

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Organisation: Kiama Municipal Council

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KIAMA MUNICIPAL COUNCIL

The Hon. Paul Green MLC
NSW Legislative Council
Chair
General Purpose Standing Committee No. 6
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir

Inquiry into local government in NSW

Thank you for the opportunity to make a submission to the highly important inquiry into local government in NSW.

At its recent meeting Kiama Municipal Council considered the terms of reference of the inquiry and resolved to provide the following points of concern.

- The financial sustainability measures and benchmarks being imposed on local governments do not appear to be consistently applied to other levels of governments and their departments.
- There is concern that some of the IPART assessment criteria have varied in their importance since the templates for completion of the Fit for the Future proposal were released by the Office of Local Government.
- There is also concern that such requirements may not be allowing for the individual circumstances of councils where compliance with the ratios may not be possible or practicable within restricted timeframes.

For example, Kiama Municipal Council is embarking on a major redevelopment of the Kiama Hospital site to create a new aged care centre of excellence. The initial cost of the project will have a significant impact on a number of the ratios within the timeframe set by IPART, however following completion the project will have a significant positive impact on revenue and many of the ratios.

It is suggested that there should be a greater focus on how councils plan to progress to meeting them over the next five to ten years.

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- The ongoing issue of cost shifting and the impacts on local government is an ongoing concern. Cost shifting is impeding local government's ability to deliver services to the community and maintain essential infrastructure. Surveys undertaken by Local Government NSW have revealed it costs ratepayers more than \$400 million per year. Contributions to the NSW Fire Brigade and Rural Fire Services, lack of adequate funding for public library operations and the State Government's failure to reimburse for mandatory pensioner rebates for rates are major examples. Councils are also not given sufficient funding to regulate companion animals, manage contaminated land, control noxious weeds, control food safety or administer environmental legislation.
- The amalgamation of councils does not necessarily result in significant financial gains or efficiencies while the identity of local communities, local decision making and levels of local infrastructure investment and maintenance is put at risk. Professor Dollery of the University of New England has undertaken research and presented reports that show that the service functions of councils do not necessarily reduce in cost as a result of larger councils. In rural and regional areas councils are highly significant employers and the potential reduction of employment and skills by amalgamation can have significant impact on local communities. He suggests that there should be a focus on process change rather than structural change.
- While the NSW Government is presently focusing on the 'Fit for the Future' reform agenda there are many positive recommendations of the Local Government Review Panel such as the establishment of a statewide borrowing facility and review of the rating system focusing on options to reduce or remove excessive exemptions and concessions which should also be actively pursued and implemented.

Yours faithfully

Michael Forsyth
General Manager