Fit for the Future - submission to IPART
- Scale for what functions, and how?

The question of local council efficiency and scale needs to be guided by a clearer diagnosis of "the problem" we're trying to fix. In particular, what specific council functions are perceived to be inefficient and might benefit from scale? Clearly strategic metropolitan planning requires a metro-level scale (e.g. a Greater Sydney Authority), but this is not so for other functions. IPART's reference to the 1970s Barnett Committee's views are outdated as they fail to consider that most council services, including even administration, can, and often do now achieve economies of scale through outsourcing.

But efficiency requires not just "static efficiencies" from scale, but also "dynamic efficiencies" – that is, better decision-making from improved management, leading to a better matching of resources to the highest priority local needs. A key consideration in this case is the responsiveness of councils to local needs, which may improve with small councils that are "closer" to local communities.

However, there's no reason why public-facing administration staff can't be both outsourced and sufficient in number to be allocated to small local areas (whilst still benefiting from economies of scale in management, IT & financial systems). But the area where this isn't so readily done - the "problem" that we need to address - is that of democratically elected councillors. Here, there is a fundamental tension from greater local representation, which requires more councillors, but of diminishing competence. This is a standard skilled labour-supply problem – there is only so much talent available in the community, especially when relying on largely part-time, unpaid councillors (excepting mayors). Fewer, better-paid councillors, are likely to be more competent.

In the case of my local council of Leichhardt, my view is that the competence of most councillors is especially questionable. Moreover, the failure to clearly specify the problem has simply encouraged a council submission with dubious "static" efficiency modelling that, not surprisingly, claims to support the preferred position of councillors (whose positions of power are threatened by council mergers).

What structure of local government democracy will optimise the balance between locally responsive representation and competent governance? And which functions does this matter most for? We don't necessarily need the same structural and governance solution for all different council functions.

A fewer number of councillors across a given geographic area could be achieved with fewer, larger councils, each having the same number of elected councillors as smaller councils, or it could be achieved with existing sized councils with fewer councillors per council. In the latter case, an extreme example would be to simply have one elected, paid mayor per council, and no other councillors. I think this option is worthy of consideration.

Another option might be to have a mayor and just two other deputy mayors per council, perhaps with governance rules that enable the mayor to make executive decisions about a range of specified matters.

With regard to local planning approvals, where it is important to have local representation, it might be possible to have all approvals determined by the mayor when approval is recommended by council planning staff, but have an efficient appeals process to avoid abuse of power by a single mayor.

I recommend IPART apply some creativity and promote public debate on options to improve both the responsiveness and competence of local council democracy.

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