

Dr Bronwyn Kelly

31 July 2015

Dr Peter Boxall, AO
Chairman
Independent Pricing & Regulatory Tribunal
Level 15, 2-24 Rawson Place
Sydney NSW 2000

**Submission on “Joint Merger Proposal – Waverley Council and Randwick City Council”
Fit for the Future**

Dear Dr Boxall

Please find below some comments on matters that might be taken into account when assessing the joint merger proposal submitted by Waverley and Randwick Councils as part of the Fit for the Future reforms.

I have lived in Randwick for 30 years and worked as Director of Corporate and Technical Services at Waverley Council for 15 years until July 2014. With significant experience as a resident and senior council officer I can provide informed comment from both a community and professional perspective. That experience has led me to the conclusion that the proposed merger of Waverley and Randwick Councils is not superior to the 5-council merger proposed by the ILGRP for the global capital city. Waverley and Randwick Councils have done their best to argue that their proposals for a 2-council and alternative 3-council mergers are generally consistent with the ILGRP proposals but this argument has been run without a genuine assessment of how the 2-council and 3-council proposals compare with the 5-council proposal.

I hope the following information assists IPART in identifying optimal merger options.

This submission is structured in two parts:

1. **Part 1** addresses the arguments put forward by Randwick and Waverley Councils as to why their proposed 2-council merger (of Waverley and Randwick) and an alternative 3-council merger (of Waverley, Randwick and Woollahra or Botany Bay) are broadly consistent with the ILGRP proposed 5-council merger (of Waverley, Woollahra, Randwick, Botany Bay and the City of Sydney) in terms of achieving sufficient scale and capacity to be fit for the future.
2. **Part 2** provides a direct comparison of how the 2- and 3-council mergers and the ILGRP 5-council merger each perform in terms of achieving scale and capacity based on the criteria for scale and capacity put forward by the ILGRP.

Part 1: General assessment of Waverley and Randwick Councils’ arguments that a 2-council merger will ensure it is fit for the future

Waverley and Randwick Councils have put forward arguments to support a 2-council merger which in summary are:

- “A larger eastern suburbs council will create an organisation with a stronger financial position.”
- The 5-council merger option “offers less to our communities, the eastern suburbs as a whole, City of Sydney and greater Sydney than an alternative eastern suburbs council model”.
- The ILGRP’s proposed 5-council merger would:
 - entail an “increase in Real Operating Expenditure Per Capita” which in turn would “indicate operational inefficiency”, and
 - “struggle with the Buildings and Infrastructure Assets Renewal ratio”.
- “Local government boundary changes could potentially impede Sydney’s ability to compete as a ‘Global City’ as the demand for resources and disruption caused by this process would affect the City of Sydney’s capacity to deliver major projects planned for the next four years, including a \$338m investment in community facilities, open space, streets and drainage in the Green Square urban renewal area.”
- “There is a lack of communities of interest within a proposed Global City council. ... Conversely, an eastern suburbs merger offers very strong connectivity between community groups and alignment of aspirations.”
- “A global city is the community’s least preferred option.”
- Residents are concerned that a 5-council amalgamation “would result in less local representation, loss of local identity and reduced services.”
- A 5-council merger “may result in diseconomies of scale”.
- The 2-council proposal is close to achieving the ILGRP’s desired scale and capacity on the basis of population.

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<p>“A larger eastern suburbs council will create an organisation with a stronger financial position”. Page 13</p> <p>The 5-council merger option “offers less to our communities, the eastern suburbs as a whole, City of Sydney and greater Sydney than an alternative eastern suburbs council model.” Page 5</p>	<p>It’s difficult to see how this can be true in either financial terms or in terms of community benefit. For example:</p> <ul style="list-style-type: none"> • Given that the 5 councils in the ILGRP global city proposal will still have the same amount of income, assets, liabilities and opportunities for efficiency after amalgamation as they did before, it’s simply illogical to imply that what they have to offer will be less (or more for that matter) in total under the 5-council merger than under a 2- or 3-council merger. What will change after any merger is not so much the quantum of available benefit and financial sustainability, but the equity of access to funds and the benefits those funds can deliver. Looking at amalgamation from this point of view, it is clear that significantly larger numbers of residents will gain access to a significantly larger share of the total available funds in the region with a 5-council merger than with a 2-council merger. • By contrast, if we continue to segregate access to funds by continued imposition of artificial boundaries between these 5 councils, this will perpetuate highly variable levels of ability to meet service and infrastructure renewal demands across the region. It will result in pockets

