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Independent Prices & Regulatory Tribunal
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SYDNEY NSW 2000

Submission in Support of the Joint Submission by the City of Ryde and Hunter's Hill and Lane Cove Councils – Fit for Our Future

I write in support of the *Fit for Our Future – Joint Submission* by the City of Ryde and Hunter's Hill and Lane Cove Councils ('*Ryde, Hunter's Hill and Lane Cove Joint Submission*').

I also reject the ILGRP's proposal to merge Lower North Shore Councils. As Professor Dollery correctly points out there is a 'stark differences between some of [these] councils to the extent that a common 'community of interest' does not exist.'

This is supported by Mosman Mayor Dr Peter Abelson, an acknowledged authority on public finance and the role of government in the economy and an Economic Advisor to the NSW Treasury, who observes the 'key criterion for fitness should be a council's ability to provide desired local public services' and as 'different communities want different services', 'closeness to voters is critical for understanding preferences and for observing costs'.

As the ILGRP's preferred merger option would see an amalgamated Lower North Shore Council with electoral wards with the number of electors comparable to that in State electoral districts, the election of Independent Candidates who truly represent the interests of local communities would be unlikely. Such a merger would unacceptably erode representative democracy.

The amalgamation of Lower North Shore Councils would in all probability create a large, remote and unresponsive bureaucracy and as Dr Abelson opines:

'Public bureaucracies are monopoly service providers; they are not competitive businesses. The larger a bureaucratic monopoly the greater is the potential for waste.'

Additionally the analysis of Morrison Low projects, in the absence of Lower North Shore Councils amalgamations, that of the Councils the ILGRP prefers should merge, only North Sydney and Willoughby will not meet all seven of the Fit for the Future benchmarks that should be met by 2019/2020. Smaller Councils like Hunter's Hill, Lane Cove and Mosman that are projected to meet all benchmarks must not be merged with larger Councils that will not. The result of the ILGRP proposed merger, as Morrison Low projects under all three analysed scenarios, will be a large merged council that will still not meet all benchmarks. Such mergers may well amount to small efficient Councils, to their detriment, being taken over by a large inefficient Council with little resulting benefit to anyone.

As Morrison Low also suggests that potential benefits of the merger are very dependent on staff reductions (which are also likely to reduce services) and may not necessarily be achieved, the benefits of merger appear to be predominantly illusory.

If, as survey data suggest, the residents of Lower North Shore Councils are happy to pay for services, the emphasis should be on directing resources to the services that communities desire – a goal that will be beyond the capability of a large, remote and unresponsive bureaucracy that we will get if the ILGRP's preferred merger option proceeds.

The *Ryde, Hunter's Hill and Lane Cove Joint Submission* has responded positively to Fit for the Future by proposing the establishment of a Joint Regional Authority ('JRA'), which will be delegated some functions by its member Councils. Importantly, the delegated functions will include subregional strategic and infrastructure planning, which will permit: A harmonised subregional LEP and DCP to create common design standards; a single subregional Section 94 Plan to produce a larger and more effectively managed fund; shared strategic planning resources; and an obligation to consult with other Councils on subregional matters.

Importantly, the JRA proposal will: avoid the cost of amalgamations; avoid the detrimental impacts discussed above; and permit member Councils, and in particular Hunter's Hill, to protect their natural and built environments.

The flexibility, which allows member Councils to refer functions that can be better managed by the JRA, while avoiding the cost, embedding period and other detrimental impacts of amalgamations, makes the JRA proposal in the *Ryde, Hunter's Hill and Lane Cove Joint Submission* a vastly superior alternative to the ILGRP's preferred merger.

The Importance of the Integrity of the City of Ryde

I heartily endorse all that is said in Section 2.2 of the *Ryde, Hunter's Hill and Lane Cove Joint Submission*, which rejects the proposal to split the City of Ryde.

The notion of expanding the City of Parramatta to create a Local Government Area ('LGA') with a population approaching 600,000 by 2031 is highly flawed. As the *Ryde, Hunter's Hill and Lane Cove Joint Submission* points out:

'Parramatta's growth has been as much about residential growth [as] growth in other uses. It is yet to reach its potential, more than 40 years on; it has not become Sydney's second economic powerhouse.'

With about 40,000 residents per Councillor to represent a population with extreme diversity, a Parramatta Mega-Council would see an end to representative democracy at Council level in this region. A Parramatta Mega-Council would also be torn between highly divergent priorities. It would be impossible for such a council to balance the competing priorities of: Developing its CBD; Transformation of industrial land to residential use; Conservation of the historic precincts of Australia's second oldest city; Supporting the populations of areas like Auburn, the poorest residential area of Sydney; Providing job opportunities for an extremely diverse population; and nurturing vital economic and educational hubs like Macquarie Park.

The disparity in rates, fees and charges, and capacities to pay, about which Professor Dollery has expressed concern, would be extreme in a Parramatta Mega-Council, which the ILGRP proposes should include the very poor socio-economic areas within the City of Auburn as well as some moderately wealthy parts of the City of Ryde – areas which have very different needs.

Parramatta's status as Australia's second oldest city does not logically lead to the conclusion that it should be developed as Sydney Metropolitan Area's second CBD.

In a city of the size that it is suggested that Sydney will grow to, specialised economic and educational hubs like Macquarie Park will be essential to provide employment opportunities to nearby populations. Ideally, such economic hubs will be spread throughout the metropolitan area and will tend to specialise in businesses where there is a supply of suitably skilled employees in surrounding neighbourhoods.

Given that transport infrastructure has always lagged other development, Sydney will always have transport problems. The solution of economic hubs spread throughout the metropolitan area in locations where there is a supply of suitably skilled employees in surrounding neighbourhoods will be essential if we are to avoid transport gridlock caused by huge numbers travelling long distances to a limited number of very large business centres.

Vitally important economic and educational hubs like Macquarie Park can best be nurtured in LGAs where the businesses in those hubs draw many of their employees from that LGA, as this will foster an environment where there is a mutual understanding of the respective needs of those businesses and surrounding communities. Councils that remain small enough to understand these needs can best cater for both the economic hubs and the surrounding communities.

To split Macquarie Park so that part becomes a peripheral precinct of a Lower North Shore Council and the other part becomes a peripheral precinct of an expanded Parramatta City Council, which will struggle to cater for the needs of the precinct, appears to be one of the most irrational recommendations of the ILGRP.

The City of Ryde must not be split.

Conclusion

On analysis, the perceived benefits of Lower North Shore Council mergers are predominantly illusory. The amalgamations are unjustifiable given they will cause an unacceptable erosion of representative democracy and the alienation of individuals and communities from the arm of Government with which they should have a closest relationship.

The JRA proposal in the *Ryde, Hunter's Hill and Lane Cove Joint Submission* is a vastly superior alternative to the ILGRP's preferred merger.

Thank you for the opportunity of making this submission.

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