

GENERAL PURPOSE STANDING COMMITTEE NO.6

**INQUIRY INTO LOCAL GOVERNMENT IN
NEW SOUTH WALES**

**Answers to Questions on Notice – 27 July 2015
Office of Local Government**

Question 1:

What were the departures from the Panel's recommendations and why were they made? Why were some recommendations not accepted by the Government?

Answer:

Following receipt of the Independent Local Government Review Panel's final report, the report was placed on public exhibition for further community consultation. Feedback obtained through this consultation was considered when preparing the Government response to the report.

The Government response largely supported the recommendations of the Panel, with only seven of the 65 recommendations not being supported. Specifically these were Recommendations 27, 32, 43, 44, 47, 51 and 65.

A list of these recommendations and the explanation for why the Government did not support them is as follows:

Recommendation	Government response
27. Increase remuneration for councillors and mayors who successfully complete recognised professional development programs (9.2-9.4)	<p>The Government recognises the dedication of councillors across NSW to their local council and their community and supports councillors receiving a fair level of remuneration, which reflects the nature of the role and the communities' expectations of prudent use of ratepayer funds.</p> <p>The Government believes an independent process, currently undertaken by the Independent Remuneration Tribunal, provides a fair means of setting councillor remuneration, with the current criteria taking into account, among other things, the size and the significance of the council.</p> <p>The Minister for Local Government will ask the</p>

Recommendation	Government response
	<p>Tribunal to give further consideration to the criteria to better reflect the objectives of local government reform with a focus on those councils that have made the necessary changes to become 'fit for the future'.</p> <p>The Government also believes that professional development, particularly for new councillors but importantly for all councillors, is essential for being an effective councillor rather than a justification for increasing councillor remuneration and expects all councils to have in place a professional development program for councillors.</p>
<p>32. Legislate a revised process for considering potential amalgamations and boundary changes through a re-constituted and more independent Boundaries Commission (10.3)</p>	<p>The Government is committed to ensuring transparency and public confidence in any boundary review process. The Government will consider the suggestions made by the Panel in preparing a new Local Government Act, to identify opportunities to streamline the process whilst ensuring robust and transparent decision making. In the meantime, the Government will make it easier for councils wishing to merge voluntarily (see recommendation 33).</p>
<p>43. Pending any future action on mergers, establish Joint organisations of councils for the purposes of strategic sub-regional planning (13.5)</p>	<p>The Government acknowledges the Panel's recommendations for voluntary amalgamation in Sydney, and will therefore support voluntary mergers, as outlined in response to recommendation 33.</p>
<p>44. Maximise utilisation of the available local government revenue base in order to free-up State resources for support to councils in less advantaged areas (13.6)</p>	<p>The Government encourages councils to work in partnership with the State to deliver better outcomes for communities and welcomes financial contributions from councils to support shared priorities. The Government acknowledges the Panel's view that this approach would work best with the proposals for voluntary mergers. The Government will therefore defer consideration of this recommendation, while councils consider options to voluntarily merge.</p>
<p>47. Refer possible mergers of Dungog-Maitland, Newcastle-Lake Macquarie and Gosford-Wyong to the Boundaries Commission for</p>	<p>See comments in relation to recommendation 33*</p>

Recommendation	Government response
further investigation in accordance with the new process proposed in section 10.3 (14.1 and 14.2)	
50. Refer councils in Groups B-F to the Boundaries Commission in accordance with Table 11 and the proposed timeline (15.1)	See comments in relation to recommendation 33*
65. Adopt in principle the proposed implementation timeline (18.6)	Further details of the implementation timetable can be found at fitforthefuture.nsw.gov.au . The Government will assess the progress of councils in taking the necessary steps to become fit for the future towards the end of 2015.

Question 2:

What notice did the Office of Local Government give IPART to produce the consultation paper that was released on 27 April?

Answer:

The NSW Government announced its intention to undertake the Fit for the Future process in September 2014 and provided councils with Templates and guidance material for this process in October 2014.

The guidance material included the Fit for the Future criteria and measures, which were developed in consultation with the Independent Pricing and Regulatory Tribunal. IPART undertook a review of the proposed criteria and measures and published the results of this review on its website in October 2014. IPART was, therefore, well apprised of the process the Government intended to follow for Fit for the Future, and the assessment criteria it intended to use, although it had not been requested to undertake the role of the Expert Panel at this stage. It is also noted that, in its review of the criteria, IPART recommended to the Government that it be appointed to review the Fit for the Future proposals.

