

# Hunter's Hill Council



## Extraordinary Meeting No. 4390 18 November 2015 at 4.00pm



# ORDER OF BUSINESS

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**HUNTER'S HILL COUNCIL  
EXTRAORDINARY MEETING OF COUNCIL  
Meeting 4390 - 18 November 2015  
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1 - OUR COUNCIL

1.1 Fit For the Future Response

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|                               |   |
|-------------------------------|---|
| <b>ITEM NO</b>                | : 1.1   |
| <b>SUBJECT</b>                | : FIT FOR THE FUTURE RESPONSE   |
| <b>CSP OUTCOME</b>            | : COUNCIL IS RECOGNISED AND RESPECTED AS AN OPEN AND TRANSPARENT ORGANISATION |
| <b>DELIVERY PLAN STRATEGY</b> | : COUNCILLORS ARE WELL-INFORMED ABOUT ISSUES/PROJECTS                         |
| <b>REPORTING OFFICER</b>      | : BARRY SMITH   |

Ref:249859

## INTRODUCTION

In response to the State Government's request for Council to further consider voluntary merger options at the ordinary meeting held on 9 November Council resolved in part as follows:

*"...Council does not submit any response to the template due on 18 November, subject to legal advice."*

Legal advice has been received suggesting that completing the 50 word box, as opposed to no submission, would remove any ability that the government would have to criticise Council for not bothering to consider its options.

## REPORT

The Hunters Hill original proposal below was suggested by the Mayor and forwarded to our JRA partners following receipt of the above advice.

### **Original Proposal**

*Hunters Hill Council is financially fit and sustainable, and has capacity and size for effective local government.*

*It supports the JRA model for regional cooperation, as endorsed by the NSW Legislative Council.*

*Council has the strong support of its local community.*

*It rejects the need to merge with any council.*

Ryde and Lane Cove Councils in the spirit of the JRA partnership have subsequently formally adopted the identical wording as contained in the original proposal and as shown below.

**City of Ryde** *is financially fit and sustainable, and has capacity and size for effective local government.*

*It supports the JRA model for regional cooperation, as endorsed by the NSW Legislative Council.*

*Council has the strong support of its local community.*

*It rejects the need to merge with any council.*

*Lane Cove Council is financially fit and sustainable, and has capacity and size for effective local government.*

*It supports the JRA model for regional cooperation, as endorsed by the NSW Legislative Council.*

*Council has the strong support of its local community.*

*It rejects the need to merge with any council.*

In discussion the three General Managers hold the view that the three submissions in the 50 word box should be the same. This approach is consistent with our original submission, our response to the Upper House Inquiry and our partnership approach.

Both our partners have adopted our original suggestion and to lodge a different version may give rise to the Government seeing some small diversion from our previously 'rock solid' stance and approach, something that we believe would not be helpful.

Ryde and Lane Cove Councils have formally lodged their templates, which do not include any other options.

### **Comments on the IPART Report**

The template also provides an opportunity for Councils to comment on the IPART report. As Councillors are aware the Mayor wrote to the Premier last week raising concerns in relation to IPART and the following comment was included.

#### ***Fit for the Future assessment criteria***

*Hunters Hill considers that the assessment criteria for scale and capacity in the 'Fit for the Future', was ill-defined and unable to be measured objectively.*

*Council has satisfied the criteria for financial performance, being sustainability, infrastructure, service management and efficiency and believes further benefits can be achieved through its proposed Joint Registered Authority with Lane Cove and Ryde Councils. Notwithstanding that, the Council was found to be unfit because of the application of an arbitrary and undefined benchmark of scale and capacity. The Report found the 'scale and capacity criterion was a flawed criterion and should not have been included in the Fit for the Future assessment criteria and accordingly assessments of Councils' fitness based on this threshold criterion are not well-founded'<sup>1</sup>.*

The IPART report includes errors of fact and logic and does not adequately assess the JRA option as submitted by City of Ryde, Hunters Hill and Lane Cove Councils. It is proposed that the Mayors comment above and the following commentary are included in that section of the template relating to IPART.

Firstly, the IPART report assesses the 'scale and capacity' of the JRA with the proposed merged entity solely based on financial criteria, i.e. that it is projected to deliver fewer savings. The projected financial outcome is not the correct measure of the 10 elements of scale and capacity. Further, the financial outcome is of little relevance given that the individual councils met every other criteria considered by IPART, including financial sustainability.

Page 239 of the IPART Report states "It (JRA) would generate net benefits over 15 years of \$0.5m.... The proposal does not fully quantify any efficiency savings that may also eventuate under the JRA." The Councils' submission states savings of more than \$500,000 would be

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<sup>1</sup> Report page xxii

achieved from the JRA accelerating more efficient urban development and infrastructure provisioning - plus potential savings of at least \$2M p.a. from shared services (refer Joint Submission Pg. 38). This forecast is deliberately conservative and dramatically understates the realistic savings available through the scaling up of a range of suitable services.

This error is compounded, as the IPART report also compares an NPV calculation, "\$0.5M" with a cumulative figure of \$187M over a 20 year period, which is not a consistent or logical comparison. It also illogically compares the savings of the three councils in the JRA with the proposed six council merged entity as proposed by the ILGRP.

The errors quoted above are only a sample of those contained within the IPART Report. The IPART Report lacks credibility and Council does not accept that the JRA option was properly assessed or given due consideration by IPART.

### **CONCLUSION**

It is important that Council remains united and consistent with both Ryde and Lane Cove in our response

### **FINANCIAL IMPACT ASSESSMENT**

There is no direct financial impact on Council's adopted budget as a result of this report.

### **ENVIRONMENTAL IMPACT ASSESSMENT**

There is no direct environmental impact on Council arising from Council consideration of this matter.

### **SOCIAL IMPACT ASSESSMENT**

There is no direct social impact on Council arising from Council consideration of this matter.

### **RISK ASSESSMENT**

There are no direct or indirect risks impacting on Council arising from consideration of this matter.

### **HUNTERS HILL 2030**

This matter is reported to ensure that the Council and community are well-informed about issues.

### **RECOMMENDATION**

1. That Council advises the State Government that:
  - a) Hunters Hill Council is financially fit and sustainable, and has capacity and size for effective local government.
  - b) It supports the JRA model for regional cooperation, as endorsed by the NSW Legislative Council.
  - c) Council has the strong support of its local community.
  - d) It rejects the need to merge with any council.
2. The commentary to be included in the template response as contained in the above report relating to IPART is noted.

**ATTACHMENTS**

There are no attachments to this report.