

**REPORT OF PROCEEDINGS BEFORE**

**GENERAL PURPOSE STANDING COMMITTEE NO. 5**

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

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**At Wagga Wagga on Wednesday 5 November 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. Hale

The Hon. H. S. Tsang

The Hon. I. W. West

**CHAIR:** I welcome everyone to today's hearing, the fifth of General Purpose Standing Committee No. 5's Inquiry into Local Government Amalgamations. We have held this hearing in Wagga Wagga to try to give people within the southern eastern, Murray and Murrumbidgee regions an opportunity to hear from a range of councils and other witnesses on an issue about which I know many of you feel very strongly.

Yesterday the Committee held a hearing in Tamworth. On 14 November the Committee is holding a further public hearing at Parliament House. Transcripts, when published by the Committee, will be placed on the Committee's web site for public and media access, so anyone who misses something said today will be able to read the transcript on the web site. It may take a week or longer before the transcript is available.

Before starting, I thank all those individuals and organisations around the State who spent the time to send submissions to this inquiry. There is a great deal of interest in this issue and to date we have received well over 200 submissions, which is significant. As with all hearings, I need to remind members of the media present that the usual broadcasting guidelines apply. Copies of the guidelines are available at the table at the door, as are copies of the terms of reference of this inquiry. It is important that you have regard to the provision of not filming the audience during the hearing. You may see an officer of the Committee taking photographs for official committee records. However, for the rest of the audience, excluding the media, I need to let you know that you are not permitted to take photographs during the hearing.

**MICHAEL PAUL BRAYBROOKS**, Chairman, Riverina Eastern Regional Organisation of Councils, and Mayor, Cootamundra Shire Council, Saltclay Road, Cootamundra, and

**JULIE MARIA BRIGGS**, Executive Officer, Riverina Eastern Regional Organisation of Councils, 25 Garland Street, Wagga Wagga, sworn and examined:

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

**Mr BRAYBROOKS:** I am.

**Ms BRIGGS:** 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 BRAYBROOKS:** Thank you.

**Ms BRIGGS:** Thank you.

**CHAIR:** The Committee will be asking you questions in a moment. Do either or both of you wish to make a short statement before the Committee starts questioning?

**Mr BRAYBROOKS:** Thank you, Mr Chairman, and members for this opportunity to address you this morning. As I have said, my name is Paul Braybrooks and I appear as the Chair of the Riverina Eastern Regional Organisation of Councils [REROC] and Mayor of Cootamundra. I have with me Julie Briggs, the executive officer of our ROC. The Riverina Eastern Regional Organisation of Councils is a voluntary association of 15 local government bodies located in the eastern Riverina region of New South Wales. We were originally formed in 1994. The aim of the organisation is to assist councils to operate more efficiently and effectively through working together to achieve economies of scale and scope as well as providing members with a more informed and representative voice. All members of REROC were consulted in the preparation of this response to the inquiry's terms of reference.

At the outset, our members wish to state that they are not opposed to amalgamations if supported by the communities and councils involved and if the benefits can be clearly identified. They are against forced amalgamations. I firmly believe that resource sharing in its broadest sense is a viable alternative to amalgamation. Resource sharing which, in the REROC model, involves bulk purchasing, sharing of staff and particularly the sharing of staff expertise, allows local government to achieve real efficiencies without sacrificing local democracy. Current funding levels to local government in general are insufficient to meet the growing demands by the community and the State Government. Over the past decade the State Government has created savings for itself by forcing more and more regulatory functions onto local government and by leaving councils to fill the gaps in service provision when State services have been withdrawn. These are detailed in appendix 1 of our submission.

The State Government has also resorted to the use of a fee-for-service approach to fund the implementation of many new regulations and legislation. In most rural and regional locations, where the economy is not as large and as vibrant as in most urban areas, the fee-for-service funding model is not appropriate and does not provide sufficient revenue to cover the costs of service. It is somewhat ironic at the time that councils are being asked to undertake tasks that were previously undertaken by the State Government and to undertake the task with little or minimal financial compensation, that it is the State that is making accusations of inefficiency in local government.

