

**REPORT OF PROCEEDINGS BEFORE**

**GENERAL PURPOSE STANDING COMMITTEE No. 5**

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

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**At Orange on Friday 24 October 2003**

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**The Committee met at 9.30 a.m.**

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**PRESENT**

Mr I. Cohen (Chair)

The Hon. R. H. Colless

The Hon. K. F. Griffin

Ms S. P. Hale

The Hon. C. J. S. Lynn

The Hon. I. W. West

**CHAIR:** I welcome everyone to today's hearing, which is the second hearing of the General Purpose Standing Committee No. 5 inquiry into local government amalgamations. We have held this hearing in Orange today to give people from the central-western region an opportunity to hear from a range of councils and other witnesses on issues which I know many people feel very strongly about. On Monday the Committee will hold a third meeting at Parliament House. The Committee is holding a public meeting in Tamworth on 4 November and in Wagga Wagga on 5 November. Transcripts published by the Committee will be placed on the Committee's web site for public and media access. Anyone who misses something today will be able to read the transcript on the web site, and it will be available next week.

I thank all individuals and organisations across the State who have spent the time to send submissions to this inquiry. There is a great deal of interest in this issue and to date the Committee has received well over 200 submissions, and more are arriving. As with all hearings I need to remind any members of the media who are present that the usual broadcasting guidelines apply. Copies of the guidelines are available on the table at the door as are copies of the terms of reference for this inquiry. It is important that the media have regard to the provision of not filming the audience during the hearing. An officer of the Committee may take photographs for official Committee records. However, people in the audience, excluding the media, are not permitted to take photographs during the hearing.

I remind the audience that although this hearing is open to the public it is not a public forum. The purpose of the hearing is to have the Committee hear evidence on oath from the people who are appearing as witnesses. When a large group attends a public hearing about an issue that vitally affects their lives it is often very hard to sit and listen silently. However, order must be maintained at all times. It is important that members of the Committee and witnesses can be heard. Only questions from the Committee and evidence of the witnesses are recorded in the transcript. Members of the audience cannot directly approach the Committee members or witnesses during the hearing. I would appreciate your co-operation on these matters. Finally, I ask all witnesses and members of the public to turn off mobile phones during the evidence as it interferes with the recording equipment.

**MICHAEL PATRICK RYAN**, Senior Director, Technical Services, Orange City Council, Post Office Box 35, Orange, and

**CHRISTINE ANNE HANNUS**, Director, Corporate Services, Orange City Council, Post Office Box 35, Orange, sworn and examined:

**CHAIR:** Are you each conversant with the terms of reference of this inquiry?

**Mr RYAN:** Yes.

**Ms HANNUS:** Yes.

**CHAIR:** Should either of you consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will consider your request. Do either or both of you wish to make a short statement?

**Mr RYAN:** I have a brief statement which addresses the terms of reference. In relation to the adequacy of current funding arrangements for local government, Orange has invoked a user pay philosophy wherever possible. However, a large part of the cost of providing infrastructure for the city cannot be recouped except by charging rates. Regional councils such as Orange provide regional infrastructure on a sub-regional rate base. Whilst citizens who live outside the current Orange city boundary and utilise Orange as their business and community centre contribute to the wealth of the business houses, they do not contribute directly to the cost of providing the council infrastructure they utilise. Orange should therefore have a much larger rate base.

Unfunded mandates imposed by the State Government refer to issues such as law and order, Companion Animals Act, septic tank assessment, Rural Fire Service and NSW Fire Brigade levies and a longstanding matter of a free library service as required by State legislation. Local government in New South Wales should receive its appropriate share of the National Competition Payments Fund as is the case with every other State and Territory where such funds are returned to local government. The erosion of the financial assistance grant [FAG] allocation from the 2 per cent of the Federal income tax pool to less than 0.7 per cent in recent times is also a major concern to local government.

Many councils have identified rate pegging as being unnecessary. However, the rate base for residential properties for Orange is already relatively high. Business and farmland rating levels are relatively low when compared to similar council levels, as shown in appendix 3 of council's submission to the Minister for Local Government dated 11 August 2003. In regard to the effect of unfunded mandates on councils, these effects were explored in some detail in a report by the general manager to council dated 17 June 2002. The report is still current and a copy is attached as appendix A for perusal.

In relation to the local community's expectations of service provision by local government, local government is expected to have a high degree of accountability to and availability for its local community. It is expected: to attract development opportunities by creating effective and desirable infrastructure; to invoke sound planning principles for land use and infrastructure creation; to provide a desirable and acceptable level of infrastructure for cultural social and environmental facilities, including auspicing programs on behalf of other government instrumentalities; to promote sport, tourism and economic development opportunities; and, above all, to provide a high level of service for rates and charges paid, that is, value for money.

The optimum organisational structure to efficiently deliver better local government is one which: has the financial capacity to maintain and replace its assets; has the necessary staff expertise for specialised roles such as the Roads and Traffic Authority single invitation contracts, heritage advice, risk management implementation, information technology/computer development and environmental management; removes the duplicated roles of mayors, councillors, general managers and directors and frees up funding for the essential works of asset maintenance and replacement; provides district works depots to ensure works and services are provided to the less centralised areas; provides precinct committees to ensure the interests of the less populated villages and districts are

well represented; provides employees with the opportunity to participate in enterprise agreements; and provides appropriate planning knowledge for sound land use on an overall basis.

The criteria by which amalgamations, boundary changes or major reorganisation of council areas should be decided should include the following objectives: ensure long-term financial viability of regional centres; a common community of interest; ability to establish and maintain a regional infrastructure; show economic benefits to stakeholders; an ability to adequately service the whole area; and an ability to promote and develop a regional image.

In relation to the methods by which any such changes should be implemented, change will be naturally resisted therefore such change must be imposed after a process of public consultation has taken place. The State Government has a leadership role to play in the matter as members and senior staff of local government are not going to promote a reduction in their own numbers. Such vested interests will be protected and change therefore resisted.

In relation to the views of residents and ratepayers of Orange City Council on amalgamation, the issue has been widely publicised by way of 16,000 mayoral messages sent to every ratepayer, and daily radio messages over two months with virtually no response from any ratepayer or resident. A total of two letters were received from ratepayers who were also ratepayers in Cabonne council area objecting to the proposal. The objections in the neighbouring council areas seem largely to be driven by those with a vested interest in the result and are certainly fuelled by misinformation as evidenced by copies of press clippings I provide.

In regard to the financial implications of amalgamations for financial assistance grants [FAG], it is likely there will be some changes to the allocation of funds under the FAG system due to the results of the current cost shifting inquiry. Advice received from the commission indicates little change in the short term. I have no other formal comments. However, council representatives will be pleased to elaborate on any aspect of these comments and how they relate to council's submission to the Minister dated 11 August 2003.

**CHAIR:** Do you wish to make an opening statement?

**Ms HANNUS:** Nothing in addition to that.

**CHAIR:** The committee has heard a lot of discussion about unfunded liability. Would you describe specific ways that you can see expanding local government coming to terms with ways to raise the capability of funding?

**Mr RYAN:** As stated earlier, we have a report from our general manager which addresses the issue of unfunded mandates—for example, in 2003 the increase of more than 13 per cent of the levy of the NSW Fire Brigade, and issues in relation to the Rural Fire Services, the Dog Act, GST, law and order. There is no recognition of those things coming from the State Government and probably the first step to address issues would be for everybody involved to recognise that it is a real problem for us, and to introduce some sort of funding system to meet the shortfall. Until that is done I cannot see any way forward at all.

**CHAIR:** Orange City Council provided the committee with a copy of its proposal to amalgamate with Cabonne and Blayney shire councils. Would you summarise how the proposed amalgamated council would be able to provide efficient and responsive service to all residents in that expanded area?

**Mr RYAN:** We see the major issues as the duplication of administration through the three council areas. Immediate cost savings would be made by just the reduction in mayors, councillors, senior staff and we have estimated that in the order of about \$680,000 but there will be much greater savings once the amalgamated council is in place. Much of that is in administration costs, having three structures to do virtually what could be done by one structure. We see the benefits that accrue from the amalgamations as going back into services for these communities, directly back into things like roads in the shire areas. The benefits can be transferred directly from the amalgamation out into services for the communities.

**CHAIR:** Have you worked out a strategy for an expanded Orange City Council to deal with roads and services and give, say, someone presently living in the far corner of the Cabonne shire access to information and services?

**Mr RYAN:** Not having full knowledge of the issues that those people face, I would find it difficult to be too definitive, but the method that we will use to communicate with the various outer areas of the shires is to set up precinct committees that will have direct access to council. The voice of the community should be heard through that medium. We at present do this with a couple of villages within our own area, and it works very effectively.

**CHAIR:** At page 28 your submission notes, "The new Council will need to use a range of community access and involvement techniques in order to overcome any perceived loss of representation ... " Do you think the precinct committees would do the job and satisfy the concerns of people in those outlying areas? Secondly, do you have at present a mechanism that facilitates adequate representation to council through precinct committees?

**Mr RYAN:** Yes. We have something in the order of 45 committees that at present operate within council, and each of those committees has a chairperson who is one of the councillors, and each committee reports directly back to council, with a set of recommendations, so that the full council then is able to make informed decisions relating to those committees. We would see these precinct committees as working in much the same way. The committees would then have a business paper which would address issues in their particular areas, and they would then come back to council for council to making decisions on their problems.

**CHAIR:** In terms of a change in area and administration, do you foresee a public voice through a vote, whether yes or no, and how would you go about that?

**Mr RYAN:** On whether to actually have amalgamations?

**CHAIR:** Yes. Before that comes about, is there any opportunity for the community to participate?

**Mr RYAN:** Not in a formal sense. As we have said in our statement, we have widely publicised the whole issue within our community. There are 37,000 residents in Orange, and we have had two people who have voiced any opinion at all. It appears to us that if people are getting good value for money and getting good services, whether it is a larger council or not is immaterial.

**The Hon. CHARLIE LYNN:** Councillor Ryan, in your submission you say "Immediate savings in the order of \$680,000 would result from reductions in senior staffing and elected representation and other areas of administration." What savings do you see in elected representation?

**Mr RYAN:** I think the proposed reduction is 35 back to 15. I think the cost savings are in that governance factor within council, with councillors' fees and the cost of administration, and senior staff particularly interacting with councillors. So the savings are identified there through councillors' fees and the costs of administration of 35 councillors, as opposed to 15.

**The Hon. CHARLIE LYNN:** How do you intend to address the concerns that current councillors and other councillors and their constituents would have in regard to amalgamation?

**Mr RYAN:** Most of the concerns that we have seen are unfounded. Loss of representation has been cited as one. We have provided figures in the submission. I think the amalgamated council would have one councillor to about 3,700 voters—which is in line with what larger areas in New South Wales currently have, and they work pretty well. One of the major fears appears to us to be loss of access to councillors—and, as I say, with the larger councils that does not appear to be an issue. I think the other major concern is that small towns will suffer because of staff relocations to a larger council base, say in Orange. Again, we do not see that as an issue. At present, a lot of our staff live in the Cabonne shire and travel each day to Orange; and a lot of the Cabonne staff live in Orange and travel each day to Cabonne. I think where people are going to live is more a matter of choice about where they want to live rather than where they work. The furthest point in an amalgamated council is,

approximately 1 hour away from Orange, and the larger villages approximately 30 minutes away. We do not see the loss of those sorts of things as being relevant.

**The Hon. CHARLIE LYNN:** Here we are talking about economic savings, but obviously there will be a social concern among those people about feeling more isolated or alienated. Would you see a need to have communication practices in train during that transition period to address those concerns, if it went that way?

**Mr RYAN:** Apart from the precinct committees mentioned earlier, the sorts of things that we would be doing would include getting out into the community and meeting one-on-one with people, if necessary, and talking through the issues and having quite a lengthy period of consultation with people who are concerned.

**The Hon. RICK COLLESS:** Mr Ryan, could you briefly summarise what you see as the roles and responsibilities of local government?

**Mr RYAN:** We have set that out in the submission. They seem to be changing all the time. Going back, people spoke about the three Rs—roads, rates and rubbish—being the major issues. But, of course, we are finding more and more that—apart from the basic infrastructure services, which are a given—there is a much greater demand on councils to meet social obligations. We are very heavily involved, under the State Government's auspices, in dealing with matters like aged care, day care for children and a lot of those social issues which, back in time, were not a primary role of local government. Economic development and tourism are very much a focus of ours. We spend \$1.2 million a year just on that. There is in the community an expectation that we have got to lead in those areas. So we see the whole scene as a shifting one, with people's expectations getting greater and greater. That is why we think it must be hard for the shires to put the necessary resources into those particular areas. It is a shifting scene.

**The Hon. RICK COLLESS:** You mentioned community expectations. Would those roles and responsibilities be changing in line with community expectations?

**Mr RYAN:** Yes.

**The Hon. RICK COLLESS:** Given you have just outlined to us what you regard as the roles and responsibilities of councils, community expectations and so on, do you believe the current funding arrangements are adequate, particularly in relation to the ability of councils to raise local revenues—rates, fees and charges and so on—and the various grants that you are able to access?

**Mr RYAN:** Yes. As I said earlier, we have rate-pegging, and as a council we are not opposed to that in the sense that our rates are fairly high anyway. The problem is that the costs of many things we do are increasing at greater than 3 per cent. The cost of infrastructure-type things, roadbuilding and those types of things, are increasing at a much greater rate than 3 per cent. So, to artificially hold rates at 3 per cent, particularly for councils which start off from a low rate base, makes it very difficult for them to make ends meet. They can put in submissions for increased rates to cover that, but there is a lot of pressure from their communities not to do that.

Then, with the unfunded mandates that we have had imposed upon us, we make ends meet okay at the moment, but we have made projections that if we are to provide in ten years time the same level of service that we provide now, we are going to be well behind. And there will be more demands on council as well. So I do not think lifting the restrictions themselves is an answer. I just think there needs to be more recognition from both Federal and State governments of what is happening out in the field.

**The Hon. RICK COLLESS:** You call your proposal an amalgamation. Do you see any other options for a different structure to be used for local government, rather than just bigger councils? I mean, this whole issue is being viewed by many communities simply as amalgamation, rather than as a reform, if I can draw a distinction between reform and amalgamations. If you had your way, what other change would you like to see in the structure of local government besides merely bigger councils?

**Mr RYAN:** In reality, there cannot be any reform without amalgamation. I mean, with voluntary reform, there are too many competing interests, with people not wanting to give up what they presently have, or not wanting to change from what they presently do. I think that without amalgamations there cannot be any realistic reform. We have seen before where, under pressure, various councils come together and have some resource-sharing arrangements on certain types of projects. These arrangements last for a short while. But the reality is that, unless there is some authority to make those things happen, they will not happen. Resource sharing is the one talked about most in regard to reform. It is a fine ideal, but without some authority to make it happen, it will not happen.

**Ms SYLVIA HALE:** Mr Ryan, I note in the attachment to the material that you have provided us is this quite strongly worded statement, "The State Government adopts double standards in their dealing with local government, particularly in New South Wales, where rate-pegging has been popular." You then go on to suggest there had been no limit on increases of State Government fees charged to local government, though the New South Wales Government had pegged council rates. It says also, "The New South Wales Government treats local government in a more unfair manner than even the other States and Territories." You have obviously enumerated quite a few examples. In this context, do you think, rather than looking at absorbing councils, it would be more appropriate to be directing your attention to the State Government's shortcomings, and to the fact that amalgamation, or absorption or boundary changes really will not solve the fundamental problem?

**Mr RYAN:** I think they go hand in hand. I think if local government does not reform itself, it cannot really go to the State Government and say, "We want you to do things for us." I mean, if we are running councils that are inefficient because of the numbers of them, and if we do not reform, it is very difficult for us to go and say, "We want you to reform those things that are a problem for us."

**Ms SYLVIA HALE:** Would you agree that a lot of anxiety that has been produced as a result of these proposals for structural reform has been about the potential loss of employment for rural centres and the flow-on effect to schools and hospital services?

**Mr RYAN:** Yes, I have seen correspondence from the unions regarding this matter. We see it the other way. The only people who will lose their jobs out of this are the general managers and people like myself in senior positions. The money that will become available from the amalgamation will be used to generate greater employment where needed, either doing work or other services that councils provide. Rather than a loss of employment, we see greater employment coming out of it, particularly for those people who are most concerned about it.

**Ms SYLVIA HALE:** In other areas, particularly Sydney, there are regional organisations of councils. Admittedly the organisations have no statutory status, but do you see such resource sharing as beyond the reach of Orange City Council in co-operation with other councils?

**Mr RYAN:** We presently do that through an organisation called CENTROC, which is the Central West Regional Organisation of Councils, in which all councils work closely together on regional issues. That works very well, as do the other organisations including the Western Sydney Regional Organisation of Councils, known as WSROC. We are talking here about structural reform rather than co-operative councils.

**Ms SYLVIA HALE:** Given the financial constraints under which local government operates, particularly in regard to the expectations of the State Government, the amount you would save in councillors' and mayors' fees would not be sufficient to offset the loss of local representation? There would be a greater area to be covered with fewer councillors and, therefore, local communities would lose out.

**Mr RYAN:** No, I do not think so. As I said earlier the ratio of councillor to ratepayer or resident is in the order of 1:3,700. That is fairly consistent across the State.

**Ms SYLVIA HALE:** You will have two precincts operating and your proposal is that precincts would come into play to facilitate community interaction. Did the precincts have any input into the preparation of your submission?

**Mr RYAN:** Not the present precincts, no.

**Submission tabled.**

**CHAIR:** It is obvious that you have had a long experience with councils. I was not aware of the travelling times involved and the resource sharing. Your comments will be of value to the Committee's deliberations.

**(The witnesses withdrew)**



**MAURICE ANDERSON SIMPSON**, Mayor, Weddin Shire Council, Post Office Box 125, Grenfell, affirmed and examined:

**GLENN ANTHONY CARROLL**, Director Corporate Services, Weddin Shire Council, Post Office Box 125, Grenfell, sworn and examined:

**CHAIR:** Are you each conversant with the terms of reference of this inquiry?

**Mr SIMPSON:** Yes.

**Mr CARROLL:** Yes.

**CHAIR:** It either of you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will consider your request. Do either or both of you wish to make a short statement before cross-examination?

**Mr SIMPSON:** With the Committee's indulgence Mr Carroll will present the information on the overhead projector, and I will speak to it. That is the best we can do at short notice. We have tried to address the questions you forwarded. The presentation states:

**a) The adequacy of current funding arrangements for local government**

Weddin Council over many years has instituted a long-term policy of **minimising rate increases within the shire, particularly to rural properties**—

that has probably worked against us a little—

Weddin's average Farmland rates at \$756 per assessment are now **30% lower** than the lowest neighbour (Cowra—\$1091) and **57% lower** than the highest neighbour (Bland—\$1755).

the government's **rate pegging policy** prevents Weddin from increasing its rate income to a comparable level, and now acts to restrict income.

there is significant reliance on **grants**, particularly from the RTA. These grants can be irregular and poorly scheduled, but council has learned to cope with this.

**b) The effect of unfunded mandates on councils**

**rural health** arrangements have deteriorated and Council has had to step in as both negotiator and financier to help attract replacement doctors.

annual increases for both the **NSW Fire Brigade** and the **Rural Fire Service** have far exceeded Council's rate pegging increases.

the closure of a local railway line between Greenethorpe and Grenfell has forced grain handlers to use road transport with consequent increased damage to Council's roads.

increased pressure (through the transport industry) to operate **B-doubles** is forcing Council to upgrade the road network with no additional funding.

premiums have significantly increased for workers compensation and public liability **insurance**, following government failure to take early corrective action until a crisis point was reached.

Council has established a Community Technology Centre with initial grant assistance, but will have to fully fund the Centre after two years.

**c) The local community's expectations of service provision by local government**

expectations are **increasing**.

**waste recycling** is an example where reception facilities are available at Grenfell and Greenethorpe, but no income is received.

Council has been forced by public pressure to become involved in health and medical issues by:  
providing a residence and surgery to attract a new doctor,  
purchasing a surgery to retain another doctor,  
providing and fully equipping a dental surgery.

Council has had to take over the operation of the last remaining **taxi** to ensure the continuation of this service for its elderly residents.

Council has **financially assisted** the local Preschool/Long Day Care Centre, the Music Club, the Henry Lawson Festival of Arts.

Council is undertaking joint projects with the Senior Citizens Welfare Committee, the Rotary Club, the Lions Club, and various village committees.

Council continues to have to underwrite annual losses for its swimming pools—

this year it was \$66,000 for two pools —

and caravan park (\$25,000) as community amenities.

**d) The optimum organisational structure to effectively deliver better local government**

Weddin's current organisational structure consists of three functional departments:

- (i) Corporate Services/Financial
- (ii) Engineering
- (iii) Environmental Services

in larger population centres, a **Community Services** department may be warranted. There is insufficient demand in Weddin Shire.