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	<p>of poorer quality local service provision sitting next to richer pockets. Already it's apparent that local villages that have been taken over by the City of Sydney, eg., in South Sydney and parts of Leichhardt, have benefitted from significant improvements in local services, place upgrades and economic development when City of Sydney funds have flowed in. The pace of upgrades in the City of Sydney villages (eg., Redfern and Green Square) has been faster than the pace in the other four council areas, where economic stimulation in local villages (eg Bondi Road) has been somewhat slower.</p> <ul style="list-style-type: none"> • The City of Sydney is a very capable and well run council and has proven itself quite capable of running localised service improvements under its City of Villages policy without any detriment whatsoever to its capacity to deliver on more significant capital city services, development and infrastructure. There's no reason why residents in the other four eastern Sydney council areas should be left behind to function on a smaller proportion of total regional funds while the City of Sydney corrals so much more. As time passes this inequity of access to regional funds will grow if the region remains segregated as the City's capacity to diversify income from non-rates sources is far greater than the capacity of other four LGAs. If left separated, we will end up in 20 years' time with the same sort of inefficient distribution of investment of local government funds as we've got now, if not worse. It would be best to put all 5 councils together now to avoid perpetuating the current inequity of access to regional funds.
<p>Grant Thornton, in the report 'Waverley Council – Technical Assistance FFTF' (March 2015, Attachment 2.4), stated, in regards to a 'Global City' merger "the increase in Real Operating Expenditure Per Capita indicates operational inefficiency and may have a negative impact on the level of service provided to the community" (p22) and that this option would "struggle with the Buildings and Infrastructure Assets Renewal ratio"</p>	<p>This sounds reasonable but actually isn't logical.</p> <ul style="list-style-type: none"> • An increase in operational expenditure per capita under a global city merger, or any other merger, shouldn't be taken as an indication of "operational inefficiency". If operational expenditure per capita increases in any merger, that should simply indicate that there will be a benefit in the form of increased spending per capita. (Note: the SGS modelers like to imply that it's a bad thing if a council is spending more per capita; but from a consumer's perspective it should be considered a good thing. Amalgamations are meant to increase the capacity to spend on services.) This benefit of increased capacity to spend per capita would be greater for Waverley, Woollahra, Randwick and Botany under a 5-council merger than it would be under smaller mergers. Of course it would generally result in a reduction per capita on expenditures for City of Sydney residents but this would probably be temporary at worst. • The real luck for Waverley, Woollahra, Randwick and Botany in a 5-council merger comes from the fact that they're sitting right next to the very strong financial centre of the City of Sydney. Other councils that might try to improve their fitness for the future via a merger aren't so fortunate in their neighbours. The proposed 5-council merger in the global city area is probably one of the few mergers where the majority of the population in the merging LGAs would be better off. (Contrast, say a merger of Queanbeyan and Palerang where the majority of the population in the merging LGAs would be worse off, although there would be other benefits.) Given the potential shift of benefit to the majority in a 5-council merger for the global capital city, it would be illogical and very short-