Councils, especially in rural areas, are the backbone of the communities and are responsible for the provision of a huge range of services and facilities. These services reflect the unique and diverse nature of the communities represented. No two communities are the same and therefore no two local governments are the same. Local government is also usually the largest or one of the largest

employers in a rural or regional community. REROC members spend between 40 per cent and 80 per cent of their total operating budget within their own communities. Councils are integral to the economic prosperity of a community, not just because of the employment generated but also because they are key stakeholders in promoting economic and community development initiatives. Councils are the drivers of change and growth within their own communities. The pivotal role they play in the survival of many communities cannot be overstated. Yet, the view in some quarters appears to be that bigger is better irrespective of the quality of service offered by the council or whether or not it is meeting the needs and expectations of the community it represents. Therefore, any changes to local government and its structure must involve effective consultation with its own community. The opportunity for people to have an effective input into the decisions of the future structure of government of the community in which they live should never be ignored.

The members of REROC are committed to providing both low-cost and efficient services to their ratepayers. They are also strongly committed to ensuring that in achieving these goals they do not sacrifice effective representation and local governance and, as a result, they embrace resource sharing as a core approach to council operations. In the past 5½ years REROC has implemented a diverse range of resource-sharing projects aimed at lowering the cost of service delivery and expanding its scope. Member councils of REROC clearly demonstrate their commitment by consistently working together to implement resource-sharing projects that have resulted in savings of more than \$4.5 million. These are listed in appendix 3 of our submission.

In attaining these savings, our members have never been required to sacrifice local government or to put the needs of their own communities into second place. Resource sharing when undertaken with commitment provides a win-win situation for all participants, for not only can it lower costs and expand the levels of service delivery, it can do so without taking the local out of local government. REROC members believe that their activities and resource sharing clearly demonstrate that this model is a viable alternative to amalgamation. Therefore, REROC members believe that structural reform should involve the following and there should be no reorganisation of council boundaries without the willing participation of all councils and the communities affected by the proposal.

Any proposal for structural reform of local government should, one, ensure the retention of accessible, accountable and effective community leadership while maintaining a local democracy; two, should include agreement about the roles and responsibility of local government that meets the expectations of the community as well as other levels of government; three, should provide sustainable funding resources to meet the agreed service levels; four, should recognise and build on established and accepted social and economic communities of interest; and, five, should never lead to a decrease in the social and economic capital created by the activities of local government within that community.

Change must be initiated and driven by councils and consultation with the communities they represent. Every community is different and, accordingly, the expectations and the roles that their council plays in the community will be different. Any changes implemented must recognise this diversity. I suggest this is an excellent opportunity for the State Government to seriously address the roles and responsibilities of local government to meet these expectations. It appears inappropriate to just consider the geographical boundaries of local government without first considering what local government is here to do and how it should be adequately funded. Therefore, this is the opportunity to decide how to provide the funding and the structure for local government to enable it to function both efficiently and effectively, and provide the service expected of it by both its community and other levels of government. Almost all councils in the region have held some form of public consultation, and the response has been a resounding "no" to any form of simple geographic or boundary change.

However, Riverina Eastern Regional Organisation of Councils [REROC] members consider that they have already met the challenge, and are still meeting the challenge, of structural reform and are currently investigating additional ways to collectively extend and improve the service they provide to their individual communities. These are outlined in appendix 2 of our submission. In conclusion, should it really be our wish to extend the service provided by local government to the people of New South Wales then we suggest the reform agenda should address the roles and responsibilities of local government in light of a reasonable expectation of the community and other levels of government; explore and promote successful resource-sharing activities such as those undertaken by REROC;

seriously consider adequate funding for local government at the same time considering how local government can be compensated for the service it delivers for the State; and then, and only then, consider the arrangement and physical size of local government, and agree upon a structure that is acceptable and can clearly demonstrate the benefits to all those concerned.

**CHAIR:** Are unfunded mandates affecting your organisation of councils, in terms of your operation at the level that the regional organisation of councils [ROC] operates?

**Mr BRAYBROOKS:** Obviously, it directly affects my position as Mayor at Cootamundra Shire Council. It is fair to say that unfunded mandates are a problem, but they are compounded by rate pegging which, obviously, in a rural shire where our rate base is not large, anything like as large as it would be in an urban area, inevitably puts a considerable strain upon the financing of a rural council like Cootamundra Shire Council. Yes, it does.

