

ITEM 3.2. FIT FOR THE FUTURE IPART REPORT

FILE NO: S051491

MINUTE BY THE LORD MAYOR**To Council:**

On Tuesday 20 October, the NSW Government released the Independent Pricing and Regulatory Tribunal of NSW's (IPART) 'Fit for the Future' Local Government report.

IPART found that the City of Sydney **'meets the scale and capacity criterion as a stand-alone council and would be fit as a stand-alone council'** but declared us unfit when assessed as a mega 'global' city which combines Woollahra, Waverley, Randwick, Botany and the City. **A proposal that has no support from the communities involved and no compelling evidence to back it up.**

The fact that IPART found us fit to stand-alone on all standards, but marked us as unfit purely because we didn't meet an arbitrary criteria on size, shows how ridiculous this process is. **Project delivery, services, community support, support for small business and social outcomes have all been ignored.**

Of the City of Sydney, the IPART report said:

"City of Sydney meets the financial criteria overall as a stand-alone council and its current and projected financial performance is strong. It also demonstrated it has the ability to proactively partner with the government to undertake significant infrastructure and urban renewal projects, such as the Green Square development."

A 'GLOBAL' CITY

The mega council idea for Sydney encompasses a local government area with the population of the entire state of Tasmania **without any new responsibility or authority - it would just be a large, unwieldy council.**

It's a point IPART picked up in their report, saying the Government needed to consider *"the extent to which the Global City Council should be given control over key infrastructure such as the Sydney Opera House, Barangaroo, Port Botany, Circular Quay and Darling Harbour to enable it to operate effectively as a Global City Council, as this infrastructure is currently administered by bodies separate to local councils."*

While Professor Sansom wrote in his report that we might *'assume responsibility for some State-managed facilities such as the Sydney Harbour National Park, Centennial Park and the Botanic Gardens'*.

Function, not size, is what makes a global city.

The City of Sydney is a leading global city looking after 1.2million people every day.

We are recognised internationally for our work and we've been awarded numerous awards. We partner with other global cities on important issues including climate change, we have a strategic relationship with China, we host numerous delegations from other cities around the world who are keen to learn about how we do things and our long term plan, Sustainable Sydney 2030, has been used by other cities in the development of their own plans.

We are an active member of the C40 Climate Leadership Group – made up of 75 cities, representing 1 in 12 people worldwide. As part of our work with the C40 group, we are co-chairing the private buildings efficiency network along with the Tokyo metropolitan government. And we are part of the Rockefeller Foundation's prestigious 100 Resilient Cities Initiative along with London, Paris, New York, Chicago and Singapore.

The City is critically important to the national economy – generating \$108 billion worth of economic activity annually—over 30 per cent of metropolitan Sydney's economic activity and almost a quarter of the NSW State gross domestic product.

Other mega cities such as London, New York and even Brisbane are responsible for more than the so-called 'roads, rates and rubbish' that councils in NSW have traditionally undertaken.

The Greater London Authority is responsible for transport, housing, health and the environment, New York's City Government looks after education, police, transport, consumer affairs, health and the fire department just to name a few! Brisbane City Council has responsibility for transport.

To date, the State Government has not identified new governance models for mega councils or taken any action to identify which of its powers or agencies it would transfer to these enlarged local government areas.

RISK TO ECONOMY

A key issue for the City is the economic risk of an amalgamation.

The city is currently undergoing a huge period of accelerated growth and investment. Based on what we know now, \$30 billion to \$40 billion will be invested in development in our local government area over the next decade.

A decline in construction activity of just one per cent over the next decade due to the inevitable disruption of an amalgamation would have a negative economic impact in excess of \$300 million.

The risks are particularly serious for the **Green Square Town Centre**, where \$13 billion in development is reliant on our efficient assessment and timely delivery of critical roads, stormwater and community infrastructure; and for the **Sydney CBD**, where significant business and development investment is occurring in anticipation of the physical and economic transformation of George Street through light rail and high quality public domain.

To inform their report, IPART commissioned Ernst & Young to do an analysis of the long term costs and benefits of the recommended merger options. They estimated net benefits arising from the Global City Council merger including the City of Sydney of \$283 million over 20 years.

The assumptions underpinning the estimate by Ernst & Young are questionable. For example, Ernst & Young assume the cost savings will be comparable to a private sector merger and 80 per cent of the savings will be achieved within three years. Rationalisation and savings would be slower due to contractual commitments to services providers and legislative protections that do not permit staff to be made redundant within three years of an amalgamation. A more realistic set of assumptions would produce a significantly lower estimate.

Even the estimate of \$283 million represents an annual benefit of \$14 million. This estimate is similar to the estimated savings Randwick Council's analysis found would be achieved by a Global Sydney Council, which breaks down to a saving of approximately 54 cents per resident per week.

FIT FOR THE FUTURE NEXT STEPS

The NSW Government has given councils until 18 November to make a final submission on the 'Fit for the Future' process through an online tick-a-box portal.

Councillors, we have discussed this issue for over a year now. Last December, we unanimously endorsed that we are 'fit for the future' with our current boundaries intact – a position endorsed by IPART.

Neither IPART nor the NSW Government has produced a compelling reason for the City to merge with surrounding councils and put at risk the future prosperity of our local, state and national economy.

RECOMMENDATION

It is resolved that Council:

- (A) affirm that the City of Sydney is 'Fit for the Future' and that no major structural change be undertaken to the City's boundaries at this time and confirm our position in the NSW Government's online portal; and
- (B) note the IPART Assessment of Council Fit for the Future Proposals and, in particular, the statement that the *'City of Sydney meets the financial criteria overall as a stand-alone council and its current and projected financial performance is strong.'*

COUNCILLOR CLOVER MOORE

Lord Mayor

ATTACHMENTS:

Attachment A: IPART Report Key Conclusions

Attachment B: Overview of some of the City of Sydney's Achievements