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	<p>sighted to miss the opportunity to merge these particular five councils.</p> <ul style="list-style-type: none"> As to whether the 5-council global city option would “struggle with the Buildings and Infrastructure Assets Renewal ratio”, this is a little bit of accounting sleight of hand. The modeling done by SGS for Randwick and by Grant Thornton for Waverley picks timeframes which conveniently clip off the picture of the net results available in the second decade after a 5-council merger. Some of the modeling also seems to weigh down the 5-council merger option with a lot of costs not imposed on the smaller merger models but without showing what the net financial picture will be in the second decade when those disproportionate costs are paid off and the larger income base comes into its own. The modeling done by both Randwick and Waverley in this case is way too short-sighted and sells the residents of Randwick and Waverley out in the longer term.
<p>“Local government boundary changes could potentially impede Sydney’s ability to compete as a ‘Global City’ as the demand for resources and disruption caused by this process would affect the City of Sydney’s capacity to deliver major projects planned for the next four years, including a \$338m investment in community facilities, open space, streets and drainage in the Green Square urban renewal area.” Page 7</p>	<ul style="list-style-type: none"> Perusal of the City of Sydney’s Fit for the Future submission gives an insight into how well geared they are to be able to deliver on major capital city development projects at the same time as enhancing local villages. It’s a furphy to say the City can’t juggle both types of activity and the City itself argues at crossed purposes to this suggestion anyway when it suggests it should take back responsibility for Barangaroo, the Sydney Harbour Foreshore Authority and Urban Growth NSW. All five councils are trying to have it both ways on this point suggesting they can’t take on more but that they want to anyway. The likelihood is that merging the five councils will enhance their strategic capacity to deliver new major infrastructure requirements for the capital city and simultaneously speed up local area enhancements. In any case, many of the major strategic infrastructure enhancements for the global city will need to be delivered in areas located outside the current boundaries of the City of Sydney. Smaller satellite councils in the eastern suburbs will be far less capable of functioning as an effective partner for state government in these projects without the experience and skill of the staff of City of Sydney. If these five councils don’t think they can manage to juggle strategic and local projects and services, who can? If Brisbane can manage it, so can Sydney and it’s just silly to suggest otherwise.
<p>“There is a lack of communities of interest within a proposed Global City council. Demonstrating communities of interest in the region is critical to ensuring the viability of a successful local government merger.” Page 8</p> <p>Conversely, an eastern suburbs merger offers very strong connectivity between community groups and alignment of aspirations.” Page 8</p>	<p>This is one of the more tenuous claims being made by Waverley and Randwick:</p> <ul style="list-style-type: none"> From the Waverley/Randwick submission, anyone would think that the people who live on the western side of Anzac Parade live on another planet rather than just minutes away. The fact is that 80% of people who live in Randwick and Waverley and who work, travel to work in locations that are within a 20 minute radius of their home by car. In other words eastern suburbs people mainly work in the eastern suburbs or the city. This means that the vast majority of people who live in the eastern suburbs share a very strong community of interest in maintaining the City, particularly as an economic and cultural hub and this interest is likely to be just as strong as their interest in maintaining their local neighbourhood. So clearly, eastern suburbs residents have an almost identical community of interest with people living on the other side of

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	<p>Anzac Parade. This is borne out by the fact that when you look at the Community Strategic Plans for the 5 councils, there are marked similarities, especially between Waverley and the City of Sydney. Residents from all five areas have very similar values about the environment, the economy, their local neighbourhoods, their working neighbourhoods, the built form, density and their opportunities for social interaction and equality. They all seek to be able to access resources in both the City and the eastern suburbs to achieve their desired quality of life. To suggest otherwise is to distort the fact that residents of all five areas rely on the whole region for all aspects of their wellbeing, not just on their own tiny neighbourhoods.</p> <ul style="list-style-type: none"> All of this looks like little more than a tenuous argument mounted by 59 councillors who don't want to be reduced to 15 and 5 mayors who don't want to play second fiddle to any of the others. It seems like they're engaged in what JK Galbraith once called "man's oldest exercise in moral philosophy: the search for a superior moral justification for selfishness". Nowhere in the Randwick/Waverley submission is this more obvious than when the writers try to cite regional collaboration with local football clubs (the Roosters and the Rabbitohs) as evidence of a productive "strong alignment of communities of interest". No doubt the Roosters and Rabbitohs do great community work; but the fact is they can't abide each other and neither can their fans in many cases. To claim that there's a regional community of interest because councils can tap into the undying enmity of the local football teams is laughable. It's just scraping splinters off the bottom of the barrel of arguments.
<p>"The proposed council has a population of 215,545, the 3rd largest in NSW and 11th largest council in Australia". Page 16</p>	<ul style="list-style-type: none"> Size is one thing, but a significant problem with the 2-council merger between Randwick and Waverley is that it leaves Woollahra and Botany hanging off the side. The State is no better off in relation to strategic capacity and scale with that result. To solve this problem, Woollahra would have to be merged with either the City or Waverley/Randwick to prevent Woollahra being marooned. The same would apply for Botany. Ideally Botany would be best placed to merge with the City, following the logic of the ILGRP, to keep all significant infrastructure for the global capital city under the one LGA, including the ports, airports and any transport linkages that are vital for connecting incoming global visitors and goods with markets. Following that logic a little further, the Government should probably put the part of the ports that's in Randwick together with the whole of Botany into the City. Once you've done that though, you may as well put the whole lot together.
<p>A 5-council merger "may result in diseconomies of scale". Page 10</p>	<ul style="list-style-type: none"> Diseconomies of scale could probably only arise from increased transport costs. In the case of the 5-council merger, very little if anything would change in terms of transport costs for waste collection, public works, place maintenance and the like. Bearing in mind that the City of Sydney depot and Waverley's depot are virtually on the same block of land in Alexandria at the moment and there's space for the other councils in that, it's pretty clear that nothing would need to change in regard to transport costs. If anything they might be improved. Economies of scale would be a