**Ms BRIGGS:** I have been with the ROC for three years, and when we embarked upon project and resource sharing they tended to be focused on group purchasing, for example electricity. Over the past two or three years the level of activity with regard to the production of generic policy documents in response to unfunded mandates has increased considerably. We have written policy documents for on-site sewage management and corporate occupational health and safety. Currently, we are writing corruption and resistance guidelines for councils. We are spending a lot more time within the ROC trying to respond to unfunded mandates by producing generic documentation, which is being shared across all councils. They customise it to meet their needs. In that way we are trying to lessen the financial impact at least in the planning stages—councils are stuck individually with the implementation. More and more of our work tends to be in that written format rather than in the tendering.

**Mr BRAYBROOKS:** This is where we share the expertise. In 15 local government areas there will always be someone with particular interest or a particular expertise. Obviously, we work with that person to produce these generic documents and they then become available free of charge to all members. Probably one of our greatest strengths for rural councils is that sharing of expertise of staff.

**CHAIR:** The ROC, which has branches right throughout New South Wales, indicates a certain efficiency of scale and there may be an argument that amalgamated councils may be an advantage.

**Mr BRAYBROOKS:** Can I turn that question around and say that although, obviously, there are efficiencies in having a broad base to your expertise or knowledge, if you can do it while retaining your local identity and governance then surely that is a win-win situation. We feel that is what we are doing.

**Ms BRIGGS:** I think we pick the eye teeth out of it. Where big is actually better we do that and where it is not it does not happen. A broad-based assumption that because you are big you are all of a sudden more efficient is a flawed assumption. There is no evidence in any shape size or form to support that big is better. In fact, I can point to many of the councils that are small and very effective because when you are small and you do not have a lot of money you have to be very creative and very innovative to solve the same problems that are in the middle of Sydney with a great deal more money. The problems out here are, in many ways, no different to the problems you are facing in the middle of Sydney with service provision, but out here councils tend to meet those challenges with far less money and resources. In many ways they are far more efficient than many of the councils that operate in the inner city. Resource sharing offers the opportunity to pick the things where we can gain economies of scale through size and leave the things alone where it cannot be achieved. It is important in regional and rural areas to factor in distance. You are travelling around now, so you have a good sense of distance. The REROC covers an area slightly larger than Switzerland. When you are trying to cover those geographic distances, they impact on economic viability of governance of distance.

A good example of that is the area health services that have had to meet the challenges of the administration of large geographic areas. It has been an enormous challenge for them. When we looked at amalgamations to make larger council areas, at least in rural and regional areas we must factor in the cost and the tyranny of distance in rural and regional areas, and what that means to

service provision. It also needs to be coupled with public transport and inefficiencies in telecommunications services. Quite often service providers will say, "You can do that on the net", but you cannot do that on the net. They will say, "You can get a bus", but you cannot get a bus because there is no public transport. The consolidation of service provision in a single town with an expectation that people will be able to travel may be 100 kilometres or 150 kilometres, which some communities are doing now to access health services, is unrealistic and pushes the burden of the cost of administration onto the consumer, which is a very unfair way of doing business for rural and regional Australians. Many of them are now finding the burden of consolidation, the cost of consolidation is being worn by the consumer who sits in a car for an hour to get to a service then sits in the car for another service to get back.

**CHAIR:** There has been discussion about the financial assistance grants. At your level of administration and oversight do you have direct interaction with Federal assistance funding? Could you comment whether there would be advantage or disadvantage to amalgamated, larger councils in terms of receipt of such funding?

**Mr BRAYBROOKS:** First of all, you would understand that the Federal Commission approached individual councils, not the ROCs. As a ROC we have no association that way, but as individual council members we do. The real worry, and it is a very genuine worry, is that should there be amalgamations the individual quota of grants will no longer add up to make the same total. That is probably one of our main worries. I believe there have been some assurances that the accumulated grant level of amalgamated councils will be sustained for a number of years, but I suspect that will become a source of economy to the Federal Government should there be forced amalgamations because I suspect the accumulated quantities of individual councils, which are amalgamated, will no longer be the same figure. There will be savings, which obviously puts on further strain because there is an assumed economy and therefore an assumed cut in the grant. Most certainly, that will be fairly difficult to justify because undoubtedly there will be a cut in the size of the grants.

