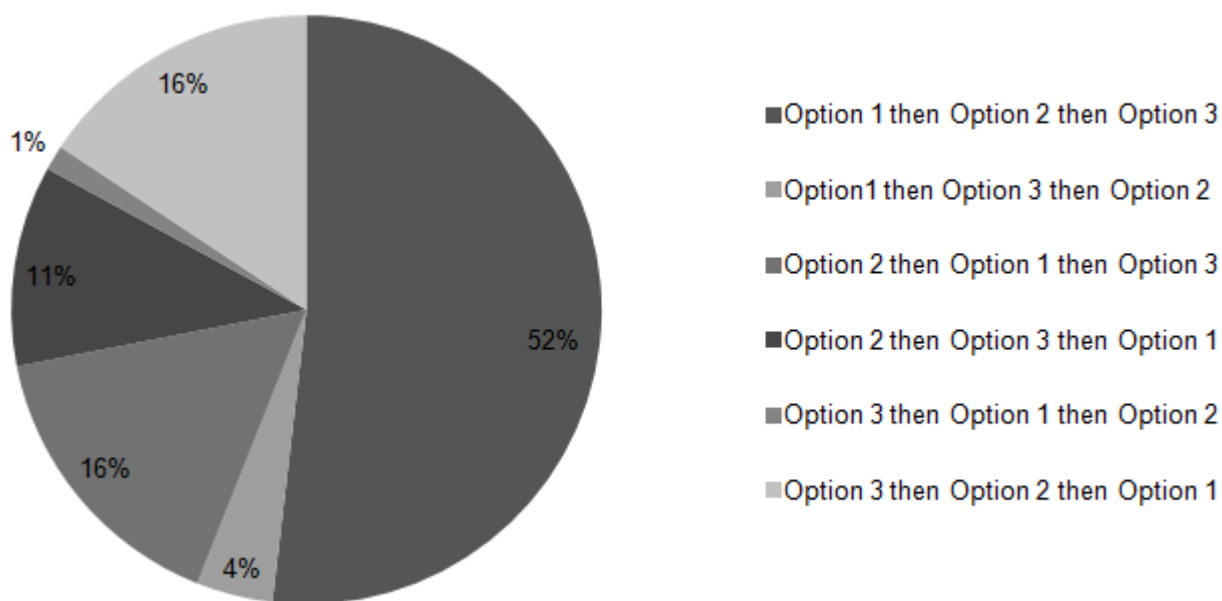
Respondents were asked to rank the options presented from *most* to *least* preferred and 60% (1026) respondents provided this feedback. The results are shown in Table 2 and Figure 3. The majority of respondents indicated their *most* preferred option was Option 1 (33.6%). If Option 1 was not available, more respondents indicated Option 2 as either their first or second preference (16.1% and 31.1% respectively), rather than Option 3. Option 3 was most frequently selected as the *least* preferred option (41%), compared to 10.2% of respondents who chose it as their most preferred option.

**Table 2. Results of Feedback forms – by Most to Least Preferred Ranked Responses**

Preference Combinations (Most to least preferred)	% of Total Responses	
Option 1 then Option 2 then Option 3	31.1%	33.6%
Option 1 then Option 3 then Option 2	2.7%	
Option 2 then Option 1 then Option 3	9.5%	16.1%
Option 2 then Option 3 then Option 1	6.6%	
Option 3 then Option 1 then Option 2	0.8%	10.2%
Option 3 then Option 2 then Option 1	9.4%	

**Figure 3. Ranked results, by MOST to LEAST preferred options\***

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\*Figures shown are as a proportion of 1026 responses that ranked three options, not total responses received as detailed in Table 2.

**Summary of results**

The least preferred option for respondents is Option 3, based on first choices, weighted tally and when considering the most to least preferred option combinations. There is strong support for Council to stand alone (Option 1). However, it should be noted that there is appetite in the community for change, with 46% of respondents indicating an amalgamated option as their first preference (Option 2 or 3). This, approximately even, split is broadly consistent with population surveys across Australia conducted over the last decade and most recently by the Australian Centre for Excellence in Local Government, UTS (*Why Local Government Matters*, forthcoming).

If Council’s position to remain stand alone became untenable, it appears that the community may be more willing to accept a modest increase in council size (Option 2), rather than the much larger amalgamation preferred by the NSW Government (Option 3).

**Comments on Feedback Forms**

About 40% of respondents (711) also included a comment on the feedback forms. Comments were categorised thematically and this breakdown is shown in Table 3. (Some comments were considered to have two themes.) While over a third used their comment to emphasise their preference for a particular option, the majority indicated reasons, concerns and priorities that influenced their preferences.