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	higher likelihood than diseconomies in a 5-council merger. And economies of scale would be less likely in a 2-council merger.
A 5-council amalgamation “would result in less local representation, loss of local identity and reduced services.” Page 10	<ul style="list-style-type: none"> • Ten years ago I might have agreed with statements that larger councils would reduce representation. But with the introduction of Integrated Planning & Reporting and modern social networking on the web, there are so many more effective ways these days that an individual can participate in government and make their views heard. • Aside from that, after 30 years of working closely with those who represent the community in elected roles, I’m fairly convinced that small government doesn’t of itself deliver quality representation. If anything, it discourages quality candidates from putting themselves forward, entrenches divisions within local communities, and often disproportionately and unduly favours noisy localised interest groups to the total detriment of the broader interest. • The standard of governance available to a community is not a function of the size of a council. And there is every argument that 15 high quality councillors working on a full time basis and being appropriately paid would be just as capable of representing 600,000 residents and thousands of businesses as 59 part time councillors who are paid a pittance and are juggling other careers.
“A global city is the community’s least preferred option.” Page 9	<ul style="list-style-type: none"> • Given the way both councils constructed the information given to residents on the advantages and disadvantages of various amalgamations, it’s not surprising surveys resulted in rejection of a 5-council merger. Attachment A contains a copy of a letter sent to the Southern Courier about Randwick’s information and community consultation for Fit for the Future. Suffice to say the consultation was not of an impartial quality.
“Strategic issues facing Randwick and Waverley are similar in terms of planning, community, economic and infrastructure requirements. An amalgamated council will enhance regional collaboration.” Page 20	<ul style="list-style-type: none"> • This is true but it’s just as true for a 5-council amalgamation as it is for a 2-council amalgamation in the inner metropolitan area. The real question is what extras do you get with a 5-council merger that you don't get with 2? And what do you lose with 5 that you don't lose with 2? See Part 2 below.

All up, the arguments put forward by Waverley and Randwick for a 2-council or 3-council merger are few in number and, to varying levels, tenuous. They are wrong in some cases, particularly in promoting the impression that the financial outcome from a 5-council merger is worse than smaller mergers. The annual net financial outcome of a 5-council merger probably would be a little worse than the smaller mergers but only in the shorter term and only if the unique costs that have been rather heavily loaded into financial models about the 5-council merger have been properly judged.

Beyond the first ten years there is a strong probability that a 5-council merger would out-perform the smaller mergers in terms of the access it would give to Waverley, Randwick, Woollahra and Botany residents to the comparatively fast-paced growth of non-rates income from the City. In community consultation, residents weren’t told about this. Nor were they told that the removal of the boundaries between the 5 councils would result in:

- less need for serious rate increases in Woollahra, Botany and Waverley (compared to the rises that will probably apply in the 2-council and 3-council mergers), and
- larger drops in rates in Randwick (than would probably apply in the 2-council and 3-council merger).