**experienced senior staff** are crucial: these people are difficult for a small council to attract while ever amalgamation is a threat—

and that is having a direct threat on us—

the structure needs to take account of the need for **community access to councillors and staff**, which raises the issue of adequate representation.

**e) The criteria by which amalgamations, boundary changes or major reorganisation of council areas should be decided**

Criteria may be different in rural and metropolitan areas

Important criteria are:

- level of performance (financial and operational)
- level of representation
- maintenance of employment levels in rural areas
- preference for wards
- contribution to local identity
- preference of the local community

**f) the methods by which any such changes should be implemented**

a **study** should be carried out to establish possible benefits/disbenefits

as well as financial and operational matters, the study should include **social and community considerations** and effects.

residents and ratepayers should have the opportunity to **voice their opinion**, possibly by a non-compulsory vote.

**g) the role state government should play in any changes**

- the government should be responsible (as it is now) for monitoring performance and identifying non-performing councils.
- the government should be responsible for the investigation studies.
- the government should also be responsible for undertaking and funding any plebiscites through the Electoral Commission.

**h) the views of residents and ratepayers on amalgamation.**

- residents and ratepayers should have the opportunity to **voice their opinions**.

- **letters to the editor** give people a public outlet but not everyone has the confidence to do this.
- **petitions** can be useful, with over 1,100 people signing a resident-organised petition against the amalgamation of the Weddin Shire.
- Weddin conducted four **public meetings** attracting over 500 people, with all except one individual opposing any amalgamation. [After, he said he had made a mistake, but we had to be fair.]
- a non-compulsory **plebiscite** may be the best system.

**i) The financial implications of amalgamations for financial assistance grants**

- it is understood that the FAG for a combined area would generally **be less than** the combined FAGs of the component councils.
- this outcome would tend to benefit State and Federal governments more than local government or local communities.

**j) Any other relevant issues**

- Weddin council has operated successfully for many years with **wards**. Local preference is to retain these.
- Council's submission to the Minister for Local Government contains some comprehensive **financial, operational and demographic data**. A copy has been forwarded to your committee.
- the **loss of the council headquarters** and consequent **transfer of employees** from Grenfell would be catastrophic for local employment, the local economy, local schools and local businesses.
- the Weddin shire, and Grenfell in particular, are having great success from the **annual Open Days**, with over 600 visitors in 2002, producing 138 new residents and several new businesses. Grenfell was also noted as having the fourth highest increase in real estate values for Australia in the March 2003 quarter, and the highest in New South Wales. The 2003 Open Days begin today.
- Council is heavily engaged in resource sharing measures with CENTROC which has been extremely valuable, the Southern Special Economic Zone, the Mayoral Round Table, Weight of Loads Group, the Inland Marketing Corporation, Explorer Country and the Central Economic Zone.

**CHAIR:** Your council provided a copy of its reform submission to the Minister for Local Government as a submission to our enquiry. It stated that it includes the surrounding shires and it decided there was no scope for amalgamation. However, a subsequent proposal has apparently been made. Surrounding councils have expressed interest in holding further talks. Is there an opportunity to explore the possibilities of amalgamation of those councils or is your mind made up on the matter?

**Mr SIMPSON:** No, we initiated the talks. We talked with all our surrounding councils at our request and their subsequent agreement. They were very fruitful. We examined the cases very well but we could not see that there was any advantage to Weddin shire at all.

**CHAIR:** You described a number of economic issues and services and significant difficulties. Can you not see any advantage coming from a broader based council area that would resolve some of those problems in terms of financing basic public amenities?

**Mr SIMPSON:** Yes, we do see advantages. In the past two months we have been heavily engaged with Parkes, Lachlan, Forbes and Weddin to really consider very serious resource sharing. We are looking at a major engineering department to be built to top design for the State, if necessary. We are looking at sharing everything from information technology to library facilities and still retain the individual councils. Our councillors and mayors are not paid very much up our way, so it is not a big cost to lose those.

**CHAIR:** The committee appreciates the amount of time put in by various representatives with very little return, and we raised that issue with the Department of Local Government. The committee received a number of submissions from residents supporting the council in its current form. To what do you attribute the level of community support for your council or, conversely, is it their concern or fear of change?

**Mr SIMPSON:** I do not think it is correct to say that they are worried about change. They will accept change, provided it is change that will benefit the ratepayers within the council area. We

are discussing change with them all the time. We have discussed this matter of going into the Parkes Forbes, Condobolin, Weddin which is a very big group with a population of 35,000, and all good councils. It is a great and they are very keen on it. I write about it once a week in the paper.

**Mr SIMPSON:** If someone lives in a far corner of your existing shire what sort of travel time is involved for them to get face-to-face service at the counter with an amalgamated council?

**Mr SIMPSON:** It is not an amalgamation, it is a resource sharing and we would still retain it.

**CHAIR:** I appreciate that, but I am talking if there were an amalgamation.

**Mr SIMPSON:** If there were an amalgamation, the Bland one, for instance, would be catastrophic. The distance would be enormous. If you had to go across to the end I am talking about 2½ to 3 hours of travel. By the time you get to work and empty the truck and get back it is nearly time for smoko, isn't it?

**CHAIR:** You are looking at a sharing of resources between the councils but still maintaining the integrity of each council. Does the sharing of resources have public support?

**Mr SIMPSON:** That one has 100 per cent public support. As I said, the mayoral column takes up half a page once a week in the paper. It takes me a while to write but it covers all the issues. We do not keep anything secret from our ratepayers.

**CHAIR:** I understand that the income of your council is below the \$10 million mark?

**Mr SIMPSON:** It is.

**CHAIR:** What do you say about the argument that it is not a viable unit to operate a corporation, which council generally is?

**Mr SIMPSON:** The argument that we are not viable does not stand up because we have money in the bank and we do not have any debts. We have the highest cash ratios to any shire at which you can throw a stick. A council does not have to be big to be run well. The other day at Junee, Tony Kelly, the Minister for Local Government, said that with over 35,000 people the efficiency of amalgamation falls off sharply.

**Ms SYLVIA HALE:** Did the initiative of the open day, which I am sure has attracted attention right across the State, come from the people or was expertise brought in from outside to suggest that was a useful way to go?

**Mr SIMPSON:** It was initially kicked off by Professor Roy Hall from Armidale University whom we engaged to look at our economic profile. From that we have developed the open days so we are showing initiative and it has been absolutely tremendous.

**Ms SYLVIA HALE:** If you had unlimited finances at your disposal are there any additional community services that you would like to provided that you are not currently providing?

**Mr SIMPSON:** My word.

**Ms SYLVIA HALE:** What are they?

**Mr SIMPSON:** I would try to get broadband that Telstra has supposed to have done for us but has not.

**Ms SYLVIA HALE:** Any others?

**Mr SIMPSON:** That is really the main one. It is a very serious statement that I have made about the lack of broadband in the bush because if you have not got it you suffer a penalty of nearly a 100 per cent cost increase to transmit data, so it is not on.

**Ms SYLVIA HALE:** Presumably that is more a Federal local government initiative?

**Mr SIMPSON:** Yes.

**Ms SYLVIA HALE:** Do you or your residents believe that council is operating efficiently and effectively in providing the services and that the co-operation of other councils will enable this to go forward?

**Mr SIMPSON:** I am sure it will because it is a big group that we are talking about having a look at. We have met, and we have met well.

**Ms SYLVIA HALE:** This structural reform process has brought out a lot of predatory instincts amongst councils who have often thrashed around to see how they can best respond. Has any council, in particular, expressed an interest in merging with you?

**Mr SIMPSON:** Yes, Cowra and Bland.

**The Hon. CHARLIE LYNN:** How far away are they?

**Mr SIMPSON:** Cowra is 50 kilometres and Bland is 100 kilometres west.

**The Hon. RICK COLLESS:** You mentioned that your rates were 30 per cent less than your neighbours. Have you applied for any increases above the limit?

**Mr SIMPSON:** No, just the normal 3.1, 3.5, whatever it is, the allowable increase.

**The Hon. RICK COLLESS:** Obviously your ratepayers are happy with that. Do you think you are able to continue to supply council services at that low rate base?

**Mr SIMPSON:** I think so. We are just about to look at a \$5 million expansion within the town and shire works depot to bring it to EPA standard. We are going to expand our library under the information technology full specifications. We are going to put in more than 1,500 metres of town sewer main. I think we are going all right.

**Mr CARROLL:** The point is we are debt-free so we have the capacity to do these capital projects with our cash reserves. It is about \$5½ million at present.

**CHAIR:** Is bringing your works depot to EPA standards an example of State legislation and conditions that impact on your local council to have to foot the bill to bring yourself up to the standard? Do you get any support from the State for that type of project?

**Mr SIMPSON:** No, we do not get support from the State. You are correct when you say it is a huge cost to comply with, but we have to do it. It is a question of work place safety. It is the cost of bringing it to EPA standard in relation to waste disposal fluids. It is our garbage tips that have got to come up to standard. We don't get any benefit for that at all. I heard another speaker mention government-imposed charges and that is a classic example of it.

**The Hon. RICK COLLESS:** How many councillors are in your council?

**Mr SIMPSON:** We enjoy 10.

**The Hon. RICK COLLESS:** For a population of approximately 3,800?

**Mr SIMPSON:** Yes.

**The Hon. RICK COLLESS:** That gives you a very good representation ratio? What effect would it have on your council if you went down to 1 to 4,000 as opposed to 1 to 400 that you currently have?

**Mr SIMPSON:** Our ratepayers would be absolutely appalled at such a thing. One would have to worry about anyone who says that is good.

**The Hon. RICK COLLESS:** Do you see any merit in amalgamating the corporate services divisions of a number of councils? You said that a problem that smaller councils have with this threat of amalgamation is attracting good staff. Do you see any merit in a model with a completely different structure altogether for local government, say, with an amalgamated corporate services through a number of councils but still maintaining the service delivery as is at present with good representation ratios?

**Mr SIMPSON:** That model is to be looked at in this talk with Parkes, Forbes and Condobolin. As I said, we will look at any of them. We have left nothing not to be looked at, put it that way. We are talking about whether we would run a central mailing system and probably some things that the government has never even thought of. We will probably have a very good model for the State.

**The Hon. RICK COLLESS:** You obviously believe there is room for reform in local governments but you are not convinced that joining a number of councils together is reform?

**Mr SIMPSON:** I agree with everything you have said. I believe that there are tremendous chances to improve local government. We can go ahead and really improve our services but just amalgamating councils without looking at the big picture and looking at all that detail will be the biggest mistake we have ever made.

**CHAIR:** Councillor Simpson, you mentioned there was a problem with attracting and maintaining council staff under threat of amalgamation.

**Mr SIMPSON:** Yes.

**CHAIR:** In what other areas is this threat of amalgamation having a negative impact on your community?

**Mr SIMPSON:** It has actually slowed the shire's works program down, because councillors are feeling a certain amount of fear internally. They ask, "Why should we build this beaut depot, which we have never had for a hundred years, to have some mongrel come and take it over?" Those are the terms they use.

**Mr CARROLL:** There are also, apparently, quite a few young couples who want to build houses round here, and with the threat of amalgamation that building work has been put on hold. So it is actually stalling the building of houses because, at the moment, people are not confident about going ahead with it for the fear of amalgamations.

**Ms SYLVIA HALE:** Would the council be undertaking the building of the houses, or assisting in that respect?

**Mr CARROLL:** No, that is private development.

**Mr SIMPSON:** Council is deeply involved in building houses for senior citizens. We are just about to start a \$600,000 project without any assistance from the Government at all.

**The Hon. CHARLIE LYNN:** Mr Simpson, have you had any involvement with the Institute of Rural Affairs in Armidale?

**Mr SIMPSON:** I think that is Roy Powell's group at the University of Armidale.

**The Hon. CHARLIE LYNN:** I mean, when you are looking at a study—

**Mr SIMPSON:** That is where the study comes from.

**The Hon. CHARLIE LYNN:** What is the main industry of the Weddin shire?

**Mr SIMPSON:** It is an agricultural industry. The main industries in the town revolve around service to that industry, plus grain trading, which is getting very, very big. We have one of the biggest grain traders in the State there. And we have just opened a new metals factory, where ten people are working flat out.

**The Hon. CHARLIE LYNN:** Could you tell us a bit about the esprit de corps of the town? I mean, do you have a local football team, a tennis club and so on? Do you play other towns and so forth?

**Mr SIMPSON:** I am glad you mention that, because I did not want to skite. We play rugby union, and we play it rather well. I think we have won the competition 15 times out of the last 18. We have 80 sporting clubs in the town—but they still reckon there's nothing to do! We are just opening a new skateboard park—it should be opened by Sandra Nori, on the 19<sup>th</sup> I think—so we are looking after the young and the old and the sports. There is a tremendous amount of sport played. We look like opening an additional sports field in the next few months.

**The Hon. CHARLIE LYNN:** So how would you describe the sense of pride in the community?

**Mr SIMPSON:** Well, if you don't play sport, you are certainly left out on your own. It is a mad sporting town.

**The Hon. CHARLIE LYNN:** I notice that the five-year trend of population is -0.2 per cent. Do you see that turning around?

**Mr SIMPSON:** We just got a 6 per cent increase through the open day, so we will knock those figures around pretty shortly.

**The Hon. CHARLIE LYNN:** To illustrate the experience in Victoria with amalgamation, I come from a town of about 1,600 that had its own shire council, and when the depot was moved about 100 kilometres to Bairnsdale that sort of ripped the heart out of the town because it was almost as if the town did not have its own headquarters for all those sporting and social groups that you talk about. How do you think that would impact on the community?

**Mr SIMPSON:** I have indicated that that would occur at Grenfell, in our main town. It would absolutely rip the heart out of the town. I have spoken, as you have, to a lot of the mayors in Victoria, and I have not found too much support for what happened.

**The Hon. CHARLIE LYNN:** What you are saying is that you assess that there would be support for change, providing it is well-researched change and people see it as being change for the better, not change for the sake of an amalgamation?

**Mr SIMPSON:** Absolutely.

**CHAIR:** Thank you very much, Councillor Simpson and Mr Carroll. It has been a very worthwhile session. We appreciate your coming to give evidence to the Committee. Personally, your input on the issue of threat of amalgamation and its impact on the town has been very valuable to the Committee. We will certainly discuss that in our deliberations down the track. Thank you very much for appearing.

**Mr SIMPSON:** I thank the Committee for giving us this time and opportunity.

**(The witnesses withdrew.)**

**PHILLIP CHARLES PERRAM**, General Manager, Bathurst City Council, 42 Koonong Place, Bathurst, sworn and examined, and

**KATHERINE MARIE KNOWLES**, Deputy Mayor, Bathurst City Council, 65 Seymour Street, Bathurst, affirmed and examined:

**CHAIR:** Ms Knowles, in what capacity are you appearing before the Committee?

**Ms KNOWLES:** As Deputy Mayor of Bathurst City Council.

**CHAIR:** Are you conversant with the terms of reference of this inquiry?

**Ms KNOWLES:** I am.

**CHAIR:** If you should consider at any stage during your evidence that, in the public interest, certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will consider your request. Mr Perram, in what capacity are you appearing before the Committee?

**Mr PERRAM:** As General Manager of Bathurst City Council.

**CHAIR:** Are you conversant with the terms of reference of this inquiry?

**Mr PERRAM:** Yes, I am.

**CHAIR:** If you should consider at any stage during your evidence that, in the public interest, certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will consider your request. Would either or both of you like to make a short statement before Committee members ask you questions?

**Ms KNOWLES:** Yes, thank you. Firstly, I thank you for the opportunity to address this inquiry and also to speak to Bathurst City Council's submission. I would table a further submission, detailing particular issues being addressed by the Committee. I have that further submission here.

**Document tabled.**

**Ms KNOWLES:** Bathurst City Council welcomes the opportunity to support its submission related to the social, political and economic impact of amalgamation on local government in New South Wales.

It is Bathurst City Council's position that local government's effectiveness and efficiency is greatly affected by its structure, funding and relationship with Federal and State governments. National Competition Policy and the Council of Australian Government Agreement also have been significant government reforms that impact on local government. Bathurst City Council has formally responded to the request of the Minister for Local Government, the Hon. Tony Kelly, that New South Wales councils make a submission regarding structural reform—amalgamations or boundaries adjustments, as they have become known.

Bathurst City Council formally resolved to submit to the Minister two possible options for an expanded local government area. Those options are based on the following arguments. First, local government in New South Wales has an inadequate and unsustainable funding arrangement. Severe limitations on the ability of local government authorities to raise revenue, combined with a growth in expenditure, have severely limited and restricted local government in fully addressing the infrastructure, social and cultural needs of its community. In particular, over the past eight years the expenditure of New South Wales councils has grown 10 per cent more than their revenues. Local government taxes are a stable revenue base. However, they do not grow at the rate of other taxation regimes, and they have been constrained by other spheres of government. This, along with cost shifting, significantly contributes to the worsening of the vertical fiscal imbalance in local government financial situations.



Cost shifting occurs in both explicit or obvious and more subtle ways. Obvious ways include recent legislative reforms, such as the Companion Animals Act, and other reforms as outlined in our submission. Some of the more subtle impacts on local government we would describe as Federal and State governments abrogating their responsibilities. These are on issues such as provision of child care, social and welfare services, and cultural and community services to our community. I guess that reflects local government's expanding role in the community. You will no doubt have heard of the rates, roads and rubbish reference to local government. Well, it is not reflective of the services offered by progressive local government bodies, including Bathurst City Council.

Council also believes in the need to position Bathurst and its surrounding region as a significant regional, economic and social centre. This is in keeping with the local government charter to exercise community leadership, provide adequate, equitable and appropriate services and facilities to its community, properly manage the environment, and have regard for the long-term and cumulative effects of its decision. We also believe that unfunded mandates impact severely on the capacity of local government to achieve its charter. The Local Government Managers Association and the Hunter Regional Organisation of Councils have cited examples of the significant effects of unfunded mandates. As an example, in our submission we have raised the matters of the Board of Fire Commissioners. During the six-year period the contributions to the Board of Fire Commissioners have totalled \$683,774. If the contributions were pegged at the same level as local government rating, the contribution would have been \$325,508 during that period. Therefore, it can be seen that Bathurst City Council has lost \$358,266 from its own projects in that period.

For the Companion Animals Act, during the same period council has been required to find in excess of \$305,000 from other projects, and in the 2003-04 year alone is required to find \$60,491 in addition to the rate-pegged expenditure from 1996-97. The insidious nature of cost shifting and rate-pegging becomes apparent only in the medium and long term when the financial integrity of the council is threatened and the assets deteriorate to a clearly unacceptable level.

Our argument is also based on the need for local government to modernise and reform itself. This is an area in which local government has traditionally not been very responsive. That is due both to regulatory and legal requirements being placed upon council, as well as local government's resistance to embracing change. Community consultation is incredibly important in this process. As such, Bathurst City Council held one public meeting, which was poorly attended by its local residents and well attended by residents from the surrounding shires, in particular Evans Shire Council. There were also two formal, open council meetings at which residents were allowed the opportunity to put their case. As well, information was placed on our web site and email site for public access.

All of the councillors, in making their decision, were underwhelmed by the response that the residents paid to that issue. Community consultation, while incredibly important, also must be at about informed opinions; that is the real information about what is happening in local government. It is very difficult to get complex information across to the residents; people are busy and are not particularly interested in how much the levy for the Board of Fire Commissioners impacts on the council's finances. The process must be as consultative as possible to ensure the protection of its residents, although Bathurst City Council believes that history has provided evidence that no change is the favoured response when consultation is undertaken.

Bathurst City Council is of the opinion that doughnut councils unfairly disadvantage the larger city councils. For example, Bathurst City Council, a doughnut council with Evans Shire Council, provides library services to the residents of Bathurst and Evans at the cost to Bathurst ratepayers of \$31.67 per capita and to Evans Shire Council of \$11.38 per capita—that is for the same service. Family day care operates in Evans and Oberon at no cost to Evans and Oberon councils. Bathurst City Council also suggests that that applies to playing fields, cultural facilities, public halls, swimming pools and tourism promotion, particularly in relation to doughnut councils. We adhere to the Premier's statement that this situation is just not fair.

Local government also has excessive duplication of services, which structural reform must address. The Financial Assistance Grants, known as FAGs, are also actively biased against amalgamation. We have detailed examples of that in our submission. In conclusion, Bathurst City Council is electorally accountable for its position on amalgamation, but council also believes that it

must be free to exercise its judgement within a framework of representative democracy. In our submission we have outlined possible ways to organise local government to better deliver services to its residents, including reform of governance structures and the removal of the ability to devolve responsibility and obligations from State agencies. I thank the Committee for the opportunity of putting our case.

**CHAIR:** The Committee queried the duplication of services, it is a major issue. This morning the Committee heard evidence on that and has received other evidence about duplication; that can be resolved through sharing of resources and projects across a number of shires without their amalgamating. Do you see that as a viable? Do you see any pitfalls to that strategy?

