

**Submission  
No 113**

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

**Organisation:** Broken Hill City Council

**Date received:** 7/07/2015

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Thank you for the opportunity to make submission in relation to the General Purpose Standing Committee No.6. This submission will address each of the terms of reference separately based upon the experience and knowledge of Broken Hill City Council on the Local Government Reform agenda.

a) The NSW Government Fit for the Future reform agenda.

The NSW Government reform agenda commenced in 2011 at the Destination 2036 event in Dubbo. Over the nearly four years following that event, Local Government has been subject to significant review including the Independent local government review panel process of which final reports were issued in early 2014 and the T-Corp financial assessments and the Infrastructure Audit. In addition to the Independent Panels sector report, the independent review panel released a report specific to the Far West, acknowledging the different challenges faced in our remote communities including rapid social and economic change creating an urgent change not limited to local government but required at all levels of government. This recommendation is now being further researched and considered and as such Broken Hill City Council has not been required to submit a Fit for the Future proposal.

Broken Hill City Council is fully supportive of exploring a whole of government approach to meeting the challenges of the Far West. From a Local Government perspective, Broken Hill City Council was reported by T-Corp as being one of only five (5) Councils in New South Wales to be considered "very weak" and unsustainable. Since this report, council has undertaken significant work to address this situation; however this will not address the overarching social, economic and environmental issues faced by our community. To the contrary, without an increase in funding or whole of government reform, our community will be further disadvantaged.

Our community is low socio economic and requires economic diversification from mining, our population projections forecast significant decline. There are many opportunities to prevent this from occurring, however they require investment. Whilst it is reported that there is substantial government funding in the region, a place based approach to management and allocation of such funds would prove beneficial.

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

Whilst Broken Hill City Council is unable to comment on State and Federal government benchmarks and measurements, the T-Corp Report provided Council with a report providing advice in relation to its financial sustainability using a range of indicators and industry benchmarks.

Council considers that this report provided an overview of its financial position, and based upon the information and strategies in place at the time, considers the assessment of very weak and unsustainable a fair assessment.

c) the performance criteria and associated benchmark values used to assess local authorities in New South Wales.

Across the 152 Councils in New South Wales, indicators and benchmarks should be considered an indicator only, accompanied by explanations for variations. This is common practice, particularly for an organisation that requires a long term focus. As asset managers, many of Councils assets have useful lives of 50 – 80 years and therefore the management and renewal of these assets may have an impact upon short-term benchmarks and trends.

Throughout the period of Local Government review, Councils General Manager has been actively involved in steering groups and working parties to consider key performance indicators for the sector and performance reporting frameworks. These working groups involved stakeholders from across the sector including industry professionals, LGNSW, T-Corp, IPWEA and Office of Local Government Staff. The

purpose of these consultations was to develop indicators and benchmarks relevant to Local Government to assist in driving performance in the sector.

d) the scale of local councils in New South Wales.

Scale cannot be considered in isolation of other factors.

e) the role of IPART in reviewing the future of local government in New South Wales, assisted by a South Australian commercial consultant.

Broken Hill City Council is not in a position to comment as it was not required to complete a Fit for the Future template.

f) the appropriateness of deadline for fit for the future proposals.

Broken Hill City Council has not been required to submit a fit for future proposal.

g) costs and benefits of amalgamations for local residents and businesses.

Broken Hill City Council is not in a position to comment.

h) evidence of the impact of forced mergers on council rates drawing from the recent QLD and other forced amalgamation episodes.

Broken Hill City Council is not in a position to comment.

i) evidence of the impact of forced mergers on local infrastructure investment and maintenance.

Broken Hill City Council is not in a position to comment.

j) evidence of the impact of forced mergers on municipal employment, including aggregate redundancy.

Broken Hill City Council is not in a position to comment.

k) the known and or likely costs and benefits of amalgamation for local communities.

Broken Hill City Council is not in a position to comment.

l) the role of co-operative models for local government.

Broken Hill City Council is not in a position to comment as it is not involved in any joint organisations or Regional Organisations of Councils.

m) how forced amalgamations will affect the specific needs of communities in terms of impact on local economies.

Broken Hill City Council is not in a position to comment.

n) protecting and delivering democratic structures for local government that ensure it remains close to the people it serves.

It is important that the democratic structure of local government is strengthened through reform. The definition of "close to the people it serves" varies significantly across the State, with population density and land areas varying considerably. Therefore it should be said that the democratic structure of Local Government should be maintained and any change to structure best places the people to be heard.

The Far West Initiative currently being researched has the ability to ensure more local decision making and a greater place based approach to the Far West.

o) the impact of the fit for the future benchmarks and subsequent IPART performance criteria on councils current and future rate increases or levels

The purpose of performance reporting and benchmarking is to improve performance of Councils, including increasing their financial sustainability and capacity to manage and renew assets, both issues highlighted for the sector.

Whilst Broken Hill City Council does not have to submit a Fit for the Future template, Council would consider these benchmarks as a guide to ensure a path to sustainability. Without additional external assistance, Councils revenue would have to be adjusted through rate rise to meet the criteria.

The indicator of efficiency titled "Real Operating Expenditure" is a concern for communities with declining populations, not only is this ratio affected by population shift, but often strategies to reverse such a decline require investment and as such expenditure for communities in decline could increase temporarily as these demographic issues are addressed. Once again, if Council were measured on this indicator it would provide a statement as to why the indicator/benchmark wasn't met. There cannot be a black and white approach to measuring Councils against benchmarks without the opportunity for explanation.

p) any other related matter

Whilst the Far West Initiative timeframes have changed over the course of the reform process, it is important that this research and consultation is completed to allow the Far West the best opportunity to explore the benefits associated with a whole of government/place based model of governance.

Council is unable to comment on its views in this area until options become available, however remain supportive of continued involvement and investigation into this approach.