**Table 3. Categories of comments from feedback forms**

Support or opposition to one of the options	34.4%
Risks or costs to amalgamation options	27.9%
Benefits to amalgamation options	20.4%



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Other	15.2%
Feedback about other council matters	2.1%

***Support or opposition to one of the options***

20% of comments supported Option 1. These comments generally cited a level of satisfaction with council's current operations and service delivery or indicated that they believe a smaller local council is better for dealing with local issues.

Some comments simply stated their support for Option 2 (9.5%) or Option 3 (1.7%) or opposition to the options (Option 1 – 0.6%; Option 2 – 0.8%, Option 3 – 1.7%).

***Risks or costs to amalgamation options***

The risks or costs of amalgamation identified included:

- Loss of, access to and change in local representation (7.6%)
- Competition for resources across a larger area and potential increase in distances to community facilities (5.9%)
- Preservation of heritage, poor planning and development decisions (4.6%)
- No perceived benefit or too high a (social or financial) cost to amalgamating (4.4%)
- Loss of local identity (2.3%)
- Increase in bureaucracy in a larger council (1.9%)
- Concern about accountability, transparency and corruption (1.1%)

***Benefits to amalgamation options***

The benefits and opportunities to be gained through amalgamation included:

- Economies of scale and cost-savings (9.4%)
- Change as an opportunity, in general (5.3%)
- Reduced bureaucracy in a larger council (2.3%)
- Change in elected representation (1.7%)
- Better strategic planning and development at a regional level (1.3%)
- Other perceived benefits (0.4%)

***Other***

Other comments included general concerns about rates and debt (4.1%), the Fit for the Future process (2.7%), considered amalgamation to be inevitable (2.8%), an alternative amalgamation options (1.6%) or were miscellaneous (4%).

See Attachment 3 for summary and all comments on feedback forms.

***Online survey***

A survey was made available online for the community to submit additional comments and twenty responses were received. The survey focused on drawing out *reasons* for respondents' preferences. That said the preferences of this sample group differed to the feedback forms, with 40% very or somewhat supportive of Option 1 (Ashfield Council stand alone) and 55% somewhat or totally against Option 1. If amalgamations must occur, this group of respondents indicated a stronger preference for Option 2 (42%), then Option 3 (37%).

***Reasons for preferences***

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Those preferring option 2 primarily cited similarities between the three council areas and a preference for a moderate level of amalgamation. Those preferring option 3 saw a larger council as being better resourced, potential for better quality representation and council staff and a broader, regional perspective. In considering disadvantages and advantages of Ashfield remaining a stand alone council, the respondents' perspectives reflected the split between Option 1 and amalgamation of some scale. Issues that were raised were very similar to those identified through analysis of the feedback forms' comments: importance of local participation in decision-making, retaining heritage and planning controls; general dissatisfaction with council representation and service delivery; amalgamation as an opportunity to improve; benefits of economies of scale.

### ***Local representation and decision-making***

Interestingly, local input into decision making and a strong community voice in council planning was very or somewhat important to the majority of respondents (95%). Protecting heritage was very important to about half of respondents (56%). Access to your local councillor was considered very important by the same proportion of respondents (47%) that feel that it was not important, with 5% considering it to be somewhat important.

### ***Communities of interest***

Local identity was somewhat or very important to 74% of respondents. Nearly two-thirds (63%) consider amalgamation with councils that we have a history of working effectively with to be somewhat or very important. More than a third (37%) of respondents do not think a shared history is important.

See Attachment 4 for online survey responses.

### **Written submissions**

Council received seven written submissions with respect to the 'Amalgamations and Ashfield' consultation. They are summarised as follows:

- Majority indicated a strong preference for Option 1, with one preferring Option 3 and one not indicating a preference
- If Option 1 was not viable, two indicated a preference for Option 2 and one preferred Option 3.
- About half of the submissions indicated that the economies of scale to be gained in an amalgamation does not outweigh the important of access to services and the civic function of local government for their local community
- Loss of identity was cited by one submissions as not a sufficient argument against amalgamation as amalgamation was viewed as an opportunity to strengthen the "Inner West" identity
- Other concerns included:
  - o Increased distance to community buildings like the Civic Centre/Town Hall
  - o Valuing access to local representation and concern over impact of increased population per councillor
  - o Risk of losing heritage buildings
  - o Amalgamating with Councils in weaker financial positions
  - o Less transparency, probity and accountability in a larger council

See attachment 5 for a copy of the written submissions.

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### **Response to ‘What do your Councillors think’**

All Councillors were invited to provide an opinion piece, outlining their position on amalgamations, and six councillors submitted a piece for publication on the website. A survey link was provided to connect the community with Councillors, if they wanted to discuss their concerns further with their representatives. Two respondents provided feedback using this method. It did not initiate a dialogue between Councillors and community as the only respondent to provide comments did not include their contact details. Their comments are included in Attachment 6.