**Ms KNOWLES:** Certainly making such arrangements is viable. The position of Bathurst City Council is that it is disappointing that such reform must take place on the instructions of the Minister rather than responding to the duplication in itself. That reflects our "no change" position if nothing is pushed on local government. Referring to doughnut councils, Bathurst City Council does not necessarily agree that resource-sharing is a viable option when one council has a more significant amount of resources.

**CHAIR:** You mentioned libraries. Are there any other areas in which resources are a problem for smaller councils?

**Ms KNOWLES:** Yes, the playing fields. My understanding is that our doughnut council has very few recreational and sporting fields. The community interest of our doughnut council centres around the city of Bathurst and the local government organisation. The examples would be cultural and community services in which the doughnut council is really not in a financial position to offer the range of services that its residents are using, because they are located within the city.

**CHAIR:** You mentioned the cost-shifting and the responsibilities placed upon your council from State Government legislation provisions. The Committee has heard quite a few times that the rate pegging has increased Government charges and conditions are going backwards. Can you see a strategy to recoup lost net income through reform?

**Ms KNOWLES:** Yes, certainly. Having a larger financial base to start with helps reduce some of the duplication, particularly in administration costs and charges, as well as governance. No-one would argue that there is overgovernance in local government, and in our submission we mentioned reform is not only for local government—it is about the way that State and Federal governments structure their support to local government. That is crucial if we are to continue to be viable. Perhaps the general manager would add to that.

**Mr PERRAM:** Fundamental to the reform process, there has to be change in the Government's legislation in respect of the financial arrangements for local government. For example, the need for a State Government and local government partnership is related to the provision of services and that must occur. In future, if the unfunded mandates continue in the manner that they have, no local government within New South Wales will be able to sustain their existing services. On the five examples that we have given, the available funds that we had after rate pegging and after the increase in State Government and other charges, put us at the same funding level we were at six years ago with no allowance for increased costs. And the direct result of that is depreciation in the value of assets, because money is not going back into the maintenance of assets or declining services.

**The Hon. CHARLIE LYNN:** You are concerned about Evans Shire Council. I have seen its submission and it has maintained its identity. How do you think its concerns could best be addressed?

**Ms KNOWLES:** First, I challenge the idea that reforming local government would remove the identity of local areas particularly those with a strong identities such as Evans and Bathurst. A public meeting held by our surrounding doughnut shire was held in the city of Bathurst. The identity is interlinked. In some sense I see it as enhancing the region, not removing its identity. We all see ourselves as incredibly important in local government, but community identity is not based entirely on the name of each shire. When talking about structural reform, certainly Bathurst City Council does not see that as a predatory takeover; it is about changing the nature of local government. It is not about

Bathurst taking over anyone, it is about a new identity being forged based on a broader region rather than what we consider an anomaly at this stage.

**The Hon. CHARLIE LYNN:** You mentioned that at your public meetings there was a fair degree of apathy within the Bathurst City Council area. That may indicate that people are quite happy with the way things are at present.

**Ms KNOWLES:** I am not sure if it is apathy; but perhaps they are happy.

**The Hon. CHARLIE LYNN:** It is not a burning issue with them.

**Ms KNOWLES:** That is correct.

**The Hon. CHARLIE LYNN:** In your submission it is stated that 750 people attended nine community meetings. You mentioned that the library costs \$31 per capita for Bathurst, and the same service cost \$11 per capita for Evans. You think you are hitting the hip pocket nerve more than the community identity. Their fear would obviously be an increase in rates; is that a fair comment?

**Ms KNOWLES:** Yes, that has not been helped by some of the public discussions that invariably take place. Any reform needs to be sensitive to the reality of people's capacity to pay and bear increases in rates. The reality of the angst in our surrounding shire is that perhaps if some of the facilities they currently enjoy were closed off from them, perhaps they would see more clearly some of the benefits associated with local government reform. I do not say that in a patronising way to our community, I am talking about the reality of a doughnut council situation in which a significant number of services are offered to the whole community, yet one group pays more.

**Mr PERRAM:** I add that when Evans and the current Bathurst City Council were formed in 1977, Bathurst inherited three villages that had no services. Those villages have been provided with daily waste services, water, sewerage, streetlighting, kerbing and guttering, sealed streets and all the normal services that are expected in a contemporary society. It is our thought that the funding arrangements for local government—and again I am not being patronising—are not there to extend that style of services without a review of financial areas.

**The Hon. CHARLIE LYNN:** Do you feel that amalgamation would deliver better services to them than they currently receive?

**Mr PERRAM:** Yes.

**The Hon. CHARLIE LYNN:** I suppose one of the concerns would be that if they were to pay the same rates as Bathurst people, they would not have the access to theatres and other facilities that people living in Bathurst have. As they would have to spend a lot of money on petrol to access those services, they could see that as a penalty. Do you see a formula that could cater for those financial concerns, either a lower rate or a subsidy?

**Ms KNOWLES:** Absolutely. When talking about reform on this scale, you would have to look at various rating structures. As I said before, this is not about Bathurst applying its current model and formulas and way of operating to the surrounding regions. This is about the emergence of a whole new system. It will take time to work through that. Certainly equity and fairness need to be factored into the development of those formulas. There is no doubt that Bathurst City Council also believes in the reality of cross-subsidising areas of lower population. That is the basis of a fair society in Australia and it would be continued in the local government area.

**The Hon. CHARLIE LYNN:** One of their concerns, one that is statewide, is the lack of numbers of elected representation. Earlier the precinct concept was mentioned. How would you see those concerns addressed?

**Ms KNOWLES:** You would need to ensure that there were frameworks and structures in the Committee's processes that ensured the protection of the interests of areas that are less populated. I think you also need to be careful in thinking about the way you consult in a very strategic and thoughtful way. We are all aware that when we talk about community consultation with certain

committees, there are certain dominant opinions and dominant agendas put forward in those processes. The previous witness said, "If you don't play sport, you don't survive". The reality is that some people do not play sport and some people do not hold a dominant opinion or position in their region. Their interests need to be protected as well. It all comes back to being electorally accountable as well as adhering to the local government legislation, that will ensure we provide services to all citizens.

**The Hon. RICK COLLESS:** Councillor Knowles, it has become obvious to me from listening to council witnesses that the larger councils, such as your own, appear to be more supportive of the amalgamation process. The smaller councils appear to be more supportive of alternative methods of reforming local government. Why do you think local government has resisted change?

**Ms KNOWLES:** This is my own opinion, rather than the opinion of my council because we have not canvassed this. I think for too long local government, particularly elected members, it has been considered a lifelong job. Local government is changing and becoming far more sophisticated and we need to take into account that it is not just lots of cups of teas, going to fetes and shows; it is really about good governance and progressing our region. I also believe that perhaps it is reflective of the larger areas being supportive of reform because perhaps they are unfairly carrying the economic burden of providing services. Perhaps also there are legitimate concerns from areas that are less populated that they will be swamped by more populated areas. So in the same way that our council talks about the sandstone curtain, it just goes on, it is extrapolated.

We need to make sure that we put in place—some of that is really about rhetoric rather than reality. I think you can embrace change but that requires leadership and in some ways in smaller areas leadership is hard to do because you are electorally accountable in a very direct way.

**The Hon. RICK COLLESS:** We are all aware of that.

**Ms KNOWLES:** To take leadership on these hard issues is difficult, and to explain complex issues is also very difficult but it should not mean that we walk away from it.

**The Hon. RICK COLLESS:** You mentioned the concern of small councils being swamped by the larger centres and so on, particularly in relation to the issue of representation to which the Hon. Charlie Lynn referred briefly. What is the optimum representation ratio? Is there an optimum ratio?

**Ms KNOWLES:** I do not think there is an optimum ratio. I have not looked at that clearly but I think certainly to have 24 to 35,000 people is probably overdoing it. Certainly local government by its very nature is very responsive to its citizens. As a councillor our current ratio is about 1 to 2,800, and I am certainly very busy but I would suggest that I am adequately able to represent the people that I am elected to do so. But in the increasing complexity of governments to be a councillor, and to be a young councillor who is not a self-funded retiree, it is an incredibly difficult commitment to make. I think that is why perhaps it is also reflective of a very homogenous type of group that make up local government representation.

**Ms SYLVIA HALE:** I note that a concern of smaller communities is that they will be confronting a bureaucracy that will be unaccountable to them and will not understand their needs. I am sure that you can understand those fears because in your report on pages 49,50 and 51 you tell a sad tale of difficulties of council dealing with State Government bureaucracy and how it is unresponsive to its needs. If you say at the council level you are finding those difficulties how do you allay those fears of smaller communities that feel themselves in a similar situation?

**Ms KNOWLES:** Firstly, I find it interesting that I am continually being asked to respond to the views of other residents when perhaps the questions have not been raised about how my residents feel about paying for services. I realise that I am being a bit provocative but despite that I would also ask people to demonstrate in very practical way what their fears are based on. It is unhelpful to be responding to fears alone; it is only helpful to be responding to practical examples of where bureaucracy can lead to, I guess, the stuff-ups that people experience.

With that in mind, the processes of consultation will be incredibly important from a governance point of view because often residents feel frustrated dealing with a large organisation, or

any organisation that is coping with more work than its resources will allow it to complete. Often, as an elected representative, you need to be out in your community hearing of those problems. But certainly you need to put accountability mechanisms in place. So you would need to have systems to identify your responses to faults and reports. Those types of information must come to your governance body. I think those sorts of issues need to be put in place. So, if people say, these are my fears, you will be able to say "Well the reality is that we have a 15 minute or 24-hour turnaround in response to these particular issues." That is the way you allay fears but it is also the way to make yourself accountable in the delivery of your services.

**Ms SYLVIA HALE:** You would agree that since it is Bathurst that is proposing to take over these outlying shires—

**Ms KNOWLES:** that is not what I have proposed—

**Ms SYLVIA HALE:** rather than proposing changes that would affect these outlying shires there is an onus on Bathurst to try to allay any fears that are aroused?

**Ms KNOWLES:** There will be an onus on the new organisation to allay those fears.

**Ms SYLVIA HALE:** Obviously Bathurst has seen that its role is to go out there and possibly absorb adjoining—

**Ms KNOWLES:** With all due respect, the role of Bathurst City Council at this stage is to protect and advance the interests of its ratepayers, and that is what I am doing here today.

**Ms SYLVIA HALE:** Would you agree, therefore, that if its role is to protect the interests of its ratepayers and residents, it does not necessarily see its role as protecting the interests of the ratepayers and residents of the adjoining shires?

**Ms KNOWLES:** If, in fact, there is a new amalgamated or reformed council then it will be its requirement to put all its residents and ratepayers ahead—

**Mr PERRAM:** If I could add, also in that submission are key issues that are listed exactly as Councillor Knowles has said, relating to the residents and ratepayers of Bathurst, and the residents and ratepayers of the extended area. We have endeavoured to put a balance in respect of those issues.

**Ms KNOWLES:** I am not trying to be obstructive, but I just see the issue as different to the way that it is being constructed by you in terms of it is a takeover and we are only concerned with a land-grab. As an elected representative I take my responsibilities very seriously, and any reformed council would need to do so as well.

**Ms SYLVIA HALE:** It is interesting that you describe yourself as "an elected representative".

**Ms KNOWLES:** It is not interesting, it is the fact!

**Ms SYLVIA HALE:** It is an interesting theme that runs through your report, for example, on page 35 you say "The most effective councils are those with fewer representatives making decisions" and later on you say "More effective decision making is probable within a local council authority when numbers of representatives are reduced". This seems to be a very managerialist approach rather than an approach that sees itself as being accountable to the electorate.

**Ms KNOWLES:** There has certainly been debate within our council about that issue as well. The position of the council is that some councils are too large. It goes back to the old debate, if you want to get anything done do-it-yourself; or if you do not want to do anything form a committee. It is about local government structures being too complex and difficult where it will take people three or four months to get a development application for their pergola to be put up because it has to go through that many committees and that many people making a decision about the pergola! It is not about reducing the role of representations; it is about being realistic about the decision-making process and how that decision-making process impacts on its residents.

**The Hon. KAYEE GRIFFIN:** Originally you spoke about Evans and Oberon councils and the services being provided to both those councils. When you referred to 24 councillors were you referring to Bathurst and Evans?

**Ms KNOWLES:** Yes, I was, in those figures.

**The Hon. KAYEE GRIFFIN:** When you talked about a change in the future, it was more in relation to Evans and not so much Oberon?

**Ms KNOWLES:** I made those comments in response to being questioned about resource sharing and different arrangements that do not include amalgamation. There are avenues to make those systems work but when you have an uneven number of resources and infrastructure being offered by a one council there are not a whole lot of benefits entering into an arrangement with another council that does not have those compatible services and infrastructure.

**(The witnesses withdrew)**

**JOHN MICHAEL JOSEPH BYRNE**, Mayor, Evans Shire Council, 7 Lee Street, Kelso, sworn and examined, and

**GRAEME EDWARD TAYLOR**, General Manager, Evans Shire Council, 7 Lee Street, Kelso affirmed and examined:

**CHAIR:** In what capacity do you appear before the committee?

**Mr BYRNE:** As mayor of Evans Shire Council.

**Mr TAYLOR:** As general manager of Evans Shire Council.

**CHAIR:** Are you conversant with the terms of reference of this inquiry?

**Mr BYRNE:** Yes.

**Mr TAYLOR:** I am.

**CHAIR:** If you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the committee, the committee will consider your request.

**Mr BYRNE:** Yes.

**Mr TAYLOR:** Yes.

**CHAIR:** If either or both of you would like to commence by making a short statement, please do so.

**Mr BYRNE:** We welcome the opportunity to appear today. Shires like Evans are a unique representation of rural lifestyle. Their demands and expectations are separate in essence from the rural situation. Local/rural government acknowledges the expectations of its diverse and widely distributed community, and ensures this community has ready access to both councillors and senior staff who can actually make things happen. A city council is formed to run a city. A rural council is created to cater for rural lifestyle and rural values and expectations. This was acknowledged by the State Government in the 1970s when some donut councils, as in the case of Evans, were established. Following the Premier's address to the shires conference in June, we are now almost expected to apologise for our own existence.

The Evans shire has canvassed the views of its residents with a comprehensive community consultation program, and the overwhelming view of those attending was that structural reform of local government must not include any adjustment of council boundaries. This is of particular concern in the case of Evans. The Government might make a move that does not involve full amalgamation. Yesterday I presented a petition opposing any forced amalgamations involving Evans shire to a local State member, Mr Gerard Martin. That petition was signed by 2,357 electors of Evans shire, and that represents about two-thirds of the Evans shire electorate. This is why council is taking the stand that it is. Our constituents want Evans to remain an independent local government entity.

I would like to add a few things, if I may. My own personal view is that local government is a service provider; it is not a corporation with a profit motive. Our villages—and we have nine—are our local centres, centres from which we gain our sense of community and where we look after each other as self-reliant communities. The interests of the people of Evans are looked after by people who live within their communities. Local government is about people.

One of the senior councillors on Bathurst City Council, Councillor Geoff Spring, at a council meeting of Bathurst City in, I think, late June or July, said that Bathurst had enough problems of its own to address without taking on a situation that it does not even understand. It is worthy of note too, as there has been talk here today of precinct committees, that my understanding is that they have virtually no power. I have spoken to people who have been precinct committee chairmen, and the

precinct committees are of little value. It is worthy of note that Bathurst City Council basically disbanded participation of citizens from its own committees several years ago.

**CHAIR:** Mr Taylor, is there anything that you would like to add?

**Mr TAYLOR:** No, Mr Chairman.

**CHAIR:** Councillor Byrne, you commented that Bathurst does not understand. Is that because the cultural differences between the shires are so great? Could you give an example or two to demonstrate that?

**Mr BYRNE:** We do a lot of things to encourage community participation. Throughout the existence of the Evans shire, and prior to that of the Abercrombie and Turon shires, we have done everything possible to encourage participation by the community. In the case of Rockley, it was an excellent park. We provide the mower and the maintenance equipment, and the people do the whole of the maintenance at no cost to council. In the process, they develop between generations a sense of participation within that community. In the village that I live in, Burruga, the community runs its own water supply. The obtaining of grants and such were encouraged and assisted by council, but the community own it. They now own a fully licensed club and a store, and they took over what was the Catholic hall. Most of the halls throughout the shire are owned by the local community, and the council does all it can to assist that process. The local people are part of it.

**CHAIR:** In your submission you are critical of current legislative requirements regarding the Boundaries Commission. Your council says that it believes a poll or referendum should be mandatory in cases of major boundary readjustment, not just for amalgamations. Can you describe to the Committee how you would see a referendum working? I have an example relating to a country area near where I come from, on the upper North Coast, where a small council felt it was swamped by the referendum of a larger council that was seeking to amalgamate. Can you comment on how a referendum would work in a fair way for your community?

**Mr BYRNE:** In our case, we virtually have had a referendum in that the petition to a large extent is a comprehensive expression of the people's wishes in this regard. To run a referendum with the city of Bathurst would take considerable thought. The Bathurst community has not necessarily been engaged. I find it interesting. My wife and I own a property in Bathurst, and with our rate notice came a similar four-page brochure from Bathurst city. It was dated August, yet the city had made its decision at that stage to endeavour to take over other council areas. Yet there was not a mention of that prospect in the brochure. I find that most unusual. The community of Bathurst have not been engaged, except by the people of the shire. I view that with grave concern.

The whole idea of a donut council—as I said previously, in the 1970s—was that it was the Government's intent that the rural sector be protected by its own council of people who thought the same. The urban council was represented by urban people.

**Mr TAYLOR:** The request of the council relating to legislation would mean there would be a poll in all affected local government areas, and that the poll be discrete in each area. The results of that poll will be of critical importance to the Boundaries Commission in its deliberations. The council is most concerned that there appear to be loop-holes in the existing legislation—the so-called boundary adjustment—which means that a major reorganisation of a council's boundaries can be proposed. Although the Minister referred those to the Boundaries Commission prior to his regional review decisions, there is no legislative requirement for that to happen. In the submission the example of the Hume shire is given. It could mean, technically, that Hume shire could be dissolved without an inquiry.

**Ms SYLVIA HALE:** Councillor Byrne, in your letter to the Minister of 20 June you say that councillors commissioned an options paper that was looking at all of its operations. Has that investigation proceeded?

**Mr BYRNE:** Yes. We have, particularly since the year 1999-2000, had a very serious look at ourselves. We were in a awkward financial situation. That has been rectified, to the extent that at the end of this financial year Evans will not have any debt. We run a tight ship, but we run it in



accordance with the expectations of our residents and ratepayers. That is the way the council has always been run. There is within the community a fear that unwanted services might be imposed by, let us say, a supercouncil; that people, particularly within villages within the shire, who have adequate septic and other services, might have other, more elaborate impositions made upon them. Yet they live there because they believe that what they have is substantially adequate.

**Ms SYLVIA HALE:** Bathurst is of the view—and I am sure it is one with which many would have considerable sympathy—that it is providing services, which it has paid for, to people who are not contributing to the cost of the provision of those services. Do you have any response to that?

**Mr BYRNE:** Thank you for the opportunity. We have not had an input into, let's say, the Bathurst Memorial Entertainment Centre. Construction of that is at a very substantial cost, I understand something in the region of about \$11 million. When people from Evans go to Bathurst and use the Bathurst Entertainment Centre, or we go to the swimming pool, we are paying our way. We make a massive contribution, through our agricultural side and through just being there, to the economy of the City of Bathurst.

Bathurst saleyard is now being looked at for major expansion. It is owned by the city, which is looking at something in the region of \$7 million or \$8 million, I understand. They regard that as a profit opportunity for Bathurst city. Yet probably 98 per cent of the livestock originate in the shire. Most of the income of the people of the shire of 5,450 people ends up basically within the economy of Bathurst City. Bathurst is a bigger and better place for that. The catchment area that counts includes people from Oberon, it includes people from Blayney and a lot of people from Lithgow, even people from Orange.

Apart from that, there is the tourist aspect. The travelling public on holidays or a tourist will come to Bathurst, but most tourist attractions are in the shire, and they are in using our roads are. We have to get back to a net; some figures that are bandied about by the city are totally slanted to the city's viewpoint. We have to get back to a net in the end. It is very hard to do that. We would be quite happy about having an independent assessment, by, say, an authority such as the Western Research Institute.

**Ms SYLVIA HALE:** Do you see any opportunities for sharing resources with Bathurst to spread the cost?

**Mr BYRNE:** Yes. We attempted to address that with Bathurst City Council, by invitation. We had a meeting with the mayors and general managers of Bathurst and Oberon; Blayney would have attended the meeting. Last June we received a 1½ page detailed letter from Bathurst City Council addressed to the three councils, Oberon, Blayney and Evans. The letter stated Bathurst wished to discuss these multitudinal points. By invitation they came to Evans and we were, let us say, denied, very early in the piece. The question was: Could any of the concerns raised by Bathurst City Council in its letter of 24 June 2003 be addressed other than by boundary adjustment or amalgamation? A negative response to that question was given by the mayor of Bathurst. We found that objectionable.

