

**Submission to the  
Independent Local Government Review Panel  
by the Committee for an Independent Mosman  
22 March 2013**

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**As Mosman is neither broke nor broken, there's nothing  
to fix ... and no need to merge**

*There is a demonstrable, strong and historic will of the Mosman community  
for autonomy and independence*

In this submission we outline:

- our passion for our community,
- our contribution to making Mosman 'Number One'
- some comments on the Independent Panel's arguments
- conclusions

**1. Mosman is a community passionate about its history, identity and, yes, its  
autonomy and structure of local governance**

Many Sydney councils and localities have significant and noteworthy histories. Mosman has a strong maritime, military and artistic heritage.

Mosman residents hold to the notion that where you live is an important part of who you are.

Many Mosman residents have lived most of their life in the municipality. Mosman has a strong, indeed passionate, community spirit. And local governance is definitely part of that spirit.

Mosman residents have a high propensity to volunteer for community service, with one of the higher per capita rates of local volunteerism.

We believe the fact that Mosman is relatively small and contained has been an important factor in our 'community ambience'. Consider the following questions:

How many councils have an annual address (the Mosman Address) delivered voluntarily by a prominent citizen that forms one of the major local events of the year?

How many Sydney residents can know the name of the Mayor AND the general manager of their council (let alone know the GM's first name as well)?

How many councils regularly receive 180 entries from local resident artists for the municipality's annual art exhibition (Artists of Mosman: 2088), or stage one of the most prestigious arts national profile art prizes (The Mosman Art Prize)?

And it is not as if Mosman is an isolated or insular community.

Mosman contains two of the city's major tourist attractions, namely Balmoral Beach and Taronga Zoo. For more than a century Mosman Council has managed its obligations in relation to these and other treasures to its residents and the wider city, State, national and international communities with distinction and success.

As one of our Committee representatives who has lived in many places has observed:

*"Mosman is a special place where I feel connected to the local council. This feeling of community must be preserved provided we can pay our own way and manage our own affairs without being a burden on others. Surely ours is a community to be celebrated as an exemplar for local governance rather than one to be destroyed."*

This Committee would argue that local governance is an essential factor in community togetherness and that Council is well managed, fiscally prudent and secure and innovative in management.

*Mosman residents place a high value on the nature and governance of their community and have absolutely no desire to surrender their community identity.*

On six occasions in the last 50 years residents have had the opportunity of expressing their views on the issue of Mosman's continued independence and have voted overwhelmingly on each occasion against any amalgamation with another council.

As recently as 8 September 2012 the Mosman community again voted overwhelmingly against the prospect of amalgamating with any other council. The poll question was:

*"Do you favour the amalgamation of Mosman Council with any other council(s) to create a larger Local government authority?"*

The result was: No - 81.31 %

In the past 50 years the community has repeatedly expressed this sentiment in official Polls:

1962: 91.0% against amalgamation  
1974: 90.7% against amalgamation  
1977: 87.3% against amalgamation  
1983: 89.2% against amalgamation  
2004 79.4% against amalgamation  
2012: 81.3% against amalgamation

*The mean vote against amalgamation over the last half century is 86.5%.*

The figures provide a clear and consistent expression of the will of the people of Mosman, with that 'will' being overwhelmingly for Mosman Council to continue to operate as an independent entity.

NSW Premier Barry O'Farrell's first pledge to his colleagues and the State on the day he was sworn in – 28 March 2011- was to reiterate his five-point plan for government. Point number five was:

*'Returning the power and decision making to the community'*

Importantly, restoring honesty and accountability to government was the Premier's point number four. The Premier is also on the record multiple times pledging:

*No forced amalgamations for local councils in this term of government*

This should be the end of the matter unless it can be shown a council is corrupt, incompetent, financially unsustainable or a combination of any of the foregoing.

There has never been a suggestion that Mosman is corrupt, whilst by any objective measure Mosman is:

- efficient,
- financially sound, and
- a widely recognised model of good local governance in NSW and Australia.

In its submission to the Review Panel, Mosman Council notes that Mosman is regularly acknowledged as an innovator, leader and standard setter for the local government sector ranging in disciplines from corporate and financial planning, library services, traffic administration and waste management to name but a few.