### **Recent changes to Fit for the Future process**

On 27 April 2015, the Minister for Local Government announced that IPART will be assessing all Fit for the Future submissions and released a proposed methodology for the assessment process. The criteria have not changed however greater clarity has been provided regarding the assessment of Council against the criteria, particularly scale and capacity.

### ***Scale and capacity***

IPART proposes that ‘capacity’ is assessed against the key elements of ‘strategic capacity’, as provided by the Independent Local Government Review Panel (ILGRP) and listed in Box 1.

<b>Box 1. Key Elements of Strategic Capacity</b> (Source: ILGRP Final Report October 2013 p32)
<ul style="list-style-type: none"><li>- More robust revenue base and increased discretionary spending</li><li>- Scope to undertake new functions and major projects</li><li>- Ability to employ wider range of skilled staff</li><li>- Knowledge, creativity and innovation</li><li>- Advanced skills in strategic planning and policy development</li><li>- Effective regional collaboration</li><li>- Credibility for more effective advocacy</li><li>- Capable partner for State and Federal agencies</li><li>- Resources to cope with complex and unexpected change</li><li>- High quality political and managerial leadership</li></ul>

In addition to these elements, IPART considers demonstration of ‘scale’ may include:

- An appropriate minimum population size, or
- A target number of councils in the metropolitan or regional area, or
- A future plan of the council to achieve scale in the medium to longer term (e.g. Sydney fringe councils)

A minimum population size has not been specified by IPART. As noted above, Bankstown, and Campbelltown Councils have been recommended as standalone councils by the ILGRP, with respective populations of 222,000 and 233,000.

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Scale is still considered the threshold criterion. During their assessment, IPART will consider the rigour by which the ILGRP's preferred option for scale and capacity (i.e. the amalgamation of six Inner West councils) was explored by Council, with our potential merger-partner councils. It will also take into account how Council consulted with its community regarding ILGRP's proposal, or alternative options, and the outcomes from these consultations.

Councils will be deemed 'unfit' if they fail to submit either an Improvement or Merger Proposal in response to Fit for the Future. Mergers require endorsement from all partners to the merger. Where councils have been recommended to merge and do not submit a Merger Proposal, they are deemed 'unfit' unless a sound argument is presented for no structural change. This argument must demonstrate why the alternative option is superior to the merger option.

### ***Assessment of other criteria***

The Financial Sustainability, Infrastructure Management and Efficiency criteria are composed of seven benchmarks, derived primarily from a council's Long Term Financial Plan and statutory financial reporting. IPART expects a 'fit' metropolitan Council or Merger Case to demonstrate that it will meet (or demonstrate improvement on) all benchmarks within five years (by 2019/2020).

### **Conclusion**

While Council is fit by any fair criteria and can demonstrate it has strategic capacity, we do not satisfy the threshold criterion of scale. Despite community support to remain a standalone council, this preference is not included in the IPART Fit for the Future criteria.

The IPART methodology indicates strongly the NSW Government's intent for structural change.

There is not a high level of support in the community for large scale amalgamation, that is, the NSW Government's preferred option. If Option 1 (stand alone) was not available, residents expressed a significantly higher level of support for Option 2, than Option 3. Option 2 is broadly consistent with IPART requirements for scale.

If Council resolves to pursue an amalgamation proposal (either options 2 or 3), all parties to the amalgamation must resolve to amalgamate and prepare a business case to submit to IPART. The business case must be exhibited by Council for 28 days prior to submission.

In the event that Council resolves to pursue option 2 or 3, negotiations will be opened with our potential partner councils. A request an extension to the 30 June deadline will need be sought from IPART, to allow sufficient time to develop a business case and exhibit it to the community.

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**Fit for the Future Milestones**

Report to Council/decision which option to pursue	12 May 2015
Drafted submission reported to Council	23 June 2015
Submit response to IPART	30 June 2015
Public exhibition of responses for public submissions	31 July 2015
IPART review submissions and report to Minister for Local Government	October 2015
Accepted amalgamations formally commence	October 2015
Amalgamations completed/Local Government Elections	September 2016

**ATTACHMENTS**

<b>Attachment 1</b>	Options against FFF Criteria	2 Pages
<b>Attachment 2</b>	Communications Materials	38 Pages
<b>Attachment 3</b>	Summary of Contents from feedback forms	27 Pages
<b>Attachment 4</b>	Summary of Survey Results	5 Pages
<b>Attachment 5</b>	Written submissions	8 Pages
<b>Attachment 6</b>	Response to 'What do your Councillors think'	1 Page
<b>Attachment 7</b>	Morrison Low Additional Modelling to address Infrastructure Backlog March 2015	19 Pages

**RECOMMENDATION**

- 1/2 That Council note the process undertaken and consider the feedback provided by the community on the proposed options**
- 2/2 That Council instruct the General Manager to pursue:**
- i) Option 1, or**
  - ii) Option 2, or**
  - iii) Option 3**

VANESSA CHAN  
General Manager