**The Hon. RICK COLLESS:** Councillor Byrne, Evans Shire Council has overwhelmingly supported the maintenance of Evans Shire Council and its current boundaries as an entity. Do you see any need for reform in local government? If so, what form should that reform take?

**Mr BYRNE:** Yes, our council has addressed that over some years. We work with CENTROC and have attempted to address things with Bathurst. Over many years we have contributed to the library. Currently we pay \$61,000, but that was considered inadequate. About two years ago there was a \$21,000 lift, since then we have put the CPI into it. We think that that is reasonable. We believe that there is plenty of opportunity to work together, particularly on the planning side. We have engaged a nationwide consultancy firm, GHD, to consult throughout our communities. We have finished the second round. GHD will come back with its report. We have gone to all the villages on two occasions. We would like to work together with Bathurst in a co-operative way, but Bathurst seems to want control.

Apart from the planning there are opportunities with IT, through a workshop; we run a very tight ship and have a small highly skilled, multiskilled workforce. We believe that that expertise can

be utilised in various opportunities by the city. However, in most instances that opportunity has not been taken up.

**The Hon. RICK COLLESS:** Is there an opportunity to take that a step further and perhaps amalgamate the non-service delivery functions of council, such as corporate services and IT. Perhaps Mr Taylor would like to comment on an amalgamated corporate services function while maintaining a decentralised service delivery function, as you currently have.

**Mr TAYLOR:** The short answer is yes. The strong desire of the shire residency is to retain the entity of Evans Shire Council. In service delivery decisions such as corporate services and other behind-the-door functions, Council would be very interested in looking at those. Council has taken this step because it believes it must follow community expression. The entity is important, but certainly there is the potential for discussion on the sharing of resources behind the front door.

**The Hon. CHARLIE LYNN:** Councillor Byrne, in your opening statement you said that you feel that council almost has to apologise for its own existence. I do not think any rural council in New South Wales, indeed Australia, should feel it should apologise for its existence. I feel very strongly about that. You said you have a population of 5,450. If dispersed over nine villages what is your major population centre, your major town?

**Mr BYRNE:** Rockley.

**The Hon. CHARLIE LYNN:** What is that population?

**Mr BYRNE:** It would be 240, probably.

**The Hon. CHARLIE LYNN:** You have very small dispersed population centres without a major heart. What is the population trend in the shire?

**Mr TAYLOR:** From 1966 to 2001 the only council with a higher growth rate was Oberon; Evans was somewhat higher than Bathurst. The location of Bathurst has a lot to do with that. Our development is increasing and we have a lot of new subdivisions. The only difficulty there is that we are in heated argument with the Department of Infrastructure, Planning and Natural Resources over the release of more subdivision opportunities. That is not a thing that is shared by us alone. Oberon, which is also growing at a comparable rate, has the same problem. The growth in our area is very strong, and continuing.

**The Hon. CHARLIE LYNN:** Is that growth more people moving into rural industry or is it a lifestyle choice?

**Mr TAYLOR:** Basically a lifestyle choice.

**The Hon. CHARLIE LYNN:** Would a sharing of corporate resources, as mentioned by the Hon. Rick Colless, be a positive reform? You said your elected representation of your rural base, which provides a lot of economic benefit to Bathurst through saleyards and so forth, is a real concern in maintaining that rural identity.

**Mr BYRNE:** Yes. If there were an amalgamation of Evans and Bathurst the representation that one might expect from a 12-member council, which both councils are, would probably be 2 from Evans and 10 from Bathurst, on a pure 31,000 against 5,500. We believe we would be swamped and that is not what local government is about. It is not the wish of the people of Evans.

**The Hon. CHARLIE LYNN:** Would the concerns be probable rate increases or a lack of priority in regard to your ongoing infrastructure developmental needs?

**Mr BYRNE:** There is a very considerable fear that there would be an appreciable rate lift. Bathurst city councillors have pointedly said so. They said that we are not paying our way, with which I totally disagree. It is more about providing representation to do all the things that make a lifestyle and the community retain its community rural aspect. That is a very considerable fear.

**The Hon. CHARLIE LYNN:** Obviously there is a strong sense of volunteering throughout your shire. How would that be impacted on with amalgamation?

**Mr BYRNE:** Very much so. We believe that the volunteering aspect is brought on by community participation in a multitude of things; that is encouraged by the council, and always has been. That situation does not pertain in the city.

**The Hon. KAYEE GRIFFIN:** Previously you spoke about amalgamations that occurred in the 1970s. You said that there should be a definition between city councils and town councils. That reminds me of a demarcation dispute. Given that you also said that obviously people in Evans use the services provided by Bathurst City Council and, in your words, that the produce that comes from Evans is obviously of benefit to Bathurst and vice versa, is the line down the middle now a little blurred in terms of the services that cross the two boundaries?

**Mr BYRNE:** To a certain extent, but it comes back to a mindset to large extent. Let us say that there is a rural outlook that does not necessarily pertain in the cities. Retaining the volunteering aspect, the community participation, makes for more understanding and a human place in which to live. Throughout our districts we know who is in hospital following a heart attack. It is a multitude of things. And the kids are involved in the situation, it is an intergenerational thing. Unless we can retain that within our community we will have a problem. I understand that four or five years ago Dumaresq and Armidale formed the Armidale Dumaresq Shire by voluntary amalgamation. It is very interesting that Mr John Kleem, of whom I have a lot of respect, assisted with the submissions for Bathurst and Orange councils. He agreed with me at Bathurst's public meeting that the Armidale Dumaresq situation is an absolute failure, to this day. The problems still have not been addressed. Bathurst and Evans are similar to the Armidale Dumaresq situation in size. Whether there was a problem in Dumaresq I am not aware. But there is a big problem there. Mr Kleem also stated that the villages and towns within the Dumaresq shire are going backwards. He volunteered that publicly.

**(The witnesses withdrew)**

**LOUIS TOM KNOWLES**, Mayor, Wellington Council, farmer and grazier, "Argyle" Wellington, and

**STEPHEN JOHN WALL**, Director, Corporate Services, Wellington Council, Lot 1, Avoca Estate, Wellington, sworn and examined:

**CHAIR:** In what capacity do you appear before the committee?

**Mr KNOWLES:** Mayor of Wellington Council.

**Mr WALL:** As Director, Corporate Services, Wellington Council.

**CHAIR:** Are you conversant with the terms of reference of this inquiry?

**Mr KNOWLES:** Yes.

**Mr WALL:** Yes.

**CHAIR:** If you should consider at any stage in your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the committee, the committee will consider your request.

**Mr KNOWLES:** I doubt whether that will be required.

**Mr WALL:** Thank you.

**CHAIR:** Do you want to make an opening statement?

**Mr KNOWLES:** Wellington Council, like all councils, was hit by the bombshell dropped by the Premier at the Shires Association conference when he said that: we had to look very seriously at our size of operations; the size of many councils should be amalgamated or should be reformed; and the budgets, doughnuts, and the financially impaired. We had a problem recognising ourselves with that as our budget is more than double what was suggested, our population has doubled, we are not doughnuts and our latest figures, as shown in the submission, show that we are far from being financially impaired. In the past financial year our figures show that we are one of the few councils that has made quite a substantial profit for the year.

Council had a bit of trouble coming to terms with what we should do. We did not know whether it was a table tennis, football or polo size field. We did not know the size or shape of the ball. We did quite a bit of soul-searching. We believe that amalgamations as such were not the answer for us. The interests of the communities in our neighbouring cities of Orange and Dubbo are far greater than what the people of Wellington are. Community of interest can mean so much for so many people. We have got community of interest that has got a hall and a tennis court and that is a very strong and vibrant community. You do not have to be a city or town to have a vibrant community. These are things that are not spelt out.

I suppose you set out and ask do you want something to be a social impact on your community or do you want it to be an economic rationalist decision for communities? The social communities of towns like Wellington, with five or six villages in our communities, have their own identity, beliefs, schools and all those things that are very important to them. They would be gobbled up and completely disappear if they were taken over by a town like Dubbo, not that I believe Dubbo is a real threat to us.

We talked to all our neighbouring councils and when structural reform was mentioned, it set neighbouring councils very much at odds against each other. When previously they had pretty good working understandings between them, they looked at each other council as being a predator and that, to country people, is totally different to our way of life. It is totally foreign to us. In the city that might be the norm but to country people it is foreign.

We talked to all our other councils, Cabonne and Blayney, in particular, and we came up with a structural alliance, a copy of which I believe has been tabled. We believe it is a fair dinkum way for us to talk to neighbours and is resource sharing that has never been done before. When I say "never been done", every council here has mentioned belonging to a Regional Organisation of Councils [ROC]—an OROC, CENTROC or HROC—but in a ROC with 14-15 councils you do get a saving on your major things but they are too big to have the intimate trust of one another to form close working relationships. The ROC can deal with organisations such as Pioneer or Ergon Energy but it cannot deal with the smaller people.

In the two months of this alliance we have borrowed health and building personnel from another council and we have lent some of our guys on occupational health and safety to train. This is working and in the two months we have identified savings worth nearly \$50,000 which is quite a considerable saving. Community stakeholders do not necessarily want to become big. If we go from a council with 10,000 people into a council with 40,000 the representations will be very small. I have been a lifelong resident of my town and I know the families of 50 per cent of the people in our district. I do not mean to be derogative but you, as representatives on a large-scale, would be lucky to know 5 per cent of your constituents. The bigger a council the more removed it is from its residents. The bigger the council the more party-politically dominated it is. In our council of nine councillors not one has run as a party-nominated person. That is what makes country councils so successful. They are friendly.

On page 10 or 11 of the submission you will find that our debt recovery is approximately 95 per cent (5 per cent unrecoverable) —in big towns it is pretty well double that—and that is because the people that are having trouble can come in and talk to us and we can work out a solution to their problems when they hit hard times. That does not happen in a bigger council. The economic rationalism, I believe, really detracts from the social implications. I really hate the dreaded "A" for amalgamation word, but when you have predatory councils as neighbours you destroy the social fabric of your community. You might get rid of two general managers and a couple of directors here and there but what you save on their salaries goes to pay the additional cost of the salaries further up when the councils get bigger.

You also lose the intellectual fabric from your community because the families of the directors and general managers go to schools in our communities. They are generally the brightest kids in the classes in the schools. Their wives generally come from a trained background rather than an unskilled background, and if they are lost from the smaller communities you destroy its schools and its social fabric.

The main points that we would like to discuss are rate-pegging, which continues to restrict council from achieving what it desires; the financial assistance grants, which have increased, but not at the same rate as the cost of the services that we provide; and meeting community expectations, which we believe we do reasonably well. We have nine consultative groups, which represent our communities. They might only be meeting with fifteen people in a wool shed or a tin hall somewhere else, but we go to the outer parts of our shire to explain to the people what we are doing, see what their concerns are, and try to address those. With bigger councils, I do not believe this would be practicable.

**CHAIR:** Councillor Knowles, I am sorry, but we do have a time limitation. You mentioned Dubbo as posing a threat of possible amalgamation. You mentioned also looking at a strategic alliance with a number of small councils—Blayney and Cabonne with your council, Wellington. Are you saying there is a breakdown of trust between those small councils to the extent that they could not go beyond a strategic alliance, to an amalgamation of those small councils, for example?

**Mr KNOWLES:** Then you would have the problem that I have just been speaking about: you lose the general managers and directors from two of those councils, and the guy lucky enough to get the general manager's job has an increase that equates to one general manager that you have just got rid of. Because it is a bigger area his salary would go from \$120,000 to \$200,000.

**CHAIR:** Not necessarily. I mean, it does not have to be so. I am wondering whether there is a way in which small councils, without the large councils, could strengthen up.

**Mr KNOWLES:** Where you have an amalgamation you cannot have three bosses running it. Whereas in an alliance you have three bosses working together to see where they can help each other out. We believe this will save more than an amalgamation of three councils would.

**Mr WALL:** On the trust issue, the trust between the three alliance partners now of Cabonne, Blayney and Wellington is stronger than it has ever been. I have worked in local government for a number of years, and I have never known there to be such a strong bond between the three councils. The mistrust we are talking about is between the predatory councils and the smaller councils that feel they are under threat. The strategic alliance concept gives us the benefit of being able to pursue economies of scale without losing local representation. We believe that is the thrust of all of this.

In our community of Wellington, at the moment the Wellington Council is by far the biggest employer. We are about to commence construction of a new correctional facility in our local government area, and that probably will surpass the council as the main employer. But, basically, with an amalgamation as such, the removal of an administrative centre from our town would have a severe detrimental effect on our community. The strategic alliance enables us to retain our community structure and our local identity, but also enables us to explore and achieve economies of scale through an alliance concept.

**CHAIR:** The Minister, I understand, is one of your constituents. Have you been able to have detailed communications with the Minister on this matter? He must be very familiar with the council.

**Mr KNOWLES:** And we are very familiar with the Minister. I have known him longer than most of you people have put together. I went to school with him. The Minister's office is always open to us. I do not have his mobile phone number, but I have a contact that enables me to get through to him before lunch every day if I want to.

**The Hon. CHARLIE LYNN:** Are you accepting part of the blame for this?

**Mr KNOWLES:** I suppose you will blame me for a lot of things. Another councillor of the same name gave evidence here just a while ago, but I don't accept responsibility for her statements.

**Ms SYLVIA HALE:** I notice that Wellington Council operates a number of business ventures. Do you think those would be adversely affected if forced amalgamations, mergers or boundary changes were to go ahead?

**Mr KNOWLES:** Some of them could well be. Our business ventures, especially with the Wellington Caves and caravan park, would suffer because I do not believe an amalgamated council would put the same amount of promotion into them as now goes into them. But I am not a financial genius—that is why I have brought Mr Wall along.

**Mr WALL:** At the moment Wellington Council's undivided attention is on our business interests. An amalgamation, particularly with a larger centre, would mean that by default we would become the second or third fiddle in the ranks. I have gained a bit of a reputation of being tight with the purse strings at Wellington Council, and I would suggest that flows through to most people who hold positions similar to mine. If I was juggling the books in a bigger centre, you would prioritise, and your population base gets priority. That is the nature of the beast.

**Ms SYLVIA HALE:** If you had additional resources available to you—for example, if the Government were to fully fund the requirements that it places on local councils—what sorts of improvements would you make?

**Mr KNOWLES:** There are a whole heap of improvements we could make. Burrendong Dam has tremendous potential for tourism. But, because of the title of the land, we cannot develop resorts on it. Government funding for roads over the years has been one of the main problems that has been holding back the bush. Thirty years ago if you had a truck with a gross weight of 30 tonnes that did 60 miles an hour, you were the talk of the town. Today, we have got the same roads, but the State Government is allowing on those roads vehicles that weight up to 65 tonnes and do 120 kilometres an hour. We are not getting paid to bring our assets up to a standard that will cope with the current capabilities of the transport industry and what the State Government has allowed. That is holding us

back. If we got probably \$60 million or \$70 million in one, two or five years, we could bring our road network up to what the industry requires. This funding is not occurring. It is not the State Government's fault entirely. A lot of it is Federal Government fault.

These are things that you do not see happening in the cities. I believe you people come from cities and you see freeways, tollways and everything else, with massive trucks rolling along them. But we cannot do that. To us, that is a major thing holding back industries in the country. If I want to send some sheep to South Australia—not for the boat trade, but for export abattoirs—because I cannot get a B-double into my farm I have got to pay \$2 a head on the sheep. If I can get a B-double and send 700 sheep in one load, that is a fair amount of money that is being saved by me. That is what lack of government or council funding for infrastructure has brought about.

**CHAIR:** Were you using rail at some stage for that type of transport?

**Mr KNOWLES:** It is very impractical to use rail for livestock transport. I can load sheep at my place on Sunday afternoon and they will be unloaded and killed on Monday in Adelaide. Rail is not an alternative.

**Ms SYLVIA HALE:** One submission to this Committee said the loss of rural facilities was encouraging the use of B-doubles and that councils were having to pick up the road maintenance bill.

**Mr KNOWLES:** I think it is a loss of rail facilities, but transport infrastructure is a completely different thing. I can get a load of sheep to Adelaide quicker than you could get them to Sydney when rail was in its heyday.

**The Hon. RICK COLLESS:** Councillor Knowles, if I could follow up the discussion we have been having on road funding and so on. You mention in your submission that you would like funding of a total of 2 per cent to 5 per cent of the total tax take to go towards local government. How do you propose that that should be allocated? Should it be on a per-head basis, or per kilometre of road basis, or on what basis?

**Mr KNOWLES:** At present, all of this funding is worked out on different formulas, for instance the classification of the road. But we have very little autonomy in deciding where that road funding should go. We have to prioritise our repairs. But if we wanted to upgrade our roads, it is nearly impossible for us to do that.

**The Hon. RICK COLLESS:** You also state in your submission that you are committed to reform in local government. You said in your opening statement that amalgamations are not the answer. What form do you think any reform should take, if there is to be reform? You have put before us a very comprehensive submission on the strategic alliance. Is there room for taking that strategic alliance a step more, to a more formal amalgamation of those corporate services functions, if I can use that term, leaving the service delivery functions of the council alone?

**Mr KNOWLES:** I believe there is. We have been looking at the standardisation of our development applications, so that one council can do it, and standardisation of computer software. All these types of things have never happened under the ROC concept.

**Mr WALL:** If I could add to that. As Director of Corporate Services, my ears pricked when I heard you mention corporate services. I think one of the major advantages of the corporate services divisions of smaller councils is their local knowledge. When you have a rates clerk who knows personally half of the people that she is sending rate accounts to, and when you have a paymaster who knows intimately everyone that he is paying, there certainly are efficiencies to be gained by that local knowledge. I do not believe that by throwing two or three corporate services divisions together you will have a reduction in the work force required. Basically, the larger cities and larger council counterparts have more specialised staff and more staff focused on doing one job, whereas the staff working in my corporate services department have a diverse range of functions that they must carry out.

I would question whether the workload will still be there and what sort of efficiencies would be gained by putting three lots of 4,000 rate assessments together. You will still need that

administrative capability. In Wellington at the moment we have a corporate services department of 20 staff. By centralising that function somewhere, those 20 will have to go where the work is. Again, the whole issue is losing people from the local fabric. The 20 people in our corporate services department live in the Wellington local government area. If they have to travel 100 kilometres every day for work, they will not hang around for very long.

**The Hon. CHARLIE LYNN:** That is a bit like the experts of 10 years ago who said we would all have a paperless office today. The theory is not always practical. I am interested in your concept of a strategic alliance. What performance indicators would you expect, because there would have to be mechanisms in that to almost cover the glitches with personality conflict and so forth that would invariably happen at some time?

**Mr KNOWLES:** I do not know where to set the bar, but we have to leave it where it is now in each area and then try to get above it. I instance the single invitation tender for maintenance of State highways. By doing one tender for three councils we can save ourselves between \$20,000 and \$40,000, and save the RTA \$40,000, because there would be one contract instead of three.

**The Hon. CHARLIE LYNN:** In a reform sense, would you see councils agreeing to a strategic alliance as a healthy alternative to an amalgamation?

**Mr KNOWLES:** I believe that one size does not fit all. Communities are unique in their positions. You could amalgamate Walgett and Brewarrina, and Bourke and Cobar, but what would you have? Three-quarters of New South Wales in one shire! No-one would get anything done, they would be too busy travelling.

**Mr WALL:** Talking about financial indicators, even in its infancy, and the structural alliance, the three councils are heavily committed to this and have ratified it at their council meetings. This is not an informal thing that has been thrust together. There is a strong commitment to the strategic alliance concept. Granted it is still in its infancy but we have already identified numerous areas in which we can substantiate true dollar savings by operating in this alliance structure. The gauge will come over time. There are areas within our current management plan at Wellington Council where we have committed funds to projects and all of a sudden we are having a better look at them.

There will be significant savings to our ratepayers by going down the alliance path. But the benefit of it is that we are not getting the negativity of the amalgamation as such. The social impact on our communities is nonexistent. The fabric of our community is at the heart of the concept. We are trying to seek reform in local government, trying to find economies of scale without the detrimental effects of amalgamation.

**The Hon. CHARLIE LYNN:** You say it would take away a lot of the angst about reform, as the representative from Evans Shire Council said?

**Mr WALL:** Most definitely. Our elected representation remains unaltered. That is another thing that is often thrust under the carpet. This morning I was listening to our bigger brother councils, and was quite interested in hearing the ratio of representation. We have nine elected members in Wellington and I challenge any Wellington ratepayer to ring council any day of the week. They will get a face-to-face appointment with our mayor whenever they ask for it. I would like to see the same thing happen at Bathurst City Council, or Orange City Council, but I doubt it would. Basically our nine elected members work—

**Mr KNOWLES:** Unfortunately!

**Mr WALL:** They work and live with our community. That accessibility is there on a daily basis. They are accountable for their decision on a daily basis; they run into people on the street and have to answer their questions.

**CHAIR:** I thank you both for appearing before the Committee in this inquiry. Councillor Knowles, you have clearly added to the information screen. Political debates in communities are



unique and perhaps in your case family debates are unique as well. The committee will take your contributions into account.