## **2. Mosman Council: making NSW 'Number One' by deed and example**

The ILGRP makes much of the notion that its work aims to make 'NSW Number One' (Pp 5;36 *Better Stronger Local Government - The Case for Sustainable Change* <sup>1</sup>)

Given the ILGRP's focus on the concept of 'number one' we provide a list of some firsts achieved by Mosman.

### *Number one in corporate planning:*

Mosman was a pathfinder in the development of pro-active management and financial plans – MOSPLAN is internationally recognised and is used as a model by the DLG and other councils

### *Number one in community services:*

Both running and facilitating cradle-to-grave programs, Council delivers a range of affordable and highly recognised community services in partnership with a dedicated army of volunteers. Seniors and Youth Services, Carers Support Group, Community Visitors Scheme, menu-of-choice Meals on Wheels, community transport and early childhood programs are but a few of our award winning services. They are second to none in NSW, if not Australia.

### *Number one in marketplace tested expenditure:*

In 2011/202, 95% of Council's capital infrastructure and maintenance works were exposed to the marketplace by public tender – by far the highest in State.

### *Number one in catchment management:*

The first and only council to fully implement Sydney Harbour Catchment Management Plan by installing 31 storm water quality improvement devices (SQIDs) that filter 94% of the Mosman catchment before it enters the Harbour.

*Number one in residential traffic speed management:*

Mosman was the first council to introduce 50kph speed limit for residential areas in NSW.

*Number one in library services:*

Mosman Council was the first council to adopt the 1945 Library Act (free public libraries); the first Council in Australia to open its library on Sundays in 1988 and a foundation member of the Shorelink regional library network. Mosman Library is consistently placed in the top five libraries in NSW for loans per capita.

*Number one in group purchasing of audit services:*

Mosman Council was instrumental in establishing a regional internal audit function involving six councils on a service sharing basis ensuring independent objective assurance and consulting activity designed to add value and improve the organisation's operations. The model recognises that the combined collaboration of resources and ideas is encouraged amongst members whilst recognising the importance of independence

*Number one in waste management collection and sustainable disposal:*

Mosman Council imposes the highest performance standards in NSW on its waste collection contractor. Even more significant over the past decade, Mosman Council led the establishment of Kimbriki Environmental Enterprises Pty Ltd (KEE) with an important objective of managing waste locally in a sustainable manner at the resource recovery centre at Terrey Hills. Council has a 3.86% investment in the company, providing equal access to the facility with Manly, Pittwater and Warringah Councils. The independent Board has development approval from the NSW Government to construct a 60,000 tonne non-putrescible, dry recyclable wastes (MRF), and 100,000 tonne putrescible source separated food and garden organic and mixed residual wastes (RRF) facility. The Alternate Waste Technologies (AWT) will be a \$70M Private Public Partnership (PPP) with international tenders to be called by mid-2013, and the facility operational in 2015.

*Number one in visual arts in the national local government sector:*

One of the most prestigious exhibitions in Australia, at any level, the Mosman Art Prize, is the most valuable and oldest, continuous local authority annual exhibition in the nation, and was the forerunner to the Council's award winning Art Gallery. The Gallery has a major arts donor program and runs affordable yet significant arts and cultural events, providing leadership, enhancing the area's long history in Australian arts, attracting resources and reaching out to national and international audiences.

Mosman has a proud history of being at forefront of innovation, best practice and financial sustainability. Here are but a few examples:

*A leader in de-politicising the Development Application process:*

Mosman was one of the first councils in NSW to de-politicise the development approvals processes with the introduction of an independent hearing and assessment panel under the chair of a highly respected former Supreme Court and NSW Court of Appeal Judge. This model is now actively supported by the DLG for councils across the State.

*A leader in direct election of Mayor:*

Mosman voluntarily introduced local democratic structural reform by introducing a popularly elected Mayor which is the preferred and endorsed model of both the DLG and the ILGRP

*A leader in regional cooperation and economies of scale through joint purchasing:*

Mosman Council has a history of working co-operatively with Manly, Pittwater and Warringah Councils through the voluntary regional organisation SHOROC in lobbying at both the State and Federal levels, and collaborating to reduce costs through regional purchasing, shared services, joint operations and projects, with identified savings since 2010 of \$337,000 and growing.

*A leader in planning policies tailored to local conditions:*

Mosman Council has an enviable record in successfully representing the views of its constituents to modify consecutive State Governments' planning policies over the years by obtaining exemptions in appropriate complying development codes. Mosman has been active in preparing comprehensive reviews and recognizing our Aboriginal and European heritage. More recently Mosman is the only Sydney Council to have a scenic protection exclusion from the General Housing Code – this is clear evidence of Council's ability to coherently and successfully advocate matters of grave importance to the 2088 community.

