

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

**Organisation:** Bega Valley Shire Council

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PO Box 492, Bega NSW 2550  
**P.** (02) 6499 2222  
**F.** (02) 6499 2200  
**E.** [council@begavalley.nsw.gov.au](mailto:council@begavalley.nsw.gov.au)  
[www.begavalley.nsw.gov.au](http://www.begavalley.nsw.gov.au)  
**ABN.** 26 987 935 332  
**DX.** 4904 Bega

Ref:

2 July 2015

The Hon Paul Green MLC  
Committee Chair  
NSW Legislative Council's General Purpose Standing Committee No6

Lodged via website

Dear Hon Green MLC

***Submission: Inquiry into local government in NSW***

Thank you for this opportunity to lodge a submission in relation the Fit for the Future reform agenda. The following comments relating to the Committee's Terms of Reference are provided for your Standing Committee's consideration.

**Submission Bega Valley Shire Council**

***Response to Terms of Reference***

- a) the New South Wales Government's 'Fit for the Future' reform agenda.
- Generally Council has been supportive of the reform agenda however some items relating to timing and joint organisations have been problematic.
- (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.
- Council made a submission to the Independent Local Government Review Panel and was generally supportive of the approach.
- (c) the performance criteria and associated benchmark values used to assess local authorities in New South Wales.
- The benchmarks as released have in general reflected a pathway already implemented by Bega Valley Shire Council through its Integrated Planning and Reporting process, particularly in relation to asset management and long term financial planning.
  - Council had an issue in relation to the Operating Performance Ratio due to the FAG payment cycle and the 2011-2012 advance payment which resulted in an inflated operating revenue in that year, since then four payments have been made annually in advance. In 2014 only three payments were made and as Council had held the advance payment previously in reserve the Financial Statements record the expenditure but no income hence an operating deficit, hence an operating deficit.
  - In relation to the Infrastructure Backlog Ratio Council does not meet this currently due to the use of the unaudited Special Schedule 7. Council has identified an issue with the

assumptions used to calculate and publish the financial data relating to this ratio. A move to a consistent approach and definitions associated with Special Schedule 7 is required.

- In relation to the Real Operating Expenditure per Capita Council does not meet the requirement of decrease over time. This is impacted by Council receiving many specific purpose grants that alter the level of service offered to the community. Many instances of these grants relate to services expressly requested by the community. If Council were to exclude these grants it meets the ratio time link.
- An issue has been the lack of a criteria that shows the broad range of services provided, particularly in rural and regional areas, and a lack of real consideration of Councils as service providers, often on behalf of State or Federal Government and often with an associated cost shift implication or potential.

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

- Bega Valley Shire Council believes that the scale and capacity criteria used and the key elements identified were relevant and reflected operational effectiveness for Councils.
- The link to the TCorp and NSW Local Government Infrastructure Assessment should have been no surprise to Councils and indeed were used by Bega Valley in reviewing its asset management planning approach and long term financial plan reviews.

(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

- Council have no concern about the appointment of IPART as the reviewer particularly due to the fact that they have now had the role of assessing SRV applications and should have a detailed understanding of local government in NSW.
- Council does however believe that it is critical the broader role of local government as a service provider is assessed

(f) the appropriateness of the deadline for 'Fit for the Future' proposals.

- Bega Valley Shire had already committed to a major review of all our long term planning documents over the 2014/15 year and a full review of services across the organisation. This involved considerable staff effort across the organisation and particularly in the corporate planning, asset management planning and financial planning areas. Staff in these sections were also then being required to divert their attention to responding to the FFTF benchmarks and in preparing community consultation documents to hold discussions on the FFTF package and options.
- There was confusion relating to community consultation requirements of the Council's Improvement Plan and this was hindered with the very late appointment of IPART as the Independent Panel and then IPART's release of its consultation document outlining assessment criteria and how they would undertake their role.
- In order to ensure Council had adequately considered this there was a delay less than a month prior to FFTF submissions/CIPs requiring to be lodged.
- Utilising an online template model for assessment (whilst the conformity of assessment issue is appreciated) has also presented issues particularly in relation to community engagement

and presenting information that would be submitted for consideration. Council developed a standalone document and presentation to aid community discussions.

- Having a discussion with the community around the FFTF benchmarks caused confusion and Council developed a very simple PowerPoint presentation to try and focus the discussion. The online template and discussion of benchmark ratios had little, if any relevance, to members of the community.
- The template moving from the Office of Local Government Fit for the Future website to the IPART site also appears to have caused some issues particularly in relation to upload capacity. This was identified late in June.

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

- There has been a resourcing impact from the release of the Fit for the Future package. Bega Valley Shire Council, assessed as standalone still had to deal with holding discussions with other Councils, rumours and media outlining potential mergers with Eurobodalla.

(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

- This has been an area of confusion requiring clarification with the five pilots not being finally assessed at this time. As a Council formerly a member of the Southern Councils Group (SCG,) we are now no longer formally aligned with a regional organisation of councils.
- This has occurred due to four SCG member councils being identified as members of one of the five pilot JOs – the Illawarra JO. Bega Valley has continued to participate in shared service projects with both SCG and the South East Regional Organisation of Councils (SEROG). SEROG currently has membership of 12 councils and the ACT Government covering: Bombala; Boorowa; Cooma-Monaro; Eurobodalla; Goulburn-Mulwaree; Harden; Palerang; Queanbeyan; Snowy River; Upper Lachlan; Yass Valley; and Young.
- This region has developed an economic and brand project "Canberra Region" which Bega Valley has participated in and supports. The group is also considering a move to become a company limited by guarantee called the Canberra Region Joint Organisation. Bega Valley has advised this group it will wait for the outcome of the State Government's JO model before confirming membership of the appropriate regional body.
- In the State Government package, Bega Valley is identified as a member of the South East Joint Organisation. Membership of this JO is listed as: Bega Valley; Bombala; Cooma-Monaro; Eurobodalla; Palerang; and Queanbeyan. This spread of Councils is one well suited to regional collaboration, resource sharing and strategic planning and is supported.

(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, protecting and delivering democratic structures for local government that ensure it remains close to the people it serves

- The main impact for our region will be the impact on the potential roll out and future operation of Joint Organisations.

(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

- At this time no specific impact is identified as the rates pathway has been set in Council's current adopted long term financial plan.

Yours sincerely

Cr Michael Britten  
**Mayor**