The addition of the City of Sydney rates, parking and business income will reduce the distortions that would otherwise occur in rates for the other four areas. This information was not shared with residents. Waverley and Randwick told their residents that they would get a stronger council and more services with a 2-council merger. That's probably correct. But they omitted to mention, particularly in Randwick, that a 5- council merger would increase their chances of obtaining increased service levels for lower rates. It is doubtful that residents would have answered as they did so strongly against a global city merger if they had been told that.

The most disappointing thing about the Waverley/Randwick submission, however, is not so much the relatively lightweight and sometimes risible argument in favour of the 2-council merger as it is the lack of information shedding light on the comparative performance of the 2-council and 5-council merger options. The following section is a summary attempt to provide that comparison.

Part 2: Direct comparison of how the proposed 2- and 3-council mergers and the ILGRP 5-council merger each perform in terms of achieving the scale and capacity necessary for a capital city

How do the merger proposals meet the key elements of strategic capacity?				
Elements of strategic capacity as set out by the ILGRP	2-council merger (Waverley and Randwick)	3-council merger (Waverley/Randwick + Woollahra or Botany Bay)	5-council merger (Waverley, Woollahra, Randwick, Botany Bay, City of Sydney)	Best option on balance
How well does the proposal work to create a more robust revenue base and increased discretionary spending?	<ul style="list-style-type: none"> The proposal does not of itself broaden the total revenue base of the two LGAs but will improve the resilience of the financial structures of both councils. Provides a relatively small increase in the strength of the revenue base, compared to other options. Relatively small scope for increased discretionary spending. 	<ul style="list-style-type: none"> The proposal does not of itself broaden the total revenue base of the three LGAs but will improve the resilience of the financial structures of the councils. Provides a relatively small increase in the strength of the revenue base, compared to the 5-council option. Relatively small scope for increased discretionary spending but better than the 2-council option. More effectively widens the capacity for discretionary spending than the 2 council option but nowhere near as much as the 5-council option. 	<ul style="list-style-type: none"> This option provides the widest diversity of potential future income sources. It therefore creates the most robust revenue base. More effectively spreads the capacity for discretionary spending across the widest area. 	5-council merger
How much does the proposal increase the scope to undertake new functions and major projects?	<ul style="list-style-type: none"> The proposal does not of itself change the scope to undertake new projects much, one way or the other. Total revenues don't markedly change in this option (at least not because of the merger) and the ability to attract highly competent staff is not particularly greater than it is now. 	<ul style="list-style-type: none"> Inclusion of Botany in a 3-council merger would improve the scope to undertake major projects due to inclusion of the ports in Botany and Randwick in one LGA. Inclusion of Woollahra in a 3-council model would bring little extra in the way of revenue potential but a fair bit extra in the way of liabilities (eg., 	<ul style="list-style-type: none"> City of Sydney has argued that a merger would reduce its capacity to deliver major projects in community facilities, open space, streets and drainage in the Green Square urban renewal area. At the same time, however, the City has argued for the return of the Sydney Harbour Foreshore Authority, Barangaroo Delivery Authority 	5-council merger

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		<p>Woollahra’s asset backlog). There would be less scope to undertake new major projects with the inclusion of Woollahra in a 3-council option.</p>	<p>and UrbanGrowth NSW. Clearly the City has capacity and a depth of experience that has enabled delivery of major projects alongside smaller neighbourhood ones. It is doubtful past performance would be slowed significantly by a merger and it might just as readily be argued that major projects could be delivered more effectively.</p> <ul style="list-style-type: none"> • The City has provided no real evidence to show why major projects would slowdown other than the distraction of melding organisations together. While that argument is credible, their submission tends to prove that they are a stronger council for having achieved mergers in the past. Financial assistance is available for organisational transition from the state government and past experience shows the City can juggle both mergers and major projects. • Major project delivery is a function of leadership and organisational capacity. Across the region the increased capacity would enhance the potential for partnering with 	