*A leader in asset management practices:*

Comprehensive asset management plans for road, buildings, drainage, open space and marine allowing prioritisation to address in an orderly fashion sector wide less than optimal investment in assets over an extended period.

*A leader in prudent financial management:*

Notwithstanding a massive \$30M capital works spend over the last four years, Council is in a very positive financial position.

NSW TCorp has advised that "Council's finances have been well managed" with its underlying operating result (measured using EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization) increasing, its own source operating revenue ratio has been consistently above benchmark each year and that it has been pro-active in seeking cost savings and efficiencies.

\$2M has been approved by Division (TCorp) for 2012/2013 year for allocation on infrastructure backlog works and a further \$2M application was lodged in December 2012 for the 2013/2014 year.

Council's 10-year financial plan indicates improved operating results and core financial indicators over its life.

There can be little if any doubt that forced amalgamation would lead to loss of local identity and will funnel major party politics into local government and is likely to lead to another group of full-time party politicians.

Equally, there can be little doubt the bigger the local government the bigger and more remote the bureaucracy.

And such a scenario will certainly breed middle management expansion.

Mosman Council, in the considered view of this Committee, is proudly a lean (small workforce), financially prudent and conservative, and effective local governance machine (as measured by resident satisfaction survey and various state government markers, though we note elsewhere that we would welcome a more comprehensive and coherent local government comparison).

### **3. More on the notion of 'Number One' and the drivers for change from the NSW State Government's viewpoint**

While the ILGRP stresses the notion of Number One, it does not define this vague notion. It must be assumed that it is *Number One in relation to other Australian states and territories [our emphasis]*. However there is no clue as to what metric or metrics are being referred to or aspired to. Is it GDP per capita; growth rate of GDP per capita, lowest impost by Local Government per capita, liveability (however that is measured in the plethora of surveys that profess to measure such a notion) or something else?

The ILGRP seems to argue that this notion of 'number one' is to be achieved by making local councils have greater 'strategic' capacity ... a phrase frequently referred to throughout the paper (see pp. 4,15,24,25,30 and 31). *Yet this basic notion is never explained, defined or illuminated by way of concrete examples.*

The only clue seems to be on page 3 of *The Case for Change* 'they can play a role in promoting state development.'

'State development' is not defined but it can be assumed this refers to economic activity.

As shown in the same paper (p.18) many voters/residents/ratepayers would be interested to see that NSW has by far the lowest council rates per capita, with the average rate p.c. of all other states being more than 25% greater than NSW. This could surely indicate that NSW is already Number One in a metric very close to ratepayers hearts.

P.37 of *The Case for Change* states the Panel is 'looking for sound evidence from submissions on which to base its findings and recommendations.'

This is despite the paper making many assertions and generalised statements about local government, but offering no evidence, simply vague statements like:

'Local government seems to be stuck in a rut' (p.3). What exactly does this mean? And what is the evidence?

'There is a case to consider a significant consolidation of local government across the Sydney metropolitan area' ... But the ILGRP does not actually make that case in the paper.

'The future [of local government] can be exciting and full of opportunities'. This is a motherhood statement.

'Defining required core services is probably both impossible and undesirable' P.19 Why? Would not an agreed set of required core service be a good starting point for any examination of the efficacy of local administrations and an aid to informed comparative analysis?

'Local government is generally a capable and efficient deliverer of services' p.20. Agreed.

'There is a dearth of information of the cost and quality of local government service delivery' p.20. Surely a priority in determining the future shape of the sector would be to first establish agreed protocol for measuring and assessing local government performance. It is only when agreed benchmarks and consistent metrics are applied to the sector can the individual members be meaningfully compared and assessed. This is tacitly acknowledged in the paper on p.21 'No work has been done to set efficiency benchmarks.' The confusion surrounding depreciation and the associated and apparently optional choice for councils when it comes to using either 'brownfield' or 'greenfield' as a base line for depreciation calculations is one massive issue that alone totally distorts comparisons between council financial performance to the point of making them almost meaningless.

'Evidence suggests that NSW has too many local councils'. What is the evidence? None is provided.

