

FFTF – LGNSW Submission: Transition Timeframes after Proclamation – LGNSW Paper

February 2016

Transition Timeframes after Proclamation

Issue

LGNSW seeks provision for a transition period between Proclamation and creation of the new council entity.

The Government's recent announcements state that amalgamations would take effect from the date of Proclamation, with the new entity coming into immediate existence from Proclamation Day. However, there is nothing in the *Local Government Act 1993* to prevent a Proclamation nominating a date sometime in the future, when the new council will commence operations, thereby creating a "transition phase".

LGNSW understood initially that the transition process for *voluntary* amalgamations under the Fit for the Future program would involve retaining the subject councils as separate entities working through a transition committee to establish the new entity at the council elections in September 2016. The situation is less clear since the Government has made its recent announcements about the proposed "process for creating new councils". Ideally the process and timeline would be designed with a suitable transition phase in advance of the proclaimed implementation or commencement date of the new council, allowing a period of several months before the new council commences operations. The transition approach was applied in the Queensland council amalgamations in 2008. This approach would enable:

- detailed planning for the new council to be carried out and workforce issues to be progressed before it commences operations; and
- retention of the existing elected councils until such time as elections can be held for the new council.

Recommendation

That the MAG recommends that the Minister:

- (1) Provides for a transition period to be introduced between Proclamation and creation of the new amalgamated council entity. This could be an option to be negotiated with merger partners in preparing the Proclamation.

Reasons for Recommendation

LGNSW established a reference group of General Managers in 2015 many of whom have managed and experienced past amalgamation processes in NSW and other states. The practical advice of these experts is that a minimum notice period of 3-6 months (the longer the better) is required before establishing a new council entity. Comments included:

- There is a need to undertake a due diligence period (i.e. where councils bring out their books, to reveal underlying issues that need to be addressed and to help build a solid foundation for the amalgamation).
- There is a need to ensure an adequate minimum period of time for planning prior to amalgamation.
- The 'Pre-day 1 period' of the new council helps to determine the success of the process. The timing of the transfer day, proposal period and Proclamation day are important.

It is critical that the transition process for merging councils is designed so that risks can be managed and impacts on councils' customers, stakeholders, service-providers, clients and communities are

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managed effectively. This requires a commitment from the Government to a prudent and practical process, which enables the subject councils sufficient time to adequately prepare for the commencement date of the new council.

Overall, a transition phase in advance of the proclaimed implementation date of the new council, allowing a period of several months before the new council commences operations, is likely to be welcome and beneficial.