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			<p>state government on major regional projects including “Tomorrow’s Sydney” projects for the public health precinct development at Prince of Wales Hospital, Westconnex, Sydney CBD Lightrail and the Art Gallery / Botanical Gardens / Darling Harbour / Opera House arts and entertainment precincts, not to mention numerous housing development projects and civic redevelopment for regional centres like Bondi Junction.</p> <ul style="list-style-type: none"> • There’s also a host of local projects in the eastern Sydney region languishing for want of funding at the moment. These projects can only be brought forward with substantial increases in funding that are clearly beyond the capacity of smaller councils. A project to conserve the heritage of one of Australia’s most important memorial sites, Waverley Cemetery, is an example of a project that hasn’t got a chance without the resources of a much larger council than Waverley/Randwick. 	
How much does the proposal increase	<ul style="list-style-type: none"> • The smaller the council, the less attractive it will be to skilled staff and skilled leaders. 		<ul style="list-style-type: none"> • The larger council, especially one focussing on a major capital city 	5-council merger

How do the merger proposals meet the key elements of strategic capacity?				
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the council's ability to employ a wider range of skilled staff?			has significantly more capacity to attract skilled staff than a smaller council managing a less diverse region and service profile.	
What increases in knowledge creativity and innovation would be created by the proposal?	Merging councils will all benefit from a more diverse workforce where staff can inspire each other across a wide array of technology, planning and business management areas. Generally the bigger the council the more potential for expanded creativity.			All probably good
How effectively does the proposal enhance the council's capacity to attract and retain advanced skills in strategic planning and policy development?	<ul style="list-style-type: none"> The 2- and 3-council mergers will result in an improved ability to attract talented strategic thinkers but not as much as a larger capital city council. 		<ul style="list-style-type: none"> Any council containing a capital city like Sydney is going to be able to offer more in strategic planning capability and policy leadership. There is substantial evidence for this in the form of the City of Sydney's CSP, Sustainable Sydney 2030, which is a far more forward thinking, visionary and wide ranging document than say the Randwick City CSP, which is a plan confined to localised issues. Capital cities will always attract more staff with advanced skills in strategic thinking. 	5-council merger
In what ways does the proposal create more effective regional collaboration?	<ul style="list-style-type: none"> The 2-council merger provides the least improvement in opportunities for regional collaboration. Projects across eastern Sydney are often slowed because of the need to deal with 	<ul style="list-style-type: none"> The 3-council merger would provide greater improvement in regional collaboration than a 2-council merger but not as much as the 5-council merger. 	<ul style="list-style-type: none"> If regional collaboration is a function of melding disparate councils across a region into one, the larger mergers will obviously work better, as long as the regions being merged 	7-council merger is best but a 5-council merger is better than 2 or 3.

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	several councils and a 2-council merger hardly reduces the number to deal with.		actually have a coherence in their communities, aspirations, and economic/environmental interests. In this case a 7-council merger, adding in Leichhardt and Marrickville might make for the best level of improvement in regional collaboration but a 5-council merger is better than 2- or 3.	
How does the proposal improve the council's credibility as an effective advocate ? How does the proposal increase the chances of the council becoming a capable partner for State and Federal agencies ?	<ul style="list-style-type: none"> • Mergers that establish systems to attract more credible political leaders are best placed to improve the image of local government as a credible advocate and a capable partner in delivery of major projects. • Priority should be given to improving the capital city's credibility as an advocate for global investment in Sydney as an attractive centre for service industries offering diverse lifestyles and sound economic underpinning. • Essentially parochial councils that persist in obsessing mostly about local neighbourhood issues rather than seeing their place in the broader economic future of the whole city will continue to attract parochial politicians without vision and Sydney will, as a result, simply be out-classed by Melbourne, Singapore, Hong Kong, Shanghai and Auckland. It's essential to lift the leadership capability by re-organising political leadership, switching from 59 part-timers focussed on the latest local stoush over a tennis court to 15 full-timers who can delegate management of the parochial issues and spend more time on strategic regional development. • Separating out the eastern suburbs and allowing governance in the suburbs to focus simply on local neighbourhoods and interests while the city struggles on alone in trying to enhance our capital city's profile on an international stage will reduce the state's overall capability to compete internationally. 			5-council merger with reduction to 15 full-time councillors
How well does the proposal perform in supplying resources necessary to cope with complex and unexpected change ?	<ul style="list-style-type: none"> • A 2-council or 3-council merger provides a smaller buffer for dealing with unexpected change, especially economic downturn. 	<ul style="list-style-type: none"> • Because a 5-council merger results in the most resilient revenue base, it offers the best chance of supplying resources capable of dealing with unexpected change. 	5-council merger	
How well does the proposal perform in supplying resources necessary to meet	<ul style="list-style-type: none"> • Sydney is expected to grow by 1 million residents in the next 10 years. In the inner metropolitan area this means we need to manoeuvre ourselves into a much better position than we're in now to fund the new services and infrastructure for increased population density and visitation. To deal with this without losing too much lifestyle quality, we'll need to create the best conditions we can for economic growth, social equity and competitive 			5-council merger