'[The different sizes of councils]... would make it almost impossible to develop and present a coherent and strategic view on metropolitan issues to state and federal governments P.25. This is an assertion without any arguments or facts other than noting there is a range of different sized councils. Does this mean peak bodies cannot make coherent representations simply because their member bodies are of varying size? This is a strange notion if indeed it is the argument being proffered.

The foregoing begs the question:

If the overwhelming and incontrovertible will of the community is to remain independent, and

if the state government openly and regularly acknowledges the excellence of Mosman Council

why then should there be any move to across-the-board major amalgamations of metropolitan councils?

One of the more disappointing elements of the process currently under the management of ILGRP is the overarching justification for mergers is frequently referred to (i.e. in print and in presentations) by reference to the following statement:

*"We all know the world will be a very different place in 2036 and therefore a realistic program for the future must be a program of sustainable and lasting change so local government must change"*

This and other similar empty statements do nothing to instil confidence into well-run local communities. These are statements to be expected of politicians not of professionals.

Where is the reasoned argument? Where is the intellectual rigour? Where are the facts and detailed analysis and case studies? Certainly, Dollery et al appear to have done the work and found that physical and quantifiable returns of mergers are simply not there.

As a community based committee we believe we can have a good attempt at understanding where the impetus for change is coming from, including but not exclusively:

- Well documented corruption in the sector, most recently and notably at Wollongong Council.
- Poor financial management and grandiose building programs, certainly by Port Macquarie, and possibly Willoughby with its new \$100M+ performing arts centre.

- The frequent need by State Governments of both political persuasions to install administrators to clearly dysfunctional councils ... most often, the Mosman Council submission notes, to large councils not to small councils. In our own backyard see Warringah (placed into administration on three separate occasions since 1967 for a total of more than 8 years, equivalent to more than 2 full electoral terms under the current 4 year cycle or almost 3 full terms under the cycle mostly existing at the times referred to).
- The no doubt cumbersome nature of the State Government machinery required to deal with such a large number of local government bodies.

But, does all this and more mean that the Premier should break his promise to return decision making to communities? Or at least well run communities.

Does this mean that the entire sector should be turned on its head, without, as our Council submission notes, any convincing evidence to show that bigger is better?

#### 4. Conclusions

This Committee would argue that there is no convincing evidence that bigger is better.

As representatives of a democratic and well managed community we believe the focus of the state government should be several fold:

1. Focus on what is broke, not what is working.  
We would respectfully argue that attention be directed in any first round of moves on councils which are dysfunctional, financially unsound or displaying evidence of corruption, or unworkability. And, of course, those communities who clearly express a desire to join up with their neighbours.
2. Secondly, and concurrently, develop an agreed and rigorous means of measuring the performance of councils so that those that wish to remain independent can have a set of rules or benchmarks by which they can be objectively be judged.
3. Resist the urge to make easy, broad-brush changes that may win short-term favour from the professional development, property and industry lobby cheerleaders for mega councils but effectively disenfranchise voters and ratepayers who populate well run, financially sustainable municipalities.

In short, to use a well worn, but we believe relevant phrase, 'don't throw the baby out with the bathwater'. Fix what is broken and nurture what is not. Your Panel is on record saying you won't necessarily adopt a one-size-fits-all policy. We commend that sentiment and encourage a selective, gradualist approach that focuses on *need* for action rather than *convenience* of action.

It is a fundamental characteristic of human nature that we desire to have control over our local existence. Having close and ready access to both the elected and official representatives of our most immediate tier of government is cherished by the vast majority of Mosman residents. We trust we have conveyed to the panel the strength of this sentiment in our community which, though modest in size, is served by a council that is financially sustainable and has a history of being at the forefront of local government best practice.

## **Thank You**

This community-based Committee thanks the Panel for the opportunity to make this submission and wishes the Panel well in its deliberations.

## **Postscript**

We have been informed on the eve of lodging this submission that the NSW Minister for Local Government, the Hon Don Page MP, has publicly reaffirmed, via a media release dated 21 March 2013, the State Government's commitment to 'no forced amalgamations' of local councils. We are delighted to receive this news and congratulate the Minister on this announcement that, we can guarantee, will be enthusiastically welcomed throughout the Mosman community.

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<sup>1</sup> All page numbers and section numbers quoted refer to the ILGRP publication dated November 2012: *Better Stronger Local Government – the Case for Sustainable Change*