Members of the Ministerial Advisory Group were consulted on the Terms of Reference for the Expert Panel in February 2015 and their feedback was incorporated into the final document. This included important changes, such as including a review of the community consultation process undertaken by councils in preparing their submissions, and the opportunity for councils to present further

information to support their proposals The Government then considered who best might undertake the role of the Expert Panel. IPART was selected, based on its independent status, sound track record of conducting complex reviews and solid working knowledge of the local government sector. The Tribunal, supported by South Australian local government expert, Mr John Comrie, commenced its role on 27 April 2015 with a four-week consultation period on the assessment methodology.

Question 3:

Where have mergers produced lower rates?

Answer:

Please find a table of 2000-20014 mergers in NSW with a comparison to the average rates for each classification of council in 2013/14. The rate for merged councils is lower than the average for 17 of the 26 council mergers.

Average rates 2013/14 - Merged Councils (\$)						
Year	Council	Classification	Council Average Ordinary Residential Rates	Group Average Ordinary Residential Rates	Council Average Ordinary Business Rate	Group Average Ordinary Business Rates
2000	Armidale Dumaresq	Regional Town/City	901	938	3263	3651
2000	Richmond Valley	Regional Town/City	650	938	1728	3651
2000	Canada Bay City	Metropolitan	837	974	2737	5163
2001	Conargo Shire	Rural	353	351	311	657
2004	Sydney City	Metropolitan	616	974	10471	5163
2004	Cooma-Monaro	Large Rural	775	612	3398	1513
2004	Goulburn Mulwaree	Regional Town/City	881	938	4503	3651
2004	Palerang	Large Rural	815	612	714	1513
2004	Queanbeyan City	Regional Town/City	1041	938	4017	3651
2004	Tumut	Large Rural	697	612	1861	1513
2004	Upper Lachlan	Large Rural	449	612	887	1513
2004	Yass Valley	Large Rural	683	612	2061	1513
2004	Clarence Valley	Regional Town/City	844	938	2216	3651
2004	Gwydir Shire	Large Rural	429	612	353	1513
2004	Liverpool Plains	Large Rural	568	612	757	1513
2004	Tamworth Regional	Regional Town/City	871	938	2794	3651
2004	Bathurst Regional	Regional Town/City	878	938	4132	3651
2004	City of Albury	Regional Town/City	1145	938	5779	3651

2004	City of Lithgow	Regional Town/City	645	938	3726	3651
2004	Corowa Shire	Large Rural	478	612	970	1513
2004	Greater Hume Shire	Large Rural	509	612	472	1513
2004	Mid-Western Regional	Regional Town/City	784	938	1869	3651
2004	Oberon	Large Rural	649	612	756	1513
2004	Upper Hunter Shire	Large Rural	635	612	964	1513
2004	Warrumbungle Shire	Large Rural	482	612	1430	1513
2004	Glen Innes Severn	Large Rural	584	612	1365	1513

Question 4

Can the OLG table with the committee a copy of the letter from the Local Government and Shires Association of NSW requesting the Independent Review of Local Government.

Answer:

A copy of this letter will be tabled with the committee (see attachment A).



7 February 2012

The Hon Don Page, M.P.
Minister for Local Government
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Page,

The Associations believe that the time has come for a public conversation regarding some important aspects for the future of Local Government in NSW.

The Associations support the Destination 2036 process which, in August 2011, brought together Mayors and General Managers from across NSW to develop a plan to best serve our communities into the future.

Destination 2036 resulted in the development of a Draft Action Plan which identified 16 Strategic Directions, the main one being improving the financial sustainability of Local Government and the necessary reform of the Sector.

The Associations believe that one of the major priorities from the meeting in Dubbo should be to identify incentives to encourage voluntary boundary changes for some Councils and identify any difficulties in the Local Government Act and other relevant mechanisms which would prevent this occurring.

The Associations believe that:

- The primary purpose of the Special Commission should be to secure the financial sustainability of Local Government into the future for the benefit of local communities
- The Special Commission of inquiry should be headed by a Commissioner and aided by two Assistant Commissioners (One to oversee the Metropolitan/Urban aspects and one to oversee the Rural/Regional aspects).
- The NSW State Government should fund the Special Commission of Inquiry
- The appointment of the Commissioner and Assistant Commissioners should be undertaken in consultation with the Associations
- The Terms of Reference for the Commission should be established in consultation with the Associations

- The Inquiry should commence as soon as possible and be completed within a 9 month timeframe.
- The 2012 Local Government elections should be deferred for a period of 12 months to allow the Inquiry to be undertaken
- Existing Councillors who intended to retire at the 2012 elections should be able to do so without triggering a by-election
- The Special Commission should conduct hearings in a wide range of Metropolitan/Urban and Rural/Regional locations to allow wide ranging discussion from all stakeholders

Yours sincerely

Cr Keith Rhoades AFSM
President
Local Government Association of NSW

Cr Ray Donald
President
Shires Association of NSW