**Mr KNOWLES:** We are very passionate about what we have said in our report and I know from informal talks with the Minister that he wants to know more about this.

**(The witnesses withdrew)**

**(Luncheon adjournment)**

**JOHN NEVILLE DAVIS**, Mayor, Blayney Shire Council, car dealer, 36 Olympic Way, Orange, and

**ARTHUR EDWARD LINDSAY WILSON**, Deputy Mayor, Blayney Shire Council, electrical contractor, Crouch Street, Neville, sworn and examined:

**CHAIR:** In what capacity do you appear before the committee?

**Mr DAVIS:** Mayor of the Blayney Shire Council.

**Mr WILSON:** Deputy Mayor of Blayney Shire Council.

**CHAIR:** Are you conversant with the terms of reference of this inquiry?

**Mr DAVIS:** I am.

**Mr WILSON:** Yes, I am.

**CHAIR:** If you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the committee, the committee will consider your request.

**Mr DAVIS:** That is right.

**Mr WILSON:** I understand.

**CHAIR:** Do you want to make a short address to the committee?

**Mr DAVIS:** From the point of view of Blayney shire, we have been heavily involved, like most country councils, over the past couple of months in response to what the Minister and Premier Carr mentioned a few months ago. I want to say from the outset that it is not the State Government nor senior council staff, counsellors, general managers or mayors that should be involved but the sole purpose of the whole exercise is for the ratepayer. The ratepayer should be number one, and everyone else come last. We have treated them in that way in our submissions. I believe that there are some councils that have probably not approached it in the same way, as has been mentioned this morning. From my point of view, we applaud the Government for putting forward structural reform. I believe that no councillor or council should be against structural reform because if it brings a better and more efficient local government to the ratepayer, who is first and foremost, that is what we are there for.

However, we are disappointed with the way in which structural reform has come about. For the life of us we cannot work out what why the Government has not said that 10 councils should go into 1, 5 into 1, 20 into 1 or whatever is the grand plan. Why combine two broke councils to arrive at one broke council? Why combine a broke council with a good financial council and then have one half-broke council? It is ludicrous. As mayor it would be totally wrong for me to suggest that Blayney Shire Council look at any form of amalgamation in our present position with any of our neighbours because it would be irresponsible. I would be acting irresponsibly on behalf of my council and ratepayers.

The good news is that from the point of view of Blayney we have three council areas—Cowra, Orange and Bathurst—chasing us. It is great to be popular when you are not broke. Blayney has nine councillors who, heaven forbid, get about \$5,000 or \$6,000 per year and the mayor gets \$13,000. There will not be many savings there. We do not have any retirees on our council so it is not an old men's club, as has been suggested this morning. In fact, most of our councillors are certainly energetic and enthusiastic and it costs a lot of money to be not only a councillor but even here today. I take as an affront a lot of the information that has been bandied about that ratepayers are basically done and councillors and senior staff can basically make the decisions and not go to the ratepayers. I feel very passionate about ratepayers who I believe are a lot smarter than what is being said this morning in certain other sections.

Blayney Shire Council has one only monthly meeting on the second Monday of the month. All councillors are on all committees—it cannot be any fairer than that. We are involved in everything. The meeting starts at 6.00 o'clock and finishes at 8.30 p.m. We have 1 councillor per 700 ratepayers. If we go into an amalgamated model, for example with Orange and Cabonne, which was suggested from the point of view of Orange City Council, it will be 1 councillor to 3,600 or 3,700. Let me tell you we are not perfect. In our 1 to 700 ratepayers, we still have ratepayers at the end of our shire that we probably do not do justice to. Heaven forbid if it becomes a 3 to 1 situation.

In regard to councillors, mayors or elected officials trying to protect their position, I want you to publicly know that as of the next election—whenever that will be, probably in 3 or 4 years time—I have resigned as mayor. Therefore, I do not have a position to protect and I am not here worrying about the next mayor. At least I am totally independent. Our council has got a total of 65 indoor and outdoor staff, which is about the same as it was 20 years ago. Our ratepayers have greater expectations, greater needs and greater services. We have the State Government certainly, and the Federal Government, pushing things down to us that we have to fund. We were able to do that and were one of the three councils in New South Wales in the past 10 years to be debt-free.

A couple of years ago we won the Bluett award for the best country council in New South Wales for the overall running of our council. We do not have people marching up and down the street with placards saying that they are not getting services and they do not like the council and it should go. At this stage we are only servants to those ratepayers and from my point of view we will not be, and it will not happen, amalgamated. Blayney is certainly different to some of the other rural councils. I am in a position where we looked regionally. We are fortunate to be between Bathurst and Orange, both big regional centres, and we certainly hit the spin-offs. We have got potentially the biggest goldmine in the Blayney/Cabonne council areas which certainly gives us a good financial rate base.

The Government says that amalgamation or boundary changes are for the betterment of the ratepayers. But I think some major councils have said that because of some of these unfunded mandates that the Government has thrown down our way, let us jump on the bandwagon and amalgamate with the more financial smaller councils to help fund their infrastructures. In regard to Blayney being in a regional area and using regional facilities, we have a \$2 million indoor heated swimming pool and complex with gymnasium and Scout Hall which Bathurst or Orange have not got. I do not know whether they can afford it. We can build and fund our own white elephants but we live within our means. I feel very passionate about this because 25 years ago Blayney shire was broke. We put on a special property rate and the ratepayers in the past 15 years had to grin and bear it to get Blayney out of trouble.

Today Blayney is one of the first three councils to be debt-free and we are paying our way. We have a goldmine that brings upwards to \$1 million in rates and all of a sudden we are everybody's best mate. It is sceptical that a report made 12 to 18 months ago in relation to a new boundary changes takes in my village of Milthorpe, about 20 kilometres out and went along a straight line, and up to the goldmine to include that and then came done. One would wonder why a consultant would be so silly to do such a thing. We are doing very nicely, thank you. I appreciate every council, councillor and mayor thinks the same position about his own but I believe that Blayney and Cabonne shires have been used by Premier Bob Carr and by various Ministers in media—television and the newspapers—as the leading small rural shires in New South Wales.

That is why I am confident we are going nowhere, thank you! If we go, there will be no councils at all. There is no way in the world the Government can say, "We want a more efficient local government area, and you have got to do this, this and this." We have proved we can do "this" by joint tendering bitumen, joint bridgeworks and so on. Over the years we have had a lot of these joint arrangements with councils in our area—Orange, Cabonne, Evans and Oberon—and we have now extended that to a strategic alliance, to try to give it a little more puff. When you look past your council area you see councils that have different regulations than your council. They might say a building has to be so many feet away from a fence line, for example, whereas another council has different rules. On costs, fees and charges we think there should be, and could be, a more co-operative and more general approach by the councils. We are very mindful of the particular expertise of some councils. For example, the Cabonne Council has expertise in the wine industry and Orange City Council might have great expertise in tourism. We believe we have expertise in the mining area. So, if projects come up, we know what can be done.

What annoys me is that on the whole of this discussion we are all thrown into the one basket. Everybody thinks we are all the same. That is why we are here today: to make a submission to make sure you know that, from our point of view, we believe we have done the right thing to survive over the last twenty years—from being a broke council—and we do not consider that, under any circumstances, we should be amalgamated. There is really not much more I can add.

However, in the last three months in this region—and I would suggest in the Bathurst-Orange area it is much the same—the boom that has been enjoyed on the coastal fringes has really started in country areas. Orange and Bathurst have certainly seen that in the last twelve to eighteen months. But it has affected Blayney in the last three months. To give you some idea: there were thirty-plus blocks of land sold by the Blayney Shire Council in the last three months—land that has been for sale since the 1970s. We have got an enormous industry base. That is not a brag by the Blayney Council. We have co-operated with Bathurst and Orange over the years—but more particularly with Orange—in regard to industry. We find, for instance, that some industry will not fit into the Orange plan, but could fit into the Blayney scene; and Orange has been very good in that regard.

**CHAIR:** Councillor, I am mindful that we have limited time, and members would like to ask a few questions.

**Mr DAVIS:** I have finished anyway.

**CHAIR:** There is no doubt about your compassion for your local community.

**Mr DAVIS:** Thank you.

**CHAIR:** Regarding the submission that you have made—

**Mr DAVIS:** It was to the Minister.

**CHAIR:** Could we have a copy of that tabled?

**Mr DAVIS:** I was under the impression you each had a copy.

**CHAIR:** We have access to it on the web site, but if you formally table that we will accept it on motion. So, in a sense, we have not sighted it yet.

**Mr DAVIS:** I apologise.

**CHAIR:** Councillor Davis, you mentioned a number of co-operative arrangements between the small councils. I was interested that the Cadia mine straddles two shires. Is that correct?

**Mr DAVIS:** That is right. The original Cadia mine was divided into two, with one half being in the shire of Blayney.

**CHAIR:** How does that work out rate-wise and regarding support from the respective councils? I could be completely wrong here, but I understand that recycled effluent from Orange is facilitating the mining. Is that correct?

**Mr DAVIS:** Yes, and Blayney.

**CHAIR:** Could you briefly tell the Committee how that works out regarding council responsibilities and rates? I am interested because this might be a case of how you can work co-operatively as separate councils.

**Mr DAVIS:** In the last five years, or perhaps even longer, Cabonne, Blayney and Orange have certainly been outstanding in regard to co-operation. There is no risk about that. In regard to the gold mine, because it was in both shires originally Cabonne got perhaps the small portion of the rates and we got a lot because the gold was in our area. However, that has now changed. The gold mine has shifted underground, and the new find is in Cabonne, and that council is getting 80 per cent to our 20

per cent. We had the unusual situation where, Orange being about 30 kilometres away—so about the same distance is Blayney—Orange city got most of the employees to live here. So there was very little that came to Blayney. There were certainly the rates, but that affected many of our rural ratepayers, so a lot of money had to be directed to keeping them happy. There are a lot of industry spinoffs—600 people initially, which multiplied by 2 ½—so you have got to hold your industry. That is why this region has been absolutely outstanding. Orange region, as was mentioned by the Premier, has been the golden egg.

**CHAIR:** Did you sit down and negotiate on the rates? How did you arrive at a formula?

**Mr DAVIS:** The rates were no problem. To get the gold mine up and running a committee of the three councils was formed, and it was agreed between the three councils that my general manager at the time, Ray Hornery, chair that committee. They went through all the hoops of construction and government bureaucracy. We won a local government award basically for demonstrating that three councils can be co-operative and do the right thing.

**The Hon. CHARLIE LYNN:** You would have heard evidence given this morning about amalgamations and strategic alliances. Could you tell us a bit more on your views about the benefits of a strategic alliance as compared with amalgamations?

**Mr DAVIS:** Smaller councils may not have a planning department or appropriate expertise. Cabonne, Wellington and Blayney signed an alliance a while ago, basically to cut costs. For example, Wellington might have three or four planners, meaning Blayney would not have to have that division, and ratepayers would get a better deal for their dollar. That sort of arrangement can be extended into many things, simply by having common land development regulations. It is absolutely ludicrous that the seven or eight councils in our area have different regulations. That is the position all over the State. It is not a case of saying, "The Government said we must live up or perish." We have done this before. Three or four councils, including Orange, put in a joint tender to get all the bitumen work done at the same time, saving \$30,000 or \$40,000. That is only common sense.

This is not coming just from the mayor or the councils. A lot of new engineering people are in directors jobs at the present time, and they are more attune to co-operation. I would think you would not get these sorts of arrangements off the ground 20 years ago, when the old engineer who had had his job for 50 years would take the attitude, "This is my domain and no one is going to touch it." Sometimes there are problems with quality control, service delivery or timing. An example was with the bitumen. Before, this was their own little kingdom. We are trying to open it up and look at it on a regional basis. CentROC was mentioned here this morning That is a group of 14 councils. It is too unwieldy with some tenders, whereas a group of three or four seem to work all right.

**The Hon. RICK COLLESS:** Councillors, firstly, can I congratulate you on the management of your council. Yesterday the Committee heard from the General Manager of Pittwater Council that the only council that beats it at getting reports in each year is the Blayney Council. So congratulations on that. Do you believe there is a need for reform in local government? If you do, what sort of format should that take? I know you are involved in a strategic alliance, but do you believe that that arrangement should be more formalised than it is at the moment, or should it be retained in its current, more relaxed structure?

**Mr DAVIS:** I suppose, if you take a strategic alliance to its nth degree, you finish up with amalgamation. What we are saying—and let us be sure about this—is that there is one thing that cannot be fixed, no matter how you adjust the figures or employ creative bookkeeping: you cannot fix representation by amalgamation. I believe a strategic alliance can achieve the same results while still having representatives on the ground. The expenses for my council and for me are petty cash. So it is ridiculous to suggest that getting rid of my council would save a bundle. That would be absolute madness.

Representation is the crux of the matter. Representation has to be first and foremost in considerations. I believe a strategic alliance has no bounds. It really is a matter of the people driving it. I was talking to the Minister the other day. The Government has had a success already. All councils are looking at themselves, with better results. It could be said, "If you are doing that this week, why didn't you do it last week?" That is one criticism of local government. But we have been doing this for

20 years, because we were broke. That is the main reason we have been doing it. We had only one way to go. If you are talking about efficiencies and doing a good job from the businessman's point of view, I suggest I should be taking over some of the bigger councils if they want to be efficient—not them taking over my council.

**The Hon. RICK COLLESS:** Might it get to the stage where your council, for example, would provide the corporate services function for the strategic alliance and one of the other councils would carry out the technical function, and so on?

**Mr DAVIS:** I see that happening, even with rate notices or paperwork. It would require like councils to be thinking the same way. You would also have to suggest to the powers that be within the operation that they thought of it and take them along. There is no risk that my council has the whole gamut of expertise in different areas, but heaven forbid that I should say, "We should close down our planning department." I would probably have a riot on my hands. But we might suggest giving up something and getting something else. We have got to look at getting costs down and making councils more efficient. That is what it is all about.

**Ms SYLVIA HALE:** It is interesting that Pittwater and yourselves, which are both recipients of a Blewett award, have both come out in favour of proactive proposals by councils to retain democratic representation but think more smartly about administrative costs and overheads. You said that there is a long history of understanding between Cabonne, Blayney and Orange. You said that the requirement for structural reform prompted you to enter into the strategic alliance. All things being equal, would you like to have included Orange in that alliance? Would that have contributed? Is Orange being kept out because of its potentially predatory aspirations?

**Mr DAVIS:** From my point of view the alliance would be left open, there are no set numbers. From my point of view it would gain a lot by having Orange in it, through sheer numbers. We have a beautiful tourism brochure for Cabonne, Blayney and Orange which cost in excess of \$120,000. I have always been an arguer and I know Orange council would disagree with me, but all tourist opportunities are in Cabonne and Blayney, and Orange has the main street! We could not have brought out that tourist brochure ourselves. We split the cost per population; so about \$15,000 for us, and Cabonne about \$20,000, and Orange had to foot the bill of \$80,000 or \$90,000. It is a great co-operative approach that works magnificently. The way the amalgamation was handled was totally unprofessional, out of control, and has put councils at each other's neck. That is not right!

**Ms SYLVIA HALE:** You are suggesting that in some respects it was a counterproductive process?

**Mr DAVIS:** No doubt about that. Most of the submissions have been forwarded to the Government. Most of those submissions will state, "We had to, we could not just sit there." That is not a good enough reason.

**Ms SYLVIA HALE:** One thing that impressed me about the submissions from the smaller rural councils was the role played by volunteers within the communities and the ability of local communities to galvanise their members to provide the services. Social capital is all the rage at the moment, and I interpret this as a manifestation of fashion and something not necessarily obtainable in larger conglomerates, or is more difficult to obtain. Could do, done that pressure might

**Mr DAVIS:** Yes, the better it gets the less likely it is to be personal and less likely that there will be involvement from smaller communities; they are very small. However, it probably depends on the mayor and the councillors. But there can be exceptions.

**Ms SYLVIA HALE:** There is a very close relationship, a small ratio of councillors to residents?

**Mr DAVIS:** Yes. We have about nine villages, and Blayney is our biggest town with 3,000. We visit one village a month over the year, and go back in the next 12 months. We give them a wish list and ask them what they want. Most people are quite reasonable.

**The Hon. IAN WEST:** I ask you to clarify a previous answer. I understood you to say that had the State Government not done what it had done, councils would not have moved?

**Mr DAVIS:** In which way?

**The Hon. IAN WEST:** They would not have done what they are doing now?

**Mr DAVIS:** We have already done it.

**The Hon. IAN WEST:** Not Blayney, but councils across the State.

**Mr DAVIS:** I think you have seen the result. I said to the Minister that he has had a victory already, as has the Premier.

**CHAIR:** You quite clearly communicated that in your experience directors are tuned in to co-operation in the face of amalgamation. You have given a positive view. You said that there had been pressure applied. Earlier the Committee heard that there has been a loss of corporate knowledge and expertise as a result of the pressure of amalgamation and that people may be looking for another job. But who knows which general manager or person will get the job in the bigger council. How do you see that? Is there a threat? Is it having any impact on staff morale? Overall how is it affecting your council?

**Mr DAVIS:** It is affecting Blayney Shire Council from the labourer to the general manager and directors. Everyone is concerned about their job. The deputy mayor and I have had meetings with our indoor and outdoor staff and conveyed to them the same message I am giving now: we will not be amalgamated. Whether I am wrong remains to be seen. That is my positive message. The union movement has expressed the same view at those meetings. If we are one of the top three, heaven help the council that is rated at 149. If the Premier and the Minister put us up as an example, we would tell them to do it our way.

In regards to keeping employees or obtaining new employees, I have just had a change of general manager, right in the middle of this proposal. The former general manager's time was up a week after the Minister's announcement. How difficult do you think it was to get a general manager for a council under threat by Cowra, Bathurst or Orange? I told the Minister that if we were under threat surely he would tell us not to appoint a new general manager. But we did, and we are very happy with the man. He will be there for a long time.

**(The witnesses withdrew)**

**JOHN SIDNEY FARR**, Mayor, Cabonne Shire Council, Post Office Box 77, Molong, and

**STEPHEN JOHN HARDING**, Acting General Manager, Cabonne Shire Council, Post Office Box 77, Molong, sworn and examined:

**CHAIR:** Mr Farr, in what capacity do you appear before the Committee today?

**Mr FARR:** I am representing the 13,000 ratepayers of Cabonne Shire Council.

**CHAIR:** Are you each conversant with the terms of the inquiry?

**Mr FARR:** Absolutely.

**Mr HARDING:** Yes, I am.

**CHAIR:** If you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will consider that request. Would both or either of you wish to make a short statement?

**Mr FARR:** I have been the Mayor of Cabonne Shire Council for eight years, and a councillor for 20 years. My concerns are on behalf of the 13,000 ratepayers of Cabonne. I have been a resident of Cabonne and Boree shires for the past 43 years. I have operated three successful businesses, been on many village and regional committees, and have dedicated 20 years to the community. Therefore, I speak with authority, commitment and knowledge of local government and of small village life and city life. I moved from Bondi Beach when I was 17 years of age. Usually that sort of move is in reverse.

It is a little difficult to follow Councillor Davis from Blayney, because I could ditto his commitment to Blayney. I ask *Hansard* to note that point: I ditto every point given by Councillor Davis. Most mayors of longstanding are absolutely committed to their area. The only thing we do not have is the so-called \$2 million white elephant; but I do not think it is a white elephant. In response to the terms of reference, the lack of funding in local government is well and truly documented. I will not go over that, the Committee has received hundreds of submissions on that, as has Minister Kelly. The State Government needs to put some plan for the future into action, not just for the next three years but probably for 50 years.

Many years ago financial assistance grants were almost put into the Constitution; local government was to receive 2 per cent of the taxable income derived from the Australian people. That slipped away something viciously and eroded down to 0.1 or 0.2 per cent of the total income. Whether State or Federal governments handle the GST, they must be generous in handing it out and not just say it has an \$8 million overload which it will give back to the people of Australia. If that money was given to local government the results of the Roads to Recovery money would have been better—and I know it is a Federal program, and we are controlled by the Federal Government as well as the State Government. The Roads to Recovery program was one of the greatest things for local government ever to come out of Canberra.

Until such time as the Federal Government gets hold of the GST and says that a certain percentage will go to local government, with the increase in CPI, no-one will benefit, because of the unfunded mandates. That is well documented and I will not elaborate on unfunded mandates. They keep coming, along with the indirect mandates, such as closing certain railway lines. Trucks will go back onto the roads, and who will have to pay the road repairs? Local government. If and when railway lines, branch lines, are closed, that is another unfunded mandate.

The Federal Government is paying the States competition policy payments for bringing their competition policies into line. Recently I noted that the New South Wales Government was fined for not doing something but I believe that it was totally unfair. Probably what is serious is that the New South Wales Government is not paying back any of that competition policy funding to local government who are achieving the competition policy for and on behalf of all the State—certainly



Queensland and Victoria are and to a lesser extent some of the other States—and that has got to be taken into consideration. Rate pegging is troublesome for the larger city councils, albeit, if we had a free rein we would all be tied up to the nearest tall gum tree.