**Ms BRIGGS:** I would also have a concern that about the grants and the way they are administered in this State through the use of the disability factor, which allows small communities to have funding to meet certain disabilities that have been recognised within the community. That, too, will be negated in some way with the amalgamations because individual communities will not be able to highlight those disability factors because they will be subsumed within a large organisation then become less. In doing that the disability itself does not become less because if it is a larger council it still has to deal with whatever that specific disability was. It does not go away. But in the equation it could somehow result in less funding being available to deal with those disabilities, particularly in small communities.

**CHAIR:** Page 2 of your submission asserts that the rate pegging policy and the practice of providing seed funding only for projects is particularly a disadvantage in rural councils. Would you care to expand on that point?

**Ms BRIGGS:** There has been, not just at the State level but also at the Federal level, a practice of launching projects with seed funding. For instance, the community technology centre program would be a version of this. Seed funding is provided for the first two years and there is an assumption that somehow or other along the way some sustainability will be reached. These services are particularly targeted at small, regional communities where economic sustainability may or may not have been a reality. What happens then is that funding is withdrawn after a specific time. The community has become dependent on or expects that service. What happens next is that local government steps in because if it does not step in to take over the running and meet the cost of it the service goes completely and then everyone says, "What was the point?"

It is not just the withdrawal of service but also the effect that it has on the morale of the small community that almost always, with these kinds of projects, has gone through a process of community consultation, design and working parties. A great deal of work has gone into it from the community, but that does not necessarily generate sufficient funding to sustain a service, even if it is well supported within the community. At the end of the day what is happening is that local government steps in to keep the community service that the community says it wants, and that is of concern. There are a number of other projects, I am not particularly picking on community technology centres, but it is one that comes to mind at this point in time.

**The Hon. IAN WEST:** Was there some scientific methodology to the geography of REROC, the 13 councils and the two water catchments?

**Mr BRAYBROOKS:** Very simply, those that have a community interest on Wagga Wagga city, whether it is the regional centre, the regional shopping centre or whatever. One of our criteria is that you must consider Wagga city as your centre of regional interest.

**Ms BRIGGS:** Service delivery.

**Mr BRAYBROOKS:** Service delivery, everything.

**The Hon. IAN WEST:** It started with 13 councils?

**Mr BRAYBROOKS:** It started with 12. There was a bit of a whole in the middle of it so we took on an extra council.

**The Hon. IAN WEST:** Which was?

**Ms BRIGGS:** Culcairn and the two water county councils.

**Mr BRAYBROOKS:** The two water county councils joined because they wanted to be part of us for the bulk purchasing, so they are associate members.

**The Hon. IAN WEST:** Have you done any blueprint or business plan for picking the eyes out of areas where big is best?

**Mr BRAYBROOKS:** At the moment we are working with academics from the University of New England looking very carefully at what we are doing and obviously trying to get this onto a more academic course or scientific basis. We have funded and we are in the process of undertaking that work with the University of New England now.

**Ms BRIGGS:** In addition, what we have done recently is to have another look at the kind of activities that we could be doing and they are included in the submission. We have done that in consultation with the general managers from all of our councils where they have identified areas where they believe that by working together we can achieve more economies of scale or scope.

**The Hon. IAN WEST:** Have you gone outside the REROC?

**Mr BRAYBROOKS:** No. At this stage we have decided that 13—the simple fact is that we either get enormously big or we stay with our original yardstick that Wagga Wagga City is our regional centre. I have talked to many other organisations about what we are doing and encouraged them to set up a similar thing but I think on an administrative scale 13 is enough.

**The Hon. IAN WEST:** Perhaps I am not articulating the question properly. In looking at your generic policy documents, are you merely pulling from the resources of the REROC or are you going further afield to see whether there are any best practice documents in regard to your generic policy documents?