How do the merger proposals meet the key elements of strategic capacity?				
Elements of strategic capacity as set out by the ILGRP	2-council merger (Waverley and Randwick)	3-council merger (Waverley/Randwick + Woollahra or Botany Bay)	5-council merger (Waverley, Woollahra, Randwick, Botany Bay, City of Sydney)	Best option on balance
the service and infrastructure needs of the expected population growth?	<p>advantage against other major economic centres. We'll need all the funding we can get for this, particularly in community services and transport infrastructure, if we're going to avoid as much of the downside of increased density and visitation as possible.</p> <ul style="list-style-type: none"> In arguing for smaller councils, Sydney councillors are merely highlighting that they just don't get it. The challenge of bringing our oldest city, which wasn't all that well planned in the first place and has problems with a lot of sub-optimal infrastructure, is bigger than most local councillors are willing to think about. As a result they keep making submissions to these inquiries that show no capacity at all to imagine making a contribution beyond the calibre of their contribution in the past. This problem applies across all five councils, leading to the suburban councils putting in submissions saying we should be left to focus on the local and the city council putting in a submission saying we should be left to focus on the city. Overall, the whole eastern city region needs to focus on remaining competitive in an international sphere and that won't happen with the more parochial focus that most of them are advocating here. The submissions from Waverley, Randwick, Woollahra, Botany and the City of Sydney are all proof that the state government will not get more strategic partnership out of local government with smaller amalgamations, especially in the case of the inner metropolitan area of Sydney. Without the resources of a larger amalgamation for the capital city area the state government will be left without a decent partner capable of helping it meet the needs of rapid population growth. 			
How much does the proposal increase the potential for high quality political and managerial leadership?	<ul style="list-style-type: none"> Retention of a system with lots of part-time councillors operating in silos with little or no obligation to think about the overall best interests of the broader region and every incentive to focus only on the noisiest sectional interests, will be disastrous for the international stature of Sydney. If that's the governance system we want for local government in NSW, then the only outcome we can expect is an increase in disillusionment with leadership. A 5-council merger would work far better than smaller mergers at this time to lift the sights of political and managerial leadership from the current perspective of nimbyism that it's confined to more often than not. 			5-council merger

As can be seen from the above table, the 5-council merger proposed by the ILGRP outperforms the smaller mergers on almost every criterion for scale and capacity. The trouble with the proposal from Waverley and Randwick is that most of the arguments put forward in support of the 2-council merger actually constitute more effective arguments in support of a 5-council merger, but mention of that has simply been conveniently omitted by Waverley and Randwick. Waverley and Randwick are good councils and are certainly capable of doing all they say they're capable of in their joint submission. But they clearly lack a desire to focus on the more strategic issues facing a global capital city and are prepared to argue themselves into the parochial corner at the expense of the broader challenges including the challenges of accommodating an extra million people in a decade. This really doesn't bode well for their capacity to partner with state government in smaller council groupings. If the state government falls back on allowing governance structures that divide the inner metropolitan area into a restricted business centre surrounded by smaller dormitory camps then the stature of Sydney as a global capital city will rank no higher than other lesser capitals.

Yours sincerely

Bronwyn Kelly

Dr Bronwyn Kelly was the Director Corporate & Technical Services at Waverley Council for 15 years until July 2014. She is currently a freelance consulting adviser on Local Government Reform, an Associate of the Australian Centre of Excellence in Local Government at the University of Technology of Sydney, and a campaigner for preservation of publicly owned Australian heritage.

Letter sent to the Southern Courier about Randwick's information and community consultation for Fit for the Future.

