



Clr Khal Asfour
Mayor

8 June 2018

The Hon. Gabriel Upton
Minister for the Environment, Local Government and Heritage
GPO Box 5341
SYDNEY NSW 2001

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Clr KHAL ASFOUR
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HELEN HONG

Date: 21 / 9 / 2020

Resolved to publish Yes / No

Dear Minister,

Amalgamation Funding & Rate Increase – Canterbury Bankstown Council

I write to you today to request a meeting at your earliest convenience to discuss opportunities for further funding and support to Council in its amalgamation, in addition to Council's standing request to consider the continuation of a special rate variation during the rate freeze period for merged councils.

• Amalgamation Funding

Whilst Council's transition plan is progressing well, it has come at a great cost. In the past two years, we have successfully integrated the majority of Council's core information technology systems, prepared a new operational plan and delivery program, integrated the former Council's budgets and financial systems, and deployed an industry first Councillor service portal enabling Councillors to quickly pass through resident's requests for action by Council staff.

Above all, Council has ensured no disruption to its services and importantly protected its staff throughout our transition process.

We have done so while remaining a lean and efficient Council, despite a number of highly challenging strategic planning and infrastructure matters surrounding our local government area. Of course, this is all in the context of servicing more residents than any other Council in the State.

A critical concern for the Council and I is balancing community expectations, transitioning our services and responding to the asset management challenges needing to be addressed. I have in the past six months begun to witness the impacts of the costs of contract re-negotiation arising from the transition, especially for some of our larger operational needs such as information technology, and more recently, for waste management services.

In simple terms, the financial support provided to Council to fund its amalgamation will shortly be spent. This is despite the amalgamated Canterbury-Bankstown Council being the most efficient in NSW, with the lowest operating costs on a per capita basis, providing services to more residents in NSW than any other entity in the sector.

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It is equally important to note that Council has conducted its amalgamation and transition in-house, meaning no uplift in staffing to establish a project team. Despite not engaging a transition team for the past two years, Canterbury-Bankstown was the first in the industry to satisfy all of the Department of Premier and Cabinet's objectives, and did so within the first year of the transition, including the preparation of a new Operational Plan and integrated budget.

I bring these matters to your attention as I think it goes some way to demonstrate that we have done all that is possible to utilise the \$10M amalgamation funding as efficiently as possible. Despite that, we are now faced with the prospect of funding for the amalgamation coming to an end, and more concerning the prospect of redirecting expenditure from community initiatives and services to fund the remainder of Council's transition program (primarily IT costs which Council anticipates will be completed by 2019). Indeed all of the efficiencies generated have been absorbed in escalating non-discretionary costs faced by Council.

I understand that Councils have successfully approached your office in the past to obtain additional funding for transition related projects. I am hopeful that in discussing this matter with you to greater detail you will appreciate the significant challenge Council will face in funding the remainder of its transition without the State Government's support.

- **Rate Freeze**

A few months ago Council's General Manager wrote to the Office of Local Government seeking guidance on the current 'rate freeze' and circumstances allowing Council to apply for a continuation of one of its Special Rate Variations (SRV) to coincide with the Rate Freeze period, being 30 June 2020. Council has had a follow up meeting but is yet to receive a response regarding the matter.

The way of a brief background, in 2004, the former Canterbury City Council were granted an SRV for infrastructure purposes. The levy, which is estimated at around \$5M will end on 30 June 2019. The prospect of losing this funding will place significant pressure on Council in being able to continue to deliver the current level of services to our community. Additionally, utilising Council's cash reserves to cover the shortfall is both not prudent and/or fiscally responsible.

Indeed, IPART alluded to this very issue in their submission to the Government (*Freezing existing rate paths for newly merged councils – June 2016*), particularly chapter 3 where they outlined the limited circumstances where a special variation could be made during the rate path freeze for councils.

You will understand that this is a very important issue for our Council. Notwithstanding the Government's Rate Freeze Policy, I am aware that the Minister has discretion to review the matter, in accordance with the Local Government Act 1993.

I appreciate you taking the time to consider the matters I raise in this correspondence, and look forward to discussing with you in more detail.

Kind regards,

Clr Khal Asfour
Mayor

cc Premier of NSW Gladys Berejiklian MP



Office of the Hon. Gabrielle Upton MP
Minister for the Environment
Minister for Local Government
Minister for Heritage

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Dear Clr Asfour

Thank you for your letter to the Minister for Local Government, the Hon. Gabrielle Upton MP, requesting consideration of additional funding to cover implementation costs for Canterbury Bankstown Council, and the continuation of a special rate variation during the rate freeze period for new councils. The Minister has asked me to respond to you on her behalf.

Firstly I would like to congratulate you and the staff at Canterbury Bankstown Council for your efforts since May 2016 in ensuring the new council is well placed to deliver the services and infrastructure that your local communities need and deserve.

The State Government has provided \$10 million under the New Council Implementation Fund towards the upfront costs of merging the former councils into one new entity. It was recognised that it may take some years to adopt a consistent approach to the provision of services and the systems that support the council.

The Minister has considered your request and is not able to provide additional New Council Implementation funds for Canterbury Bankstown Council. Additional implementation or transition funding has not been provided to any metropolitan council. While some supplementary implementation funding has been provided to some regional councils, these councils initially received only half the level of funding provided to metropolitan councils to support merger implementation.

The issues you have raised about the operation of the rate path protection ('rate freeze') and expiring special variations are currently under consideration by the Government. As you will be aware, under the Government's rates path protection policy new councils are not eligible to apply for a Special Variation.

However, I understand council officers have raised a number of specific questions about the operation of the rates path protection legislation (in particular, s.218CB of the *Local Government Act 1993*). As advised to officers of Canterbury Bankstown Council when they met with Office of Local Government, this is a matter requiring specialist legal advice as to the operation of the Act and the various regulatory

instruments that sit under the legislation. This advice has been sought by the Office of Local Government, and I am advised that the Chief Executive of the Office of Local Government will provide further information back to Council shortly.

At my request, Ms Melissa Gibbs from the Office of Local Government is available on should you have any further enquiries.

Yours sincerely

Scot MacDonald MLC
Parliamentary Secretary for Planning
Parliamentary Secretary for the Central Coast and the Hunter