The expectation of the local community on service provision varies from town to town, village to village and city to city. People who live in small country villages such as Manildra with a 500 population do not expect bitumen roads, kerb and guttering or an Olympic pool. They are happy with a 13 metre pool and a little hall. They do not want a magic theatre capable of housing 500 people. They do not want grandstands at their recreation ground that will house their population, if not double, which Manildra happens to have thanks to your Government.

Councillor Davis covered why small country communities want to be governed by country people. They do not want to be governed by city dwellers, lawyers, solicitors, real estate guys in a big city. Yeoval was used in the report by Orange City Council and is probably the furthest point from here that is still in Cabonne Shire Council. During one of the Cabonne/Orange/Blayney/Cowra meetings I put to a person who will remain unnamed that if those councils were amalgamated "What happens if the little 50-year-old Yeoval 30-metre pool caved in and would cost \$250,000 to renew?" The answer was "In no way would we put \$250,000 into a pool for a population of 300 people. We would expect them to come to Orange and use our super-pool or to Blayney and use their super-pool."

**CHAIR:** There were a number of proposals in relation to other shires and councils and possible amalgamations or various ways to interpret that. Is there any model that your council will accept?

**Mr FARR:** In the form of an amalgamation?

**CHAIR:** Variations on that theme?

**Mr FARR:** Of the 13,000 ratepayers I believe there were 10 who would like to see an amalgamation. I believe there a 12,990 who not wish to be amalgamated under any circumstances with the City of Orange, and I am speaking for all of them.

**The Hon. IAN WEST:** I hope you are not harassing those ten?

**Mr FARR:** Absolutely not. I would find myself in the ICAC if I did?

**CHAIR:** How did you arrive at those figures?

**Mr FARR:** There were 10 protest meetings called by our communities and some 1,500 to 1,800 people attended. They have all put in submissions. Two organisations are part of those 10 protest meetings and they will talk to the committee this afternoon.

**CHAIR:** Can you see an alliance with other small councils working?

**Mr FARR:** We are part of the Wellington/Blayney/Cabonne alliance. I was appointed as chair for the first 12 months and my general manager was appointed to the secretariat. My first comment was that if it was Bob Carr and Tony Kelly who caused this to happen it was damn good that it happened. Because we tried through CENTROC—our 14 councils group, about which you have heard—to do resource sharing and it was not working. It was too big and cumbersome and a certain number of councils would help one another get bitumen sealing contracts and purchases. The three rural council alliance has got the potential to save millions of dollars. Many other rural councils have heard about it and have written and asked us to hold a seminar about this alliance. We propose to hold one in Wellington in Easter next year. The Minister knows about it and said that it was a great idea in his own home town.

**CHAIR:** I am sure he will pay a visit?

**Mr FARR:** I am sure he will open it for us.

**CHAIR:** In relation to communication with three similar councils in size and country constituency, is there a sufficient difference in expertise and equipment or are you reproducing a lot there, for example, road repair equipment right through to administration?

**Mr FARR:** I heard you ask the previous mayor about environmental services being joined together as a conglomerate. I believe that would be an impossibility because from the tip of the alliance to the bottom of the alliance we are talking about probably 200 kilometres in distance. Even if you put environmental services in the middle, you have still got to drive 150 kilometres. We have put to the nine directors, three from each of the shires, "You get out there. It is your job on the line. It is your questionability. You come up with the good things".

Within one-week Cabonne Shire Council was doing, and has agreed to do, all the single invitation contracts of the Roads and Traffic Authority [RTA] for Blayney. We probably do four times as much RTA work as Blayney because we are 6,000 square kilometres, 2,200 kilometres of roads and we have got three teams of road builders. We are happy to do the work too but that has not come to that, of course, because they want to do the work. Just by taking that one aspect of the engineering department, the new general manager of Blayney reckons he will save \$30,000 in one year on one item.

The health and building surveyor of Wellington went on holidays. What can we do? We cannot get them past Katoomba let alone to Cabonne and Wellington. We seconded our health and building surveyor to Wellington for a fortnight and struggled without that person and that saved Wellington. We have a list of items that have come forward by our nine directors. We have thought about common uniforms, common rate notices and common letterheads between the three councils. There is nothing wrong with, and it has got to save money, one department doing all three rate notices. There are so many instances. Wellington are experts on occupational health and safety and we have been bringing in experts to teach our men which could save hundreds of thousands of dollars over a period of time, or we have sent them to Sydney or Melbourne or wherever we can to get the information.

How often does one see a grader grading a dirt road? For example, Wellington to Parkes has 40 kilometres of dirt Cabonne road in the middle—incidentally Mr Scully gave us \$10 million to fix up that road so that is not a good example. But if our grader goes out he goes to the Parkes boundary then turns around and goes back to Wellington. That is stupid when there are only a couple of miles of road to do all of Wellington and a couple of miles to do all of Parkes. We intend to do that and it must save a damn fortune, let alone save the crippling of tyres doing all those extra turnarounds.

**Ms SYLVIA HALE:** In relation to employment growth you are not a great deal ahead of Orange but you are ahead of Orange and Blayney. To what do you attribute that growth?

**Mr FARR:** As in low unemployment?

**Ms SYLVIA HALE:** Yes.

**Mr FARR:** We have the largest goldmine in New South Wales that employs 600 people, worth something like \$80 million to the region, the majority of which comes into Orange. Everyone gets a job. My hometown of Manildra with 500 people has a zero unemployment rate because it has the largest flour mill in Australia and the seventh largest in the world. It creates 270 jobs in a population of 700 so they come from the region in. Until Reynolds had a hiccup it was one of the largest wineries in the area employing probably 50-80 full-time people and probably 150-200 casuals during peak in time. It will get up and running again.

This is all to do with the strength of Orange. Orange is a very attractive place to come and live. We love Orange. It is a beautiful place to shop. It has excellent health people and some of the best schools in the world. Chinese and Asians come to Kinross-Wolaroi private school into which you cannot get for love or money. Orange has the four seasons and we have the four seasons.

**Ms SYLVIA HALE:** The submission from Bathurst stated that for an extended boundary to incorporate Bathurst and other existing local government areas there would be short-term savings in the cost of elected representation and senior staffing, although management priorities would need to

examine other issues for resource delivery. To that extent the precise level of immediate savings could well be minimal and that pattern has not been uncommon in the history of local government restructuring. What is your comment on that?

**Mr FARR:** I would certainly agree with that. As you well know the amalgamation issue has been going on for years, not just since June. Orange City Council has wanted to borrow us for quite a number of years, as they have Blayney. We know they want the goldmine and the \$1 million per annum that comes from the mine. If I were a councillor on Orange City Council I would not blame it for one moment but I will not stand by and allow it to happen. What was the question, please?

**Ms SYLVIA HALE:** Do you have any sense of a greater responsibility other than a very parochial responsibility to your own immediate electorates? Do you have a wider responsibility?

**Mr FARR:** Thank you for answering that. I am on a health watch committee that is attached to the CENTROC group of 14 councils. There are 22 hospitals and 105 doctors and somehow it is my responsibility to report back to all those 14 council areas about what is going on in the 22 hospitals and why they are losing beds. My horizons are broader than just little old Cabonne, I am afraid.

**Ms SYLVIA HALE:** Are there structures there to adopt a regional perspective as well as the local perspective?

**Mr FARR:** Eight years ago when I become mayor my first visit was to the mayor of Orange. I said that we must have three-monthly meetings to discuss the issues from a regional point of view rather than him in here and me out there. It did not happen immediately but eventually it did. We regularly hold Cabonne/Orange/Blayney mayoral general meetings out of which quite good things come. We are working with them to create a regional resource tip which is in our shire. The staff are working very well together.

**The Hon. RICK COLLESS:** In relation to the alliance, is there room for a more formal model for your council to look after corporate service and another look after technical services?

**Mr FARR:** There would be a reluctance on the basis that general managers who run the show, to a lesser degree down to councillors, would see it as the tip of the iceberg for amalgamation. I have no doubt if we created a regional local environmental plan, for argument's sake, there would be no excuse not to do that very thing. But if the staff heard me say that, they would take me straight out to that tree I was telling you about! In the case of engineering, there is no way in the world you could have one engineering section for such a huge area. Share equipment and staff by all means, but the area is just too large for a single engineering department. We have 6,000 square kilometres; it is bigger than Sydney.

**Mr HARDING:** I would like to expand on what we have been looking at for the corporate services side. Some of it is longer term because of the nature of arrangements within the councils. We are looking at standardising our computer equipment, which would then mean we could establish centres of excellence, so that, for example, rates could be handled by one council, and payrolls by another. It is going to take time to get to that stage. We are tied to a three-year lease with our computer equipment, which is not compatible with the computer equipment of the other councils. But we have also developed expertise. Cabonne has decentralised offices, so that administration and environmental services are located at Molong and engineering services are located at Cudal. The technology that we have developed for interface with computers and telecommunications between those offices we can just as easily spread between the other councils to give a seamless organisation while maintaining independence.

**The Hon. RICK COLLESS:** Do you think by adopting that approach you would end up with all the perceived benefits of amalgamation but without any of the down side? In other words, would you still be getting an appropriate level of representation and local service delivery, but getting the benefits of a combined approach to some of the corporate service functions?

**Mr HARDING:** Yes. It is a large area. One issue we have been looking at is cost shifting. We have managed to get around parts of that through the strategic alliance, and that is the State Records Act, under which councils are now required to identify State records and maintain them in a

fireproof, air conditioning and humidity-controlled environment, with sprinkler systems and so on. Cabonne has recently begun extensions to its main administration building. We built a fairly large facility for that. We are now talking about joining with Blayney and Wellington to meet their requirements for storage under the State Records Act. That should save them in the vicinity of \$210,000 each in capital outlay.

**The Hon. CHARLIE LYNN:** I think we have been a bit overwhelmed today with a breakout of commonsense. We do not experience this all the time in Sydney! It has been very refreshing. If you have in a strategic alliance three key areas, with good community leadership through elected representatives, making general managers work to their plan of what they think is good for the area, I think that is unhealthy trend. It would seem to me that, if you have these three groups of community leaders, and you were to have a rogue leadership element somewhere along the line, you have checks and balances in the system, whereas if you had just one group you would have to wait for the next election to clear out that unwanted element. This is not really a question; it is an observation or summary of the evidence today. I see that as being a positive.

**Mr FARR:** One of the policies of the alliance is to increase our staff, not decrease it, and to do so by savings, which will in turn allow us to provide more services for the community. At the end of the day, that is what it is all about. If the community is happy, the Government should sit back and say, "They are happy up there at Blayney, no-one is whingeing, and there are only 10 in Cabonne who do not want to be there."

**The Hon. CHARLIE LYNN:** Feel free to name them, if you wish.

**Mr FARR:** They are on the front page of a newspaper that came out a few months ago. I probably should have brought a copy of this document for each of you.

**CHAIR:** Would you like to submit that to the Committee?

**Mr FARR:** I would.

**Document tabled.**

**CHAIR:** That is now formally accepted. If anything else arising from today's discussion brings another thought to mind, please put that in writing also.

**Mr FARR:** I would not be bashful about writing to you again.

**CHAIR:** We are flexible. The deadline for submissions has closed. But if things come up, we would be interested in having a look at them. I thank you both for appearing before the Committee today. If the performance of your council is reflected by today's proceedings, we can understand the interest of the community. Thank you very much for your submissions.

**Mr HARDING:** Mr Chairman, could I add two things?

**CHAIR:** Yes.

**Mr HARDING:** If I could correct the statement made earlier this morning about the distance to the furthest point from Orange. The travelling time to Yeoval, which would be the furthest distance in Cabonne, is an hour and ten minutes, not forty minutes. The other matter that I wanted to raise is that, while there has been quite a bit of discussion on amalgamation—and this has come up in discussions I have had with economists—it has not been announced in too many places why we are having amalgamations. There seems to be an assumption that there will be savings just through the magic of the word "amalgamation". I do not think any empiric evidence to that effect has ever been produced. If you have a look at what happened in Victoria, you will find that the imagined savings there actually turned out to be very huge debts. That is another matter that needs to be taken on board.

**CHAIR:** Thank you very much for your time today.

**(The witnesses withdrew.)**

**DOUBLAS MORLEY WOODHOUSE**, Project Officer, United Services Union, 12 Oak Street, Rosehill, affirmed and examined, and

**EDWARD ELLERY**, Union Organiser, United Services Union, 33 Currumbin Place, Bathurst, sworn and examined:

**CHAIR:** Mr Ellery, in what capacity do you appear before the Committee—as an individual or representative of an organisation?

**Mr ELLERY:** As a representative of the United Services Union.

**CHAIR:** Are you conversant with the terms of reference of this inquiry?

**Mr ELLERY:** I am.

**CHAIR:** If you should consider at any stage during your evidence that, in the public interest, certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will consider your request. Mr Woodhouse, in what capacity are you appearing before the Committee?

**Mr WOODHOUSE:** As a representative of the United Services Union.

**CHAIR:** Are you conversant with the terms of reference of this inquiry?

**Mr WOODHOUSE:** I am.

**CHAIR:** If you should consider at any stage during your evidence that, in the public interest, certain evidence or documents you may wish to present should be heard or seen only by the Committee, the Committee will consider your request. Before you are asked questions by members of the Committee, would either or both of you like to make an opening statement?

**Mr WOODHOUSE:** I would like to make a short statement. First, thank you very much for allowing us to make a written and an oral submission to the Committee. Basically, the United Services Union is formally opposed to amalgamation of New South Wales local councils. This policy was adopted by the union's annual conference in 1999 and was reaffirmed this year at the biennial conference. The union notes that the State Government supports a voluntary approach to local government reform. The union will actively oppose forced amalgamations or boundary changes. Where councils are financially viable and have a continuing capacity to represent and service their local communities, then State Government intervention is clearly inappropriate.

Councils are the major employer in many local government areas. In rural and regional New South Wales councils are the backbone of the local community. The council provides fulfilling and secure employment for local residents. They deliver services having regard to the needs of their local communities. Councils fulfil a charter to provide adequate, equitable and appropriate services and facilities for the people of New South Wales.

The experience of the United Services Union over the past four years has been that amalgamations result in: the loss of local infrastructure; a decline in local employment; adverse effects on local business; and, importantly, a loss of community identity. Overall, the experience has been that amalgamations have proved detrimental to local communities. Employees also suffer from amalgamations and boundary changes. The impact over the past several years has seen, just to name a few, job losses, heavier workloads, loss of morale, and the growth in less secure types of employment such as casual work and labour hire. Given the significant effect that local government reform has upon workers and their communities, any decision to alter council boundaries or amalgamate councils must not be taken lightly. Merger proposals should not occur merely for the sake of change.

Where local government reform is recommended, the United Services Union demands that such changes occur only in the context of properly secured employment protection guarantees. The promises made in 1999 by the former Minister, the Hon. Harry Woods, remain relevant today: The

Government must ensure: no forced redundancies for at least three years; salary maintenance; protection of conditions; preservation of all leave and superannuation entitlements; and no unreasonable relocation of staff. The latter is very relevant given the nature of this inquiry.

Unfortunately, the Government's efforts to translate those promises into law have been ineffective. Serious loopholes remain available within the Local Government Amendment (Employment Protection) Act 2003. For example, section 354E of the Act allows the general manager of a new or amended council to disregard pre-existing employment determinations made during a proposal period. The Government has given the general manager an effective right of retrospective veto over a broad range of industrial issues. This oppressive law places a cloud of uncertainty over the employment conditions of workers employed at councils affected by boundary change proposals. The Act is also deficient in that it provides employment protection only for those workers transferring from one council to another as the result of a boundary change. Strangely, the Act does not protect the interests of non-transferring staff.

Some councils have acted appallingly towards their workers in implementing mergers or boundary changes. As an example, at Richmond Valley the council waited three years and then spilt just about every single job, refusing to fill positions through lateral transfer. The only jobs that were not spilt were the executive jobs. At the City of Sydney, management has consistently attacked the employment conditions of transferred staff, contracting out areas such as parks and gardens, waste services, and making use of labour hire workers in an effort to undermine local industrial negotiations. In 2000, during the merger of Concord and Drummoyne councils there was an unsuccessful attempt by the employers to have the blue-collar work force transferred into a sub-corporate entity. This could have meant that after the amalgamation our members may not have been employed as council workers at all, but employed in some pseudo environment.

The union can provide further information on case studies at any time. It cannot be assumed that workers will necessarily benefit from boundary changes and amalgamations. Legally secure employment protection is an essential prerequisite for local government reform. At this stage, the legal framework is seriously flawed. No boundary change or amalgamation can safely proceed in the current environment. The USU is actively campaigning against the proclamation of new and altered councils and will continue to do so. At recent meetings with Minister Tony Kelly and Premier Bob Carr, the union demanded further amendments to the Local Government Amendment (Employment Protection) Act. The changes to the Act are urgently needed and will prohibit the general manager of a new or altered council from overruling employment determinations such as salary system reviews, performance appraisals, contract renewals, general wage increases or other arrangements approved by the Industrial Relations Commission.

Further amendments to be considered at the spring session of Parliament are a requirement that councils must make use of lateral transfers where any organisation restructure occurs, removing the 12-month cap for lateral transfers, prohibiting all unreasonable relations of employees in rural, regional and metropolitan areas, maintaining core employment numbers and minimising the adverse impact on local employment, and clarification that employment protection guarantees will apply to all existing employees as well as transferred staff. At the local level, the USU encourages councils involved in merger or boundary proposals to reconfirm the Government's employment protection policies. In some cases councils have been prepared to extend the period of employment protection above the ordinary three-year period, which is applauded. The union asks that councils give serious consideration to adopting such a proposal. Where such a decision is made it should be formally communicated to the USU.

**CHAIR:** Could you indicate how the process of amalgamation would exacerbate job losses or casualisation, a major issue across the State?

**Mr ELLERY:** I am the local delegate of the organisation. I control 21 councils within the central-west branch. In Orange City Council's first submission on amalgamation with Cabonne and Blayney, it reported that 158 jobs would be lost. I have listened to witnesses give their evidence today and those numbers have not been mentioned. The Armidale Dumaresq area lost many jobs. The staff do not know whether they are full-time employees, and there has been turnover of four general managers within 18 months—staff morale is very low. The numbers have declined from 250 to 217.

Further, I have been to a lot of public meetings in the small villages including Weddin, Forbes, Evans, Oberon and Blayney. People are very committed.

It was said this morning that some of the smaller shires use council services; for goodness sake, what is local government for, if not to provide services to the community. People in the smaller villages spend their dollars buying their cars and food and sending their children to the schools in the larger areas. No council has recognised that. There are a lot of angry people and it is good that the Committee has come here. But if you go out on the shop floor you will see that the people are worried, they are against amalgamation, and I can understand their concerns. Amalgamation will be the demise of the smaller towns. There have been several job losses. I would like other councils to state their intentions about local restructuring, so that the general staff as well as the senior staff know where they will be going. At the moment they are very confused.

**CHAIR:** Mr Woodhouse, as a union representative have you made representations to any other union body or labour council? What is the statewide perspective in the union movement on this matter?

**Mr WOODHOUSE:** At the recent ALP conference a motion was put on the floor. In a sign of massive unity that motion was passed; I do not have that motion with me. It was recognised that the employment protection Act is not good, it needs regulations, and it needs changes. For the moment it is being abused. If the ALP conference is to stand by that motion, and unity is shown, that says it all.

**CHAIR:** Would you forward a copy of that motion to the Committee?

**Mr WOODHOUSE:** Yes, I will do that.

**The Hon. CHARLIE LYNN:** You will have heard presentations from other council leadership this morning. Do you have confidence in that leadership to protect the interests of the communities and the workers?

**Mr WOODHOUSE:** I would have to say that it has been a long time since I lived in the country. I came from Bingara, but it would be better for Ted to answer your question. He is a local.

**Mr ELLERY:** I have listened to the submissions. I may be cynical but until it is signed on the dotted line I will not be happy.

**The Hon. CHARLIE LYNN:** In regard to the concept of strategic alliance, which is more towards the protection of local identities the work force and employment, I would have thought you would be in sync with each other.

**Mr ELLERY:** We are quite happy with the strategic alliance, that is something that has come up in the past three months. We have not had a lot of involvement with that. We asked that all the submissions be put to the union. I have most of them in my office. Most of this week I have been at Mudgee abattoir, but that is another issue. The strategic alliance will work with a lot of the smaller councils. I propose that the councils stick together and all go along those lines, I am talking about Cabonne, Blayney and Wellington. It would be a great alliance. I would like to see Evans and Oberon go along the same lines, probably with Blayney. That is the essence of the whole thing.

**The Hon. CHARLIE LYNN:** A previous witness said that perhaps this has been a good thing and has forced people to examine their situation and work out better ways of working together, rather than have something imposed on them that perhaps would not work.

