



**Mosman Council Response to the  
“Future Directions for NSW Local Government” Report  
by Independent Local Government Review Panel (ILGRP)**

The ILGRP report covers many issues including financial management, productivity, governance and structural change. Mosman Council concurs with many though not all of the suggestions for improving financial management and governance. However, Mosman Council has major concerns about the proposals for structural change and addresses these points particularly in this response.

From both the ILGRP report and the public consultation with North Shore Councils on Friday 14 June it is clear that the main issues of local government in the Sydney Metropolitan Region (SMR) are regional rather than local issues. In particular there are housing and transport failures at the regional level. These are primarily state government failures, not a lack of strategic thinking by local councils.

It is acknowledged that some Councils in the SMR are financially weak and that there is inequity in the income available to local areas. However, these problems arise essentially as a result of low income bases and low population density.<sup>1</sup> Amalgamation of councils will generally not resolve these problems (except in some non SMR areas).

As the Chair of the ILGRP acknowledged at the public consultation (14 June) the ILGRP is not basing the case for amalgamation of councils on grounds of cost savings or improvements in services. The ILGRP report provides NO evidence that amalgamation of councils will achieve either cost savings or improved services. And indeed there is no such evidence available—see both Mosman Council’s previous submission to the ILGRP (6 March 2013) and the work by Dollery, Grant and Kortt, 2012, *Councils in Cooperation*.

Moreover, as shown by several referenda over 20 years, over 80 per cent of the Mosman community have consistently voted to retain local autonomy and services.

In notes provided by the ILGRP to the Lower North Shore Councils (18 June), the ILGRP observes that Mosman Council has a weak financial sustainability ranking according to the Treasury Corporation. Mosman Council strongly contests this finding. Mosman Council has had an operating deficit of about \$155 per household with an average household income of \$128,000! The deficit can readily be resolved. The infrastructure backlog figures are based on unaudited figures and no consistent definitions.

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<sup>1</sup> See Productivity Commission, 2008, *Assessing Local Government Revenue Raising Capacity*.

More importantly the ILGRP's assertion that "the infrastructure backlog is a common challenge (of the five Councils <sup>2</sup>) suggesting a regional approach to address this issue with the possibility of sharing resources and capability" is not supported with any evidence.

Mosman Council recognises that there are always ways to improve services and efficiencies, for example by improving accounting standards, by partnering with other councils and by competitive tendering. Mosman Council is already cooperating in provision of services with a large number of other councils and we are an active member of the SHOROC (regional) group.

In 1986 the Councils of Warringah, Manly and Mosman (Pittwater 1992) entered into a contractual agreement establishing the Kimbriki Joint Services Committee to sustainably manage the region's waste by developing a modern depot facility for the disposal and recycling of waste. This agreement was wound up in 2009 and replaced with Kimbriki Environmental Enterprises Pty Ltd (KEE) managed by an independent board with each Council being a shareholder. KEE is progressing a major project which will involve the calling of tenders for the construction and management of an alternate waste treatment plant (AWT). To support the AWT the Councils will be jointly calling for tenders for a common waste collection system across all four Councils to commence early 2017.

In recent years Mosman Council has entered into other contracts with other councils across a broad spectrum of its activities. These include electricity usage, records repository services, audit, banking services, library IT network, cash collections, line marking and signposting, CCTV of stormwater systems, road construction services, minor works, fire services and air quality monitoring.

We are also actively exploring further cooperative activities with other councils. This includes a merger of SHOROC with NSROC and general managers are currently examining alternative governance structures to make these regional organisations of councils more effective. This could possibly include a county council model in which the county council is an organisation designed to achieve certain outcomes and is owned and run by a group of councils.

Mosman Council strongly rejects the proposed amalgamations of lower North Shore Councils (Mosman, North Sydney, Lane Cove, Hunters Hill and Willoughby). This amalgamation would seriously weaken local services, citizen involvement and democracy. The concept of local boards within amalgamated councils is no substitute for local councils because these boards would have no independent financial basis.

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<sup>2</sup> Mosman, North Sydney, Lane Cove, Hunters Hill and Willoughby

Mosman Council notes that on 29 May, the Mayors of these five Councils met in North Sydney Council chambers to discuss this proposed amalgamation and UNANIMOUSLY agreed that:

1. We reject the Sansom (ILGRP) report with respect to amalgamation as not providing evidence or a case for improving services.
2. We reaffirm our support for the State Government (policy) that there should be no forced amalgamation.
3. We support regional organisations of councils as the instrument of shared services.
4. We support in principle the merger of NSROC and SHOROC.
5. The GMs be asked to investigate (a) a structure that would make the ROC more effective and (b) to identify further shares service possibilities.

Like the other Councils, Mosman Council is quite willing to engage with a regional group of councils to develop strategic capacity and regional transport and housing strategies.