

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Organisation: Albury Council

Name: Cr Kevin Mack

Date received: 25/06/2015

23 June 2015

The Director,
General Purpose Standing Committee No. 6,
Parliament House,
Macquarie Street,
Sydney
NSW 2000

Dear Sir/Madam,

Inquiry into local government in New South Wales

We are pleased to provide the General Purpose Standing Committee No. 6 with a submission for consideration in relation to the inquiry into local government in New South Wales. This submission was endorsed by Council at its meeting on Monday 22 June 2015.

1.	Inquiry items	AlburyCity submission / response
a	the New South Wales Government's 'Fit for the Future' reform agenda	AlburyCity strongly objects to further amalgamations involving the Albury Local Government Area based on the experience of the last two boundary adjustments and the cost to Albury ratepayers. However, AlburyCity does support the <u>process</u> for considering potential amalgamations and boundary changes. Undertaking the Fit for the Future process is consistent with the culture of AlburyCity as a continuous improvement organisation and has aligned with a number of AlburyCity business improvement processes planned or currently underway.
b	the financial sustainability of the local government sector in New South Wales, including the measures used to benchmark local government as against the measures used to benchmark State and Federal Government in Australia	There are no comparable benchmarks used at State or Federal level. AlburyCity's view is that the financial sustainability benchmarks are being used to reduce the number of local government entities in NSW.
c	the performance criteria and associated benchmark values used to assess local authorities in New South Wales	The proposed assessment methodology prepared by IPART requires that regional councils must as a minimum show improvement in the level of building and infrastructure renewal compared to depreciation expense within 5 years. The adequacy of building and infrastructure renewal should be assessed against movements in the Infrastructure Backlog

		Ratio rather than depreciation expense. Best practice asset renewal is based on the condition of assets rather than depreciation expense. This will ensure that appropriate asset renewal funding is allocated at the right time in the asset lifecycle. For example, due to the relatively young age of AlburyCity's infrastructure assets the required renewal of assets is less than depreciation expense.
d	the scale of local councils in New South Wales	The key elements of strategic capacity are good indicators and can be used as part of the scale and capacity assessment. It is a qualitative assessment however, and in the absence of firm evidence or examples it may be difficult to gauge the extent of each Council's achievement of the elements. Considering the difference of Council scale across the state, there is considerable difficulty for rural councils to adequately demonstrate the scale and capacity criteria.
e	the role of the Independent Pricing and Regulatory Tribunal (IPART) in reviewing the future of local government in New South Wales, assisted by a South Australian commercial consultant	AlburyCity is concerned that IPART as the appointed Expert Panel <u>does not</u> comprise a representative from local government
f	the appropriateness of the deadline for 'Fit for the Future' proposals	The deadline for proposals is not in line with the Joint Organisation Pilots therefore any recommendations from the pilots cannot be included in the Council submissions.
g	costs and benefits of amalgamations for local residents and businesses	<p>The Parliamentary Budget Office has estimated that the cost of a voluntary merger between AlburyCity and Greater Hume will be \$7.4M which is in excess of the \$5M funding support for Councils offered in the Fit for the Future package. (<i>source: NSW Parliamentary Budget Office – costing of Council mergers</i>).</p> <p>AlburyCity has been unable to identify any benefit to Albury businesses or residents that would arise from amalgamations.</p>
h	evidence of the impact of forced mergers on council rates drawing from the recent Queensland experience and other forced amalgamation episodes	Consolidation of the rating systems of the former councils, considering wide variability in rating and property values was difficult in the 2004 boundary adjustments between AlburyCity and former Hume Shire.
i	evidence of the impact of forced mergers on local infrastructure investment and maintenance,	AlburyCity strongly objects to forced amalgamations. Rates raised from newly acquired areas due to the boundary adjustments of 2004 did not cover the costs of infrastructure investment and maintenance to the newly acquired areas.
j	evidence of the impact of forced mergers on municipal employment, including aggregate redundancy costs	Time must be provided for extensive planning for all contingencies raised through a merger, including transfer of staff, distribution of assets and liabilities, and costs associated with redundancies.
k	the known and or likely costs and benefits of amalgamations for local communities	As per item g.

l	the role of co-operative models for local government including the 'Fit for the Futures' own Joint Organisations, Strategic Alliances, Regional Organisations of Councils, and other shared service models, such as the Common Service Model	<p>AlburyCity is part of the Riverina and Murray Organisation of Councils (RAMROC), an effective entity for strategic alliances and shared services discussions to help ensure the long term sustainability of the region. AlburyCity considers involvement in a Joint Organisation (JO) will further benefit the region – depending upon the service model applied and the outcomes delivered from the Pilot Joint Organisations.</p> <p>AlburyCity has the scale and strategic capacity to stand-alone, and is well placed to take a lead role within a structured Joint Organisation. The concern would be that another layer of bureaucracy is embedded into local government. To alleviate this AlburyCity sees merit in the regional city in each of the proposed JOs being the "auspice" body supporting its operation, in lieu of a separate legal entity being created.</p>
m	how forced amalgamation will affect the specific needs of regional and rural councils and communities, especially in terms of its impact on local economies	Merging AlburyCity with Greater Hume Shire would not improve financial sustainability therefore AlburyCity rejects any idea of forced amalgamation. There is potentially a reduction in the level of service that can be delivered across the larger area, and reduced ability to meet community needs as communicated in the Community Strategic Plans. Economies of scale and scope and improved strategic capacity could be achieved through an improved (more structured) shared service model.
n	protecting and delivering democratic structures for local government that ensure it remains close to the people it serves	Community concerns regarding loss of local identity and local voice. Ability for local voice and democratic process is diminished if the large regional centre is a significant distance from the community it serves.
o	the impact of the 'Fit for the Future' benchmarks and the subsequent IPART performance criteria on councils' current and future rate increases or levels	The financial sustainability benchmarks may force councils to consider Special Rate Variations in future years in order to meet the required financial benchmarks.
p	any other related matter	

If you have any queries in relation to this submission please contact Ms Kate de Hennin, Corporate Planner.

Yours faithfully

Cr Kevin Mack
Mayor AlburyCity