**Mr ELLERY:** Some of the things that the Government put forward under the employment protection Act was no loss of jobs for three years. At the bottom of the Act there was a section that stated that no councils be forced to hold their core employment until a new agreement or award change. The new award change is up, but it will not happen that quickly. It was a double-edged sword. People are very confused. Another concern is superannuation upon transfer to other councils under a salary system. That will affect a lot of people. If persons transferred to another council hold their employees' entitlements for three years they revert to that council's current salary system, which would incur huge losses for long-term employees. That has never been addressed by any council

submissions and they should look at it. They may not be aware of it. The Government may not be aware of it. It has been put forward by our union. That is one matter we have addressed in the local area.

**The Hon. RICK COLLESS:** Mr Ellery, the Committee has heard a lot about the strategic alliance. What is the union's approach if there were restructuring within the job situation, so that instead of having a corporate services division, a technical services division, et cetera, in each council that there be a corporate services division in Cabonne and a technical services division in Blayney and so on. That may involve job restructuring in the individual towns, lateral transfers. What would be the union's approach to that?

**Mr ELLERY:** Providing there is no loss of jobs, you have to look at the areas to be travelled. Travelling would have big impacts, so I have no option but to say that if Cabonne, Wellington, Blayney were combined travelling would be a big issue. Relocation is another matter, if employees have guaranteed full-time employment and have to relocate. This morning you would have heard about the changes in the selling of land. At the moment there is the huge boom, as there is in Sydney. I cannot see people selling up and moving to other areas, because the costs would be huge and they may not be able to afford it. If they have to get out of Molong in a hurry to transfer to Blayney or Bathurst the cost would be huge. That is one of the things we have to look at. In answer to your question, I would have no objection, neither would the union.

**Ms SYLVIA HALE:** Do you have any suggestion as to a better process that might have been followed in the pursuit of some more efficient, more equitable, more accountable local government arrangement?

**Mr ELLERY:** That is why we are here now. The voice of the people has reached the Government and it would have been a done deal if everyone sat on their hands and did nothing. A lot of people from Sydney should come to the bush and answer the questions that the people are asking.

**Mr WOODHOUSE:** A lot of emotion and passion has surrounded the general managers and mayors this morning. It has been a cathartic issue for them, because this is about their local communities. That is something that can be lost.

**Ms SYLVIA HALE:** You have identified a range of shortcomings with the current legislation, which was supposed to protect employment. Have you had any indication from the Government that it has responded to your concerns and will legislate accordingly?

**Mr ELLERY:** Recently we had discussions with Tony Kelly and Bob Carr. We have been assured that our concerns will be addressed. We are waiting for that to happen but at the moment there is a little bit of toing-and-froing, but the union will stand by that. The protection bill has to be changed to protect the working rights of employees. There are no two ways about it. There is fear everywhere, and that word has been used several times today.

**Ms SYLVIA HALE:** I understand that unhappiness has been caused in this period of great upheaval and uncertainty with the external advertising of jobs rather than internal advertising. Is that so?

**Mr ELLERY:** Yes. In 1999 Bob Carr gave us an understanding that any jobs could be advertised within the council, provided there was a suitable core of applicants, to give people a career path. If the expertise was not within the council, the jobs could be advertised externally. That has always been in our award, but seems to be overlooked. To get a job in local government now it is not what you know but who you know.

**Ms SYLVIA HALE:** So that policy is not adhered to?

**Mr ELLERY:** No.

**Mr WOODHOUSE:** The City of Sydney, for example, is constantly taken to the Industrial Relations Commission.



**Ms SYLVIA HALE:** From the point of view of the employee would you describe the experience of the boundary changes for Leichhardt and South Sydney as an extraordinarily unhappy process?

**Mr WOODHOUSE:** I think you are being kind.

**Mr ELLERY:** Out here in the bush we have very committed people. We have very multiskilled road teams in Evans and Cabonne. They are bringing in their projects underbudget, but the fear is there. The fear is driving the people and having an effect on them. They fear saying no, but they have to get on with the job, to hold their job. That is the fear in the community. They have good administrative staff and good general managers and they work as a community to hold their jobs. I do think the Government, and those in Sydney, realise that. They have not been here on the ground floor. It is all paper and television talk.

**Ms SYLVIA HALE:** Did you say that savings made through loss of jobs have not flowed through to the community in terms of the provision of additional services?

**Mr ELLERY:** The loss of jobs has not been so great at the moment. Does that answer your question?

**Ms SYLVIA HALE:** No, probably from your previous experience.

**Mr ELLERY:** From previous experience if we took out 15 jobs from Weddin shire, it would have a hell of an effect on that small, great community. We heard the mayor speak about his passion for that town. That also applies to the people of Oberon, Evans, Blayney and even Forbes and Parkes who are also passionate about their town. If you take people out of the town, dollars go with them and that affects the hospitals, schools and other infrastructure in that town.

**The Hon. KAYEE GRIFFIN:** In relation to your concerns about the employment protection legislation, excluding what the unions think should go in as regulations, can you expand on the problems you have mentioned without additional regulation?

**Mr WOODHOUSE:** Simply 354E, as it stands, while it is with the Boundaries Commission or effectively from when it is with Tony Kelly to the day that it is actually proclaimed, during that 12-18 months proposal period any decisions made before that can be vetoed by the new general manager. The conditions for the existing employees in that council are not covered. Also under the Act we are finding that when there are amalgamations or boundaries changes, employees coming over from other councils into the newly formed one are in some cases being, for want of a better term, seen as second-class citizens. They are new boys coming in and they are trying to find where they can actually fit them. Lateral transfers and things are not being utilised the way they should be and it has been rather nasty. The Act was hastily designed and it has a few minor flaws which would not take too much to rectify to make it correct. It would allay a lot of fears that are abound everywhere at the moment.

**The Hon. KAYEE GRIFFIN:** Part of the issue is that if a decision is made down the track for a proposal for boundary changes or an amalgamation process there is a no-man's land in between?

**Mr WOODHOUSE:** Effectively it falls back to Tony Kelly to individually sign off on every employee's salary conditions. At the moment I have about 400 forms that have a consent form on the back that are waiting to go to Tony Kelly for him to individually sign off on their employment conditions. It is crazy that it falls back to him to sign off that it is a guarantee.

**(The witnesses withdrew)**

**KEITH THOMAS SULLIVAN**, Retired, 9 Cook Street, Oberon, and

**BRIAN VINCENT DELLOW**, Veterinarian, 54 Dart Street, Oberon, and

**MARJORIE EDNA BOLLINGER**, farmer and grazier, "Glenelga", Molong, and

**PETER ADAM CRICH**, Director, 14 Castle Street, Molong, sworn and examined:

**CHAIR:** In what capacity do you appear before the committee?

**Mr SULLIVAN:** As a community member and representative of non amalgamation group [NAG].

**Mr DELLOW:** As a committee member of NAG.

**Mrs BOLLINGER:** I represent the Manildra Rural Council Support Group and the Cumnock and District Progress Association Inc.

**Mr CRICH:** I am Chairman of the Cabonne Rural Ratepayers Support Group and I am also doing a presentation for the Cabonne Rural Ratepayers C Ward support Group.

**CHAIR:** Are you familiar with the terms of reference of this inquiry?

**Mr SULLIVAN:** I hope so.

**Mr DELLOW:** I hope so.

**Mrs BOLLINGER:** I am.

**Mr CRICH:** I am.

**CHAIR:** If you should consider at any stage during your evidence that in the public interest certain evidence or documents you may wish to present should be heard or seen only by the committee, the committee will consider your request.

**Mr SULLIVAN:** Thank you.

**Mr DELLOW:** Yes.

**Mrs BOLLINGER:** Thank you.

**Mr CRICH:** Thank you.

**CHAIR:** Do you want to make a short statement before questions?

**Mr DELLOW:** I do. I am representing Oberon just as a member of the community and as a member of the no forced amalgamation group. As you may know, Oberon is a rural community of 5,000 people on the Central Tablelands. It has its own unique environment. It is perched on the Oberon plateau at an altitude of 1100 metres, just on the western side of the Great Dividing Range. It is a very close-knit, independent community. The people there have battled adversity for years, with the cold climate and the inhospitable weather, and are now reaping the rewards of their hard work. The major businesses of the shire are agriculture, timber and tourism.

Oberon is not on a major highway and it may be regarded as an isolated community. This may have contributed somewhat to its uniqueness. It contains small villages, such as Black Springs, O'Connell and Edith. It is about 50 kilometres from Bathurst, about the same from Lithgow, and about 45 minutes drive from Mount Victoria. At the moment, it is about 2½ hours drive from the western suburbs of Sydney, Parramatta. I think if we had a better road over the mountains, it would be even closer.

Oberon is joined by the shires of Evans, Lithgow and Mulwaree. We have no boundaries with Bathurst City Council area. Our council was formed 97 years ago and, with nine councillors, it is well in tune with the people. The town has all the facilities that a rural community would be proud of. It has its own water supply, under-cover tennis courts, a heated swimming pool—which will soon be covered—aged care units, and a hospital. It is even the headquarters of the Chifley rural fire district. One of its great claims to fame is that it has one of the lowest unemployment rates in Australia. It is currently at 3.8 per cent.

Bathurst, our neighbouring town, is an inland city, not basically a rural community. As you know, the Bathurst City Council has made a submission to amalgamate with adjoining rural shires, including Oberon. The submission that that council has made does not meet the Minister's criteria. The sitting member for the seat of Bathurst, Mr Gerard Martin, has voiced his objection to the Bathurst proposal. We feel that the submission by Bathurst City Council is only a greedy land grab. Bathurst City Council has no understanding of rural matters. And Bathurst has a higher unemployment rate than Oberon.

We feel that bigger is not better. In discussions with Bathurst no justification was given for the amalgamation, and no case has been made by Bathurst that shows any benefit to the Oberon people. The bigger the organisation, the more removed from the people it becomes, and the more waste that occurs. Moving to bigger and bigger organisations simply disenfranchises the people as they have less and less say over matters that directly concern them.

Oberon Council is well managed and financially sound. At the recent local government audit of Oberon Council, the auditors found the council was in a sound financial position. The mayor of Bathurst is on public record stating that all rates in Oberon will rise if the amalgamation goes ahead. Oberon, like all councils, suffers from rate-pegging. In our area 40 per cent of the shire is covered by State forests, which are non-rateable. So that is a sizeable amount of revenue that we are not able to tap into.

Oberon is a very community spirited town. Local families have been in the area for generations. Council staff and residents are friends and acquaintances and are easily approachable. The community understand the relationship between the forest and timber industries, agriculture and the environment. There is always co-operation and consultation—not confrontation, as would be the case if a council that did not understand the issues took over Oberon. The community may not always agree with our council, but we can always negotiate or consult and have input at local level. Our councillors are our neighbours. We feel with any amalgamation this will be lost.

Like with all local communities, more and more demands are being made to provide better local services. We are concerned that small communities, like our outlying villages of Black Springs, O'Connell and Edith, will suffer as they will be further from the seat of government and will get even less services than they have now. Our community is 100 per cent opposed to any amalgamation. They feel they will be disenfranchised by the proposed amalgamation with Bathurst.

Our town economy is heavily reliant on the forest and timber industries. The capital investment in the Oberon timber industries over the past 10 years is fast approaching \$1 billion, and would be the largest investment by industry in any town or city in country New South Wales. The State Government has stated that in the near future State Forests will be privatised. This will mean that Oberon will have an extra 40 per cent of rateable land. This could be the reason Bathurst wants to take over.

We feel that Oberon residents will be unjustly penalised by the proposed amalgamation. The Minister has set out a list of requirements that Bathurst has used as a cover for a land grab, at the expense of the Oberon community. There is no justification or benefit for the community, and with only 5,000 people Oberon would lose all representation on Bathurst City Council. Any changes to representation must be undertaken by referendum. There must be no forced amalgamation or boundary changes, and they must not occur under any circumstances. Our council has a good working relationship with the adjoining shires of Evans, Lithgow and Blue Mountains, and our tourist industry, which is a very important employer and a source of revenue for our town, is very heavily connected

with and reliant on the Blue Mountains tourist district. We get no benefit from the Bathurst tourist area.

In summary, the voice of the people is an emphatic no to any amalgamation with Bathurst. We feel it is a people issue, and we are here to speak on behalf of the people of Oberon. They do not want any amalgamation. At a recent town meeting over 300 people attended, and the feeling was unanimously against amalgamation. I would urge the Committee to give us its support and do all it can to prevent any amalgamation. We feel amalgamation would be the ruination of our little town.

**CHAIR:** Mrs Bollinger, would you like to make a statement?

**Mrs BOLLINGER:** Yes. Thank you very much for the opportunity. I am a farmer and grazier, and a resident of the Molong-Cabonne shire for almost 40 years. Our property is in the centre of a triangle formed by Molong, Manildra and Cumnock. I attended the inaugural meeting of the Manildra Rural Councils Support Group. It was attended by 50 per cent of the adult population of Manildra. I became a member of that committee, a formally constituted organisation. Citizens of most other towns and villages within the Cabonne shire have held similar meetings, and although I did not personally attend them all I am of the firm understanding that the attendance at each of those meetings also represented 50 per cent of their adult populations.

The consensus from each meeting gave 100 per cent support for the performance of Cabonne Council, indicating that they are happy with the current system. There is overwhelming pressure from ratepayers that there be no amalgamation with Orange City Council and that the Cabonne boundaries remain intact as they currently are. Cabonne is a financially viable council. Left as it is, it can remain that way providing it is not robbed of any of its asset income base. There is no point in reducing the viability of Cabonne in an attempt to prop up Orange City Council. As has been stated before, bigger does not mean better, and the concept that one size fits all is totally inappropriate. In the case of Cabonne we say: If it isn't broken, don't fix it.

The ratio of councillors to ratepayers in an amalgamated council is not the issue in assessing the elected representative. It is the distance and time required to make that access. State and Federal Governments are imposing greater burdens on rural councils to provide and maintain infrastructure that has been in the past, and should be in the future, the obligation of State and Federal governments. Without financial support from those levels of government there is undoubtedly a marked effect on the level of services council can deliver, whether well managed or not.

Amalgamating any number of councils into one cannot and will not solve the problem. The solution is for Orange City Council to better manage its resources and for State and Federal governments to increase funding to local government to cover the extra burdens being placed upon councils. Examples of those burdens are: water and sewerage schemes, including licensing, registration, inspection and risk assessment of septic tanks; the companion animals legislation; redefining roads from State roads to local roads; State emergency funding; and Rural Fire Service regulations. State and Federal governments must accept their obligation to the community and provide the funding to adequately service basic infrastructure and community needs.

I wish, on behalf of the Manildra Rural Councils Support Group and Cumnock and District Progress Association, to reaffirm the strong protest against any amalgamation of all or part of Cabonne Council with Orange City Council. Again, it is not a simple case of one size fits all. Rural councils must never be pooled with city-based councils as the infrastructure and community needs differ vastly, as do the services those councils need to provide. City-oriented councils can never understand the needs of a rural-based council, and vice versa. Local hands-on knowledge and understanding cannot be surpassed.

Rural ratepayers, in general, have modest expectations. They are happy to pay a minimum base rate in return for the services provided. Manildra, Cumnock and Molong are excellent examples of council and small community consultation and co-operation to realise goals and facilities usually demanded by city council residents free of charge and not often seen in towns of their sizes. The optimum organisational structure to effectively deliver better local government is to maintain the current ward system of council representation, which provides a forum where issues, views and the

rights of all residents can be represented fairly, where councils offer services that meet ratepayers' needs in a co-operative manner.

In the opinion of the ratepayers I represent, at this point in time Cabonne Council has a balanced budget and is able to maintain, improve and renew infrastructure while offering services and meeting ratepayers' needs. Rural-based councils must remain rural-based, with city councils maintaining their entity. Authorities need to examine the reasons why some councils, such as Orange City, have financial difficulties and cannot resolve their problems other than by attempting to increase income by adding to the ratepayer base.

Amalgamating a poorly managed council that has bad management practices with a financially viable council will only compound the existing problems of the poorly managed council, resulting in both communities receiving less or lower-quality services rather than improving them. In the case of the amalgamation proposed by Orange City Council, it would be impossible for anything other than the lowest common denominator to take rule as the well-managed views of Cabonne representatives on the amalgamated council would be so dominated by the now Orange City Council.

The concept of the Wellington-Blayney-Cabonne Strategic Alliance is one that should be encouraged by other rural-based councils in preference to amalgamation. Cabonne ratepayers have not received objective opposition to amalgamation through our local member due to Mr Turner being both State member and a member of Orange City Council. He has publicly stated his support for the Cabonne-Orange City amalgamation, leaving Cabonne residents out in the cold. Any authority that ignores community input will do so at its own peril. People power makes governments. People power can also break them.

As I understand the Committee does not have a copy of our submission, might I read the introduction to the submission. In that I say that the submission is not based on technical data. Our submission is in the form of commonsense recommendations which we think must be considered to provide an adequate, balanced, cost-effective system of local government that will best meet community needs.

The method of addressing the recommendations presented in the submission must be supported by real and true cost-benefit analyses to meet the criteria of the terms of reference to improve current administrative, operational and pricing arrangements to improve and promote effective and efficient services to local government. Our definition of a real and true cost-benefit analysis is to ensure that comparisons of all costs and benefits in relation to any takeover of all or part of Cabonne Council by Orange City Council across-the-board are made. These comparisons of costs and benefits must include all cost and benefit comparisons of both councils to ensure the best system of local government is maintained to best cater for the needs of industry and the community.

**CHAIR:** I understand that there is a submission from Mr Penson. If you have any additional information the Committee would be pleased to accept it. You could forward it to the Committee and it could be incorporated.

**Mrs BOLLINGER:** Yes, okay.

**CHAIR:** Mr Crich, would you like to add any comment?

**Mr CRICH:** Yes, I praise Councillor John Davis, the Mayor of Blayney Shire Council, and Councillor John Farr, the Mayor of Cabonne Shire Council, for attending this important inquiry. To be fair, the mayors of Weddin and Evans, Maurice Simpson and John Byrne, have also seen this matter as important enough to attend. It is a shame that Orange and Bathurst did not hold it in the same importance. At the 2003 annual conference of the Shires Association of New South Wales, on the issue of council reform, the Premier concluded by saying:

So let's come back to this conference next year with fewer, but stronger councils. Let's bring an end to the annual ritual of the Minister naming poorly performing councils in Parliament. Let's see councils with stronger balance sheets, better equipped to serve the people who pay their way, the ratepayers of New South Wales.

The association's policy stated that priority should be given to the economic and social impact on rural-based local government in accordance with guidelines contained in the rural impact statements. To determine efficiencies of Cabonne with respect to those comments, let us look at ratepayer support for council. At the eight meetings that were held in towns and villages across Cabonne country—instigated by the ratepayers, not by council—there was unanimous support. I did not see the 10 people that John Farr referred to earlier. There was support for Cabonne to continue in its existing form with no boundary changes. At the Molong public meeting almost 400 people of the population of 1,600 attended. There were few families that were not represented, which is indicative of the level of concern and support across Cabonne for continuation of the council.

Cabonne has been recognised for his management ability, and won the Bluett Award, as did Blayney last year. Cabonne's management approach has allowed services in town to be standardised to an acceptable level. As Councillor Farr said, it is not like other centres that have one hospital, one school, one swimming pool. The amalgamation of the shires that led to the creation of Cabonne was the result of a lot of hard work. Cabonne maintains eight swimming pools, fourteen community halls, numerous parks, sporting fields, recreational grounds in eight centres within the shire, as well as three hospitals, high schools and primary schools. All the facilities are there as they are in other places, but we are very fortunate that we have the support of the ratepayers and council and have been able to provide a lot of facilities in the towns within Cabonne.

For example, rugby league and union are played on ovals in Canowindra, Molong and Yeoval. In summer, junior and senior cricket is played in just about every centre within Cabonne. Unlike Orange and Sydney, because of Cabonne's commitment to infrastructure, to my knowledge there has been no restrictions on water in recent years, apart from short-term capital works programs. Councils also awarded a National Innovation Award for maximising economies of scale and efficiencies in council operations. One of those was the family day care which is prominent at the moment. That initiative is between Cabonne and Blayney. It received national accreditation in July. Other initiatives include the joint waste centre depot with Cabonne and Orange; the bridge program with Cabonne and Cowra, and the purchase of a gravel crusher with Cabonne and Wellington.

Resource sharing has always taken place and this has probably moved up a gear recently. Although it is early days for strategic planning the set-up by Wellington, Cabonne and Blayney has already realised real savings. I mention the environmental office, the records room and roadworks. The engineering staff has been moved around on a loan basis. Most people are passionate about what they are doing and there seems to be a great deal of acceptance. Cabonne is a very large shire and, as Councillor Farr said, it comprises 6,026 square kilometres compared with Wagga Wagga which is only 4,800 square kilometres, Dubbo is 3,400, Orange is 285 square kilometres. That is an idea of the distance that needs to be addressed when talking about Cabonne.