**To the Editor
Southern Courier**

12 January 2015

Re: Randwick City's Future – Information Pack

It's pretty disappointing that Randwick Council feels it necessary to put such a heavy handed negative spin on the perils and virtues of a potential amalgamation with the City of Sydney. The recently distributed "Information Pack" comparing pros and cons of different Eastern Suburbs council amalgamation combinations is way too heavy on the disadvantages of webbing up with the City of Sydney and way too light on the advantages. It may be that councillors are simply too interested in promoting amalgamations which maximise their chances of keeping their jobs to resist the temptation of talking down any opportunities for the community that might come from being part of a global city.

It's understandable that councillors would not favour amalgamations which might reduce councillors in Waverley, Woollahra, Randwick, Botany and City of Sydney from the current number of 59 to around 15. Councillors love their jobs and most will genuinely appreciate the rare opportunity that comes with being a councillor to make the lives of others better. By and large, Randwick councillors do a good job for very little reward.

But that's no excuse for failing to acknowledge that if the five eastern Sydney councils merge to form a global city we will be in a much better position to fund the services and infrastructure development that will be necessary to cater for the inevitable increase we're facing in population density and visitation. To deal with this without losing too much lifestyle quality, we'll need to create the best conditions we can for economic growth, social equity and competitive advantage against other major economic centres. We'll need all the funding we can get for this, particularly in community services and transport infrastructure, if we're going to avoid as much of the downside of increased density and visitation as possible.

At the moment there is way too much funding locked up in the City of Sydney Council coffers and way too little in the coffers of Waverley, Woollahra, Botany and even Randwick. And State and Federal Government won't be much help as their coffers always seem to be getting smaller, especially for community services. Trying to go it alone as a separate Eastern Sydney block will simply aggravate the current problems that come from suboptimal distribution of funds between the five LGAs of Eastern Sydney. Randwick or an eastern beaches block of councils, if permitted in preference to the global city, will eventually end up as the poor relation – a "have not" potentially surrounded by significantly wealthier "haves".

Randwick Council is probably selling Randwick residents short by omitting or glossing over the real opportunities that shouldn't be missed in this debate. A bit more balance in the information pack wouldn't go astray. After all:

- There's no excuse for implying that big savings will arise from mergers which don't involve the city of Sydney, but mysteriously evaporate the minute the City of Sydney becomes involved. Any logical analysis would say

that savings could be even bigger with a 5-council merger if savings are really the only objective worth pursuing here (which is doubtful).

- There's no excuse for focussing almost entirely on financial savings as the sole advantage of mergers when advantages that will come with increased strategic planning capacity in a global city are clearly desperately needed and have significant economic value.
- There's no excuse for implying that savings will come from amalgamating the three or four smaller councils but omitting to mention that those estimated savings have been calculated on the basis that the residents of Waverley and Woollahra in particular will see their current service levels reduced, even though they will be required to pay more rates.
- There's no excuse for failing to mention that there's a price to pay for these purported "savings", regardless of the number of councils in the amalgamated entity. The savings suggested by Randwick for a 3- or 4-council merger (excluding the City of Sydney) are the equivalent of losses of several hundred council jobs. With the loss of those jobs there will be a significant service loss for all of us.
- There's no excuse for implying that we have no community of interest with the City of Sydney – a place that after all is right next door and is where most of us work or travel through every day. Residents of Sydney aspire to very much the same things most Randwick residents – a fact which can be seen clearly if councils simply look at the various community strategic plans for each LGA.
- There's also no excuse for suggesting that costs per resident after a 4-council merger will be almost 35% lower than costs per resident after a 5-council merger. If indeed the estimates of cost per resident that are supplied are actually comparable, they are not figures about "cost per resident" at all but merely represent the funds each combined council would be able to spend on you and me.

Giving the "Information Pack" authors the benefit of the doubt on these figures, all I can conclude is that as a Randwick resident I'd certainly prefer to have \$1,731 spent on me by the 5 councils working together than \$1,162 spent on me with only 4 councils working together, all other things being equal.

One can only hope the community gets enough decent information to make up its mind properly on this issue. The shame of it is that we probably can't rely on councils to be the source of that information.

Bronwyn Kelly
Randwick resident