

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Organisation: Coonamble Shire Council

Name: Mr Rick Warren

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The Director
General Purpose Standing Committee No 6
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Sir

INQUIRY INTO LOCAL GOVERNMENT IN NEW SOUTH WALES

Council welcomes the inquiry into local government and feels the terms of reference are appropriate and timely. The opportunity to expand upon its brief submission at the hearing stage is also welcomed by Council.

The NSW Government's Fit for the Future Reform Agenda

Council believes the reform agenda was based very much on a 'bigger is better' scenario rather than on performance of individual councils. Several large councils, e.g. Campbelltown City, Blue Mountains, Coffs Harbour, which were identified by the TCorp report as being weak in their Financial Sustainability Rating (FSR) and having either a negative or neutral financial sustainability outlook were rated as "no change" councils, while smaller councils with a stronger FSR and similar financial outlooks were recommended for structural change by the Local Government Review Panel.

The Scale of Local Councils in New South Wales

Councils are service providers to the local community – they are not organisations that exist to maximise shareholders' wealth. Coonamble Shire is a council that has low population density/large geographic demographics. Increasing the geographic size of a country council will not bring about a corresponding improvement in scale. Scale is relative to the nature of the operation of individual councils – it is determined by services provided, capacity of councillors and staff and the accepted service level provided to the community.

To combine two poorly performing councils will only produce a larger poorly performing council. Similarly, to combine councils with contrasting performance provides for disadvantage to the community served by a competent organisation.

The Appropriateness of the Deadline for Fit for the Future Proposals

While overall the timeframe was adequate, the inability of the government to provide detail and then the changing definition / focus on a "rural" council left inadequate time for councils to properly consider and respond to a rural council model.

Councils made assumptions on what a rural council might be and how it would present any submission. This eventually became, in the case of many identified councils within this category, a guessing game as they grappled with ever-changing signals from the government.

Costs and Benefits of Amalgamations for Local Residents and Businesses

Put simply the government, while favouring amalgamations as a solution to a government perceived panacea for all local councils, failed to provide any evidence of benefit from an amalgamation. The best the government could provide is that councils are losing one million dollars a day. When challenged and asked to provide detail, no evidence was provided. It has been clearly demonstrated that cost-shifts from state to local government is in excess of this amount. Councils can point out many cases where services would not be delivered efficiently by a large amalgamated council in the rural setting – the NSW government has provided no evidence of any benefit – the case is simply one of political economics and providing ease of state government interaction with local councils.

Evidence of the Impact of Forced Mergers on Local Infrastructure Investment and Maintenance

Coonamble Shire Council is the largest employer within the shire and this is generally the case with many country councils. There will be reductions of staff through an amalgamation process, mainly affected will be senior staff and general managers. Senior staff that are not classified as “senior staff” for the purposes of the Local Government Act 1993, will have access to award provisions for redundancy that can aggregate to hundreds of thousands of dollars – any perceived efficiencies will need to initially cover these sunk costs. Changes in management structures and work practices may well see a reduction in staff numbers with an obvious flow-on effect to the local economy, resulting in a further population decline that has impact on viability of local business.

Amalgamation of councils in rural areas threatens the viability of communities.

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

There is a role for co-operation between local governments to achieve efficiency and effectiveness. This is actually happening – councils are entering into strategic, operational and procurement joint relationships through a variety of models.

What appears to have been confirmed by the *Fit for the Future* dialogue is that the government failed to understand and know about the extent of this activity. The benefits of working together is well known and practised by local councils.

It is important to recognise that councils act for mutual benefit, where a council does not participate in a particular joint activity this may be due to there being no benefit / only cost associated with such a venture. Councils need to be free to make these decisions – not have them imposed with no benefit. Councils are in the best position to make these decisions – a state wide model, such as a proposed joint organisation, may not result in best value.

Yours faithfully

RICK WARREN
General Manager