In dollar terms for the budgeted revenue, there are a hundred councils smaller than Cabonne including Ashfield, Burwood, Lane Cove, Mosman, Lithgow, Strathfield, Forbes, Grafton, Young and Cowra. In the past 12 months Cabonne has self-funded \$1 million in extensions to its head office at Molong and \$1.5 million in timber bridge replacements throughout the shire. In the last audit of the financial accounts for Cabonne, the auditors, Alan Mawson and Co. of Bathurst stated that Cabonne is in a very strong financial position. Being an accountant, I indicate that it is very rare to read that.

Cabonne has ratepayer support, it provides a high level of service to ratepayers. As my friend from Oberon indicated, the people who represent us are very approachable. We find that to be quite heartening. Cabonne has been innovative in reform through the strategic alliance initiatives and is financially secure for the next 25 years, according to the submission by Graeme Fleming, the General Manager of Cabonne. That statement is supported by the auditors and the Bluett Award committee. In Minister Kelly's address to the local government managers association in August this year he stated that he is committed to ensuring that services to ratepayers are delivered efficiently, effectively and equitably. If the Minister is serious the results delivered by Cabonne council must surely provide the State Government with an effective structural reform model, as a good financial management and innovation is providing a high degree of personal and social services to have disbursed group of ratepayers in towns, villages and other holdings. It is a rural-based council.

On the guidelines in relation to amalgamation, none apply to Cabonne. Yet, there has been a vast amount of work in trying to defend the indefensible. None of our numbers came up. When

Premier Carr opened council extensions in 2002 he acknowledged that management expertise of Cabonne Council. He stated that any amalgamation request regarding Cabonne was not on the agenda. He added that Cabonne was functioning well and has a lot of get up and grow. That was reported in the *Central Western Daily* of 10 September 2002. Since then, Cabonne has continued to strengthen its position with important strategic alliances with Wellington and Blayney and initiatives with neighbouring councils including the bridge initiative. Seven bridges per year are to be replaced in four councils over the next 4½ years.

The strength of local government is local knowledge and local representation. No forced amalgamations. With regard to the submission of Orange City Council, public meetings held in the eight centres throughout Cabonne rejected unanimously any attempt by Orange City Council to take over Cabonne. Orange City Council is a city council and would not, by the submission, maintain facilities and services that exist in towns and villages throughout Cabonne. Instead, according to its submission, it would opt for shop-front facilities. This would affect the viability of towns and villages. It seems strange that while Sydney is drowning in people and its infrastructure is falling behind population growth, that viable rural communities are being threatened with extinction. The emergence of ghost towns as work diminishes and the effects of drought become evident along with irresponsible government policy could make the ghost town scenario a reality.

Orange City Council has an area of only 285 square kilometres, a population approaching 40,000, and should be a strong and vibrant council. However, its record shows that that is not the case. Orange City Council's call for improved infrastructure for a regional centre must be taken in perspective. Orange has purported to be the regional hub of the central-west since the 1960s when a population of Orange surpassed that of Bathurst. In 35 years the population of Orange has risen by only 8,000; hardly a population explosion. Orange City Council also argues about the cost of infrastructure, namely the civic centre, the function centre, the art gallery, the library, the Olympic pool, structures that were constructed some years back on the council's own initiative. Those facilities are user-pays and as such supported by all neighbouring regions.

Cabonne and Blayney shires contribute significant annual amounts to the library services that are conducted in their shires. Further, with Orange council enjoying an expanded rate base outside the rate pegging limits, which does not apply to a lot of centres, and receiving section 94 developer contributions for the establishment of infrastructure and the commerce that is generated by regional access, Orange City Council should be on a strong financial path. In the last audit reports Alan Morse and Co.—who audited Cabonne's financial records—stated that its financial position was very tight with absolute minimum unrestricted cash. It has debts exceeding \$14 million and its unrestricted net current assets and deficits are \$1.227 million.

The combined cash reserves of Cabonne and Blayney probably exceed \$20 million, so that would be very handy. The plight of management is borne out by its radio advertising for amalgamation in which the management of Orange City Council indicated for Orange to remain viable and in order to provide services to the region without being propped up at the expense of State Government, it needs to amalgamate.

It would appear that not only is the management of Orange City Council unable to manage the growing city effectively it is still trying to grow the city with no thought to services. For example, the city of Orange has been on water restrictions for the entire winter. Its growth strategy must be questioned what works have been commenced to address that? The Orange City Council submission RE: the takeover of Cabonne and Blayney states that it would enable Orange City Council to obtain cash and water reserves of its neighbouring councils. As it has been shown to be an ineffective manager, that would not be the long-term fixing of the problem; instead it would lead to services to Blayney and Cabonne ratepayers being significantly reduced.

At one meeting it was stated that Orange could save up to \$600,000 in wages. Orange City Council Councillor 'Peter Hetherington' indicated that because of contractual arrangements with various chief executive officers that that could be a pie-in-the-sky figure and may never be brought to fruition. In 1989 Musgrave and Musgrave did a paper on amalgamation, and looked at any benefits that would accrue to Cabonne. It was found that any amalgamation would be less than optimal and would reduce the welfare of Cabonne residents.

**CHAIR:** Mr Dellow, you mentioned the Bathurst submission does not meet the Minister's criteria. Could you expand on that?

**Mr SULLIVAN:** Could I answer that?

**CHAIR:** Certainly.

**Mr SULLIVAN:** Our understanding is that when the Minister's guidelines came out for considering ways of improving local government efficiency, one question referred to rationalisation. The Bathurst submission identifies no benefits to the Oberon community and really focuses on land grabbing.

Our understanding is that when we were evaluated jointly with Bathurst no area could be identified where benefits could be attributed to the overall community. Oberon was far better off to stand alone. The Minister's letter mentioned about 10 points, none of which were addressed in the submission by Bathurst, we understand, when they made their application for amalgamation with Oberon and other regions. They did not address one point; only that they would create a super council.

Yesterday, the mayor of Bathurst said on TVS radio that the only reason he is doing it is because he is under pressure to try to rationalise the number of councils in the region. As far as we are concerned Bathurst council is only using this process as a smokescreen for a massive land-grab. The submission is made in an environment of total arrogance. In discussions with council members, it was pointed out that many people of Oberon bought some of their supplies, when they were not available in Oberon, in Bathurst. There was a strong feeling in the community that we may go to Lithgow to do our purchasing. The mayor's attitude was "We will own that too". How is that response in respect of consultation? We find it absolutely astounding that the Government is talking about appointing a facilitator. What is he going to facilitate?

**CHAIR:** Mrs Bollinger, do you have any further information on the poor finances of Orange City Council that you mentioned?

**Mrs BOLLINGER:** I understand Peter has that.

**Mr CRICH:** I have got their audited financial accounts in my bag and everything that I indicated has been highlighted. I will provide that shortly.

**CHAIR:** Did Mr Turner support amalgamation?

**Mrs BOLLINGER:** Yes, Mr Turner attended the public meeting at Manildra and I publicly questioned his conflict of interest in being both the member of the Orange City Council and our local member. His comment was "It could be seen that way but I have so many years of experience on council I understand what it is all about". At that meeting he openly admitted that he had encouraged and voted in support of amalgamation with Orange City with Cabonne. I know of many letters that have been written to Mr Turner asking for his support to which not one was replied. We do feel left out in the cold on that one.

**CHAIR:** Have you discussed as a strategy encouraging strategic alliance instead of amalgamation?

**Mr SULLIVAN:** In Oberon council our understanding is that we have been doing that for a number of years. We have alliances with Katoomba, the Blue Mountains shire, Lithgow shire and Evans shire in regards to matters like tourism. If it is more viable for Oberon Shire Council to maintain roads we do that on a contract or on behalf of the various shires, Evans or Lithgow. The situation also works the other way for Oberon, doesn't it?

**Mr DELLOW:** I know we do work on the road for Lithgow council so there is a bit of sharing already.

**Mrs BOLLINGER:** I think purely and simply, as was referred to earlier, it is commonsense taking control and, unfortunately, commonsense is not so common any more.



**Mr CRICH:** Cabonne is probably in the top ten in the State for the length of roads for which it is responsible. It is a huge area. I also have financial records of Cabonne and they are in a strong position. So it is obviously well managed. As I said, it has been a base for a lot of resources. A lot of the initiatives that have been going on were not just as a result of what Minister Kelly had to say but had been ongoing. I must admit it enabled some of the neighbouring councils to look further. As Mayor Farr indicated, it has made life a lot easier in a short period of time. A lot of strategic alliance options have been addressed. Those things are being addressed over and over and appear to be in a relatively strong position, given the support of ratepayers.

In all of the villages we have good water, good sewerage and if it isn't it is about to go on. We have regular services right across the shire, not just in one area. Every particular village is receiving services. As Mayor Farr indicated, if there were a problem with the eight pools that are maintained at e.g. Yeoval, which is at the far end of Cabonne, they would address them. That is the ward structure. We have so many representatives. They are all looking after their own but when they get together obviously a lot of commonsense has prevailed because they have made quite a dynamic package and it has moved on and it is working.

As I indicated, it has become a model that could be adopted in other areas because it is diverse. It is not just in one centre it is in several centres. Everyone knows what they want and by strategies, placement and a lot of hard work they have been able to get people to indicate whether they mind if we have our water first and they get their sewerage, et cetera. If people can see that things are appearing—kerb and guttering—they are a lot happier. It has been a lot of work on council's behalf to do that because they were three different council areas before and it has worked. It is a good model.

**Ms SYLVIA HALE:** It was suggested that the motivation of the Government was to rationalise the number of councils in the region. In your opinion what is the purpose of pursuing that aim?

**Mr CRICH:** The Premier said at the meeting it would happen by next year.

**Ms SYLVIA HALE:** Is it just a desire for the sake of having fewer rather than any other motive?

**Mr CRICH:** That what he said, next year let us have fewer councils. You would have to ask the Premier, but that is what he said. I took that as an extract.

**Ms SYLVIA HALE:** I thought someone might have an analysis apart from that. How do you suggest the problems of councils that are in financial difficulties should be addressed?

**Mr CRICH:** It is a management decision. First off you have to determine why it is having problems. Does it have enough revenue? Are expenses too high? As was indicated by the Oberon representative there are so many potential savings, for example, with the grader going to one boundary and then meeting another grader. One has to determine if the rate base is pegged it is going to be very difficult. But as I pointed out Orange has been growing and it should be moving right along. We come down to management practise. Is it best management practise? Maybe they are talking about building a heated swimming pool—and Oberon already has it—is that good management practise if they do not have short-term current finance?

As I said they are management matters and they are accountable to the ratepayers for that particular area. In Cabonne it has happened not over a couple of months. Marj has been there for 40 years and I have been there 26 years and it has taken a lot of work. That is why everyone is passionate. It hasn't happened overnight, it has happened most of our lifetimes. We are passionate about preserving what we have built up, something that works. As I indicated, Cabonne did not fit into any of the guidelines set down by the Minister. Not one item mentioned applied to Cabonne. As I said, we have gone forward and now we have to defend our position.

**Mr DELLOW:** I do not know that you can make them more efficient because our council seems to be very efficient. We are not in financial troubles. We have all the facilities provided that any small town would like and things seem to be going along very nicely. I really do not know how I

could answer your question and say that we could improve the economic viability of our council because I think it is quite sound.

**Mr SULLIVAN:** We really do not understand the other issues, but we are different in that our strong council has strong community involvement. Most of the facilities at Oberon, apart from major infrastructure works, were provided or funded primarily by the Oberon community. For years our hospital auxiliary was very strong, up until it was integrated with Evans. For something like a providing a swimming pool, people pick it up as a cause and run it and we work together as a strong community. That sense of community comes by the feeling that we do have some say, influence and input whether we like the council but we can all voice our opinion.

The Minister said in his letter that there were 30 councils currently under financial loss, which he wanted to reduce. At the same time there is this mention of 12 super councils. I am a racing person and the last thing you do is shoot the horse. He needs to look at the trainers, what he is feeding the horse, look at its breeding but he says that if there is a problem to shoot the horse. We will have nothing to race tomorrow.

**Ms SYLVIA HALE:** This morning Weddin shire indicated an enormous sense of community involvement and desire to be representative of their community. But it is also a council that is facing some financial difficulties, but unlike Cabonne does not have a goldmine within its boundaries. Do you suggest how those difficulties should be overcome in a way that retains community involvement, representation and accountability but also assists the financial viability of the organisation?

**Mr SULLIVAN:** I do not know. I do admire the one out from Cowra where its population dropped to 2,000 people. They got off their backside and held open days and encouraged people there and the population increased.

**Ms SYLVIA HALE:** Grenfell?

**Mr SULLIVAN:** They identified what they thought was their need. They were losing people from the region. They were soon going to start losing banks, schools and the number of hotels will disappear and no-one will ever go there. They identified their problem as population. If you want to take it a bit further, some of the problems of these councils would be solved if they had more people living there for a start. If you take the Roman attitude, the Romans used to build roads and the people followed them. We have got the Blue Mountains and if someone punched a hole through that I am sure half of the problems of these councils would disappear—I am not sure we would want them all to come. There is a price to pay for everything.

I do not have the answer to your question, but rather than shooting these communities—in relation to the horse, let us have a look at the trainer, make sure it is getting the right diet, make sure it has been set for the right race day—identify those things they need and try to help them. The open day did an absolutely fantastic job for that council. I went through there 5-6 years ago and I thought it might not be there the next time I went through. A lot of those western towns are the same. If you drive from here out through the west, towns like Hay are on the way back. Hay won town beautification. It is all about community pride and involvement.

**The Hon. RICK COLLESS:** My first question is to Mr Dellow, and maybe to Mr Sullivan. I want to deal further with this concept of the strategic alliance that some council representatives who have appeared today have spoken about. What is the No Forced Amalgamation Group's view of that? And how far down the track should they go to formalise that sort of arrangement?

**Mr DELLOW:** It is probably a good concept, but I think it is difficult to put into practice. It looks good on paper that a council would share its resources with other councils, but if you drive around the countryside all the time, like I do, and see some of the major roadworks that some adjoining councils are undertaking, you realise that there is no way they can have a bulldozer, roller, water carts and all the other equipment out at Black Springs one day doing the Dogs Rocks Road, which they are tarring at the moment for the Forestry Commission, then uproot them all and take them into Oberon shire to do another job the next day. It sounds very good in theory, but I think there is a limit to how far it can go.

As far as sharing major items of equipment, it is a little bit out of our field. As I said in our address, we are here to talk about people issues, not big issues like equipment sharing. But I do not think it is as easy to put the concept into practice as people would like it to be. It sounds good in theory, and it might save a lot of money if it could work, but knowing the problems that you run into when you are building roads, bridges and doing those sorts of things, you realise that it never ever works to plan, especially when you have to contend with the rain, the mud and the slush. I think it has its drawbacks. It is a good theory to consider, but I think it has its limitations and I do not think you could put a lot of credence in it.

**The Hon. RICK COLLESS:** What are some of the limitations? Could it be used for the corporate services type of functions, and the issue of rate notices, which were spoken about earlier?

**Mr DELLOW:** It could be possible for those sorts of office-based things, and it could also be useful for gangs working to patch roads. Like, a patching gang in Oberon could cover the Lithgow shire.

**The Hon. RICK COLLESS:** The important distinction to draw is between community services provision to the community as opposed to the corporate service types of functions, which the community does not often see in operation, do they?

**Mr DELLOW:** No, they don't.

**Mr SULLIVAN:** In areas in which it would be not only efficient but undeniably effective to work with other councils, our council has been dealing with Evans shire, Lithgow shire and the Blue Mountains shire. Those things identifiable as being able to be done are being done. But we operate in a cold climate, and there is only a limited window of time for sealing roads, and a window of time for making roads. Lots of roads have to be dug up and made during winter so they will compact. So those works would be pretty hard to orchestrate with works of other councils. But, where it can be done, that is being done now.

My concern about centralising rate notices and things like that is that in my other life I used to head up a fairly large organisation, and in the name of efficiency a lot of these things were looked at. But, in the result, they were not effective. It did save money, but at the end of the day the people who got our accounts were not happy. It was not effective. In all these things done in the pursuit of efficiency, at the end of the day someone has to pay the cost. Really, with the computers in use today, what is the saving in sending out a rate notice?

The real issue is, if I have a problem with my rate notice I would like to be able to walk up to the counter and say, "Here is my rate notice. I don't understand this." It is not effective to have a system where you ring up and get a message, "If you want your shoes polished, push button 3" and all that sort of stupidity. The reason we live in Oberon is that we do not want that kind of rubbish.

**The Hon. CHARLIE LYNN:** I think my questions have been covered. I would like to congratulate you on your commitment and on the contributions that you have made today. I think you are a credit to your communities. I hope we can do your contributions justice in our deliberations.

**The Hon. IAN WEST:** I invite anyone who wishes to answer this question on resource sharing as an alternative to amalgamation. It may well be that your submission, Mr Crich, goes to this very issue of cost sharing. Does your submission contain any financial analysis of that cost sharing?

**Mr CRICH:** It may be in the council's submission. But I would add that one of the tenders was for 30 bridges within four shires over the next year, so the savings were incredible. One contracting firm took it upon itself to do those various works. The participating councils, of which Cabonne is one, would have all the details. I was given an indication that these things had happened because of the obvious benefit to the four councils that got on board. Contrary to my Oberon colleagues, centralising that operation did not mean we had to centralise everything. It just means that when purchasing our paper, if it is purchased by one organisation buying a ream or by a number of organisations buying a semi-trailer load, there have got to be economies of scale, as there may be in various areas.

But I agree with my colleagues to the extent that if we have trouble with a rate notice, we too can go to Molong, Canowindra and any other office to indicate the trouble that we have with the notice or whatever it is. Those are the benefits, as well as having a personal aspect to it. When we are talking about small communities it is important to pat the volunteer on the back, because everything there, including the hospital, was there because of the efforts of volunteers and volunteer organisations. Our council now has a players night, which runs for several weeks. The council makes the hall available to that group at no charge. All the proceeds go to the schools, the old people's homes and other facilities for constituents in various towns.

This is not just at Molong or Manildra. Everyone hops on board. So, with every issue that the community regards as important, those things happen. Perhaps the school gets a new computer, which it was not able to afford, or the community gets old-age units. There are a lot of volunteers involved in that aspect of community. It works. Our footy and cricket grounds are unbelievable, because a lot of volunteers work in with council workers. These places operate because people want to be in them, and they put in. As ratepayers they believe they are getting good value. As Mayor Farr said, we do not need a multistorey grandstand, but we do need water, we do need sewerage, and we do need various services and facilities, and the communities are able to provide those.

I might note that the consultancy work on amalgamations relating to Cabonne was done by Musgrove and Musgrove. Cabonne has a very large council area. Obviously, many economies of scale have already been realised. Even though you want to reorganise things, there is only so much fat you can cut off without starting to cut employees. The councils are major employers in these areas. The moment we start reducing their staff drastically, we have other social issues to look at. We are talking about viable centres. Along with my Cabonne colleague, might I say that all that can be done is look at this case by case. It is not a question on which you can use a broad brush; everyone has their own set of problems.

**CHAIR:** Thank you, Mr Crich. Mr Dellow, you mentioned roadworks involving council tarring road for State Forest operations. In that circumstance, I take it State Forests are not ratepayers, so who is paying for those works?

**Mr DELLOW:** From what I know, sometimes State Forests give the local council special funds to do the roadworks. That could be what is happening now in one area out from Black Springs, but I am not absolutely sure about that.

**CHAIR:** The cost of those sorts of works on local government could be quite onerous.

**Mr DELLOW:** I know that in other areas State Forests have funded roadworks to cater for the big log trucks.

**Mr CRICH:** Could I make a presentation of the submission of the Rural Ratepayers Support Group?

**CHAIR:** Yes. Would you like to formally table that?

**Mr CRICH:** Yes, Mr Chairman.

**Document tabled.**

**CHAIR:** That has been formally moved by the Hon. Rick Colless and seconded by the Hon. Charlie Lynn. That and the other material accepted by the Committee is now formally received and will be looked at. I think you all for your commonsense submissions to the inquiry. You have very effectively highlighted the variations in village circumstances that you as differing communities experience. It has come through in your submissions to this inquiry that your communities are working. This information is very much appreciated. We will be able to use this material in our deliberations. I thank you for that.

Also, to the people here with placards: I am experiencing a certain déjà vu. I thank you for your interest and your enthusiasm. I come from a small community on the North Coast, and it is great to see a community that is interested and working. I thank you all for attending today.

I thank the management and staff of the Orange Ex-Services Club for the assistance they have given to the secretariat and for making the arrangements for this hearing. I know I speak on behalf of all members of this Committee, Hansard and all those attending when I say this is a great venue. We are very pleased to be able to come out into regional areas. We will be visiting a number of other regional areas. It is obvious from today's hearing, the quality of submissions and the enthusiasm and interest demonstrated that this is a very worthwhile exercise. I thank you all for your attendance.

**(The witnesses withdrew.)**

**(The hearing concluded at 4.00 p.m.)**

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