**Ms BRIGGS:** Usually we would do a bit of a hunt around to see what else is around and whether anyone else has problem solved in the way we have. In the past there has not been a lot around. For instance, with the ICAC corruption materials we are using a lot of the ICAC guidelines and stuff that have been developed, but nothing specifically in policy documentation has been developed. We will work with ICAC doing that. We have just done rural school bus stop guidelines. We have pulled guidelines out of Queensland that have been developed, some stuff that had been done by the RTA in the early 1980s. In fact, the RTA was on the working party to develop the guidelines with us. Nothing like that exists in the State either. What we anticipate will happen with the guidelines we have written is that the RTA will adopt them statewide because there is nothing existing as such.

**The Hon. IAN WEST:** Do you have a document already written or a document that lists those generic policy documents?

**Mr BRAYBROOKS:** It is in the appendix.

**The Hon. KAYEE GRIFFIN:** In your submission you made a comment about only the members participating in REROC projects if it will benefit or have positive outcomes for their own councils. Whether it is a voluntary organisation or not, if something does not benefit one council and it does not participate, do you think that goes with the spirit of what a regional organisation does if it might benefit another council? Should all of the councils contribute to help each other?

**Mr BRAYBROOKS:** I think it goes to the heart of how we see ourselves as a voluntary organisation. We have always taken the attitude that if it benefits the majority we will undertake it. It does not mean that every council must take part, but we will provide that service if it is the decision of the majority, and we will provide that opportunity if it is the decision of the majority. While we remain, and should remain, a voluntary organisation, it has to be literally that. Whether you wish to take part or not in that particular project is your choice as a local government area. This retains the essence of local government. It retains that essence of voluntary.

**Ms BRIGGS:** When we are doing group tenders, because of the distance factors involved, and if it is a supply and delivery kind of contract, sometimes it will work out much better for some councils than it does for others. In those circumstances the councils that it does not work out as well for as the rest go with it. I guess the members work on a swings and roundabouts arrangement where sometimes it will be better for them and sometimes it will not be quite as good for them as it will be for others. And that has worked quite well. There are projects—for instance, the road safety officer project, one council elected not to participate at all. That did not undermine the project. It did not suit that local government area and everybody said that was fine as well. If we ran projects and you had to be part of it regardless, then we may as well be amalgamated. But that is not the way we operate. We are trying to provide assistance to councils to value add to what they do, not to take over. It is always: if this is good for you too, you be part of that. If it is not good for you, you do not be part of it. Essentially, the majority rules. We will only take on a project if the majority are in favour of it.

**The Hon. KAYEE GRIFFIN:** I suppose I was more concerned about not so much a council agreeing to participate in something that may not benefit an individual councils as much as others but rather a council having a very serious problem and the other councils not electing, as part of that regional organisation of councils, to work and assist a particular council with an individual problem. That may not benefit the rest of the councils but it is a very serious thing for one of your members.

**Mr BRAYBROOKS:** Frankly, it is an issue that has not arisen so far. We do not agree on everything all of the time. After all, you put 30 people in a room and they are never going to all agree on everything. But it has never been a major issue. It is because of this continued idea of it being a voluntary group and a voluntary decision and obviously the majority decision. It has never become a major issue for us.

**Ms BRIGGS:** If one council has a large problem generally it will look at the problem and say, "Is this something that REROC should deal with?" They only bring it to REROC if they believe it is a problem that others will have as well. They say, "I have this problem. I think that other people will have this problem." The ICAC guidelines are a classic case where one council was asked to participate in a review with ICAC, not because anybody complained but because ICAC is being more user friendly. As a result of that review there were some shortfalls in council documentation identified and that council came to us and said, "I think we have this big problem. We do not have this document and we think a lot of others will be in the same place." And they were the right. Everybody said, "You have identified this big problem but it is also a big problem for the rest of us so we will deal with it." What happens is that councils tend only to bring problems to us that they believe will impact on the others as well. They have a good understanding of REROC's purpose.

**The Hon. HENRY TSANG:** I congratulate you on your efforts to attract investment to your area. You have done a wonderful job. In terms of attracting investment and promoting tourism, as well as attracting doctors to serve in the area, regional air travel, the regional REROC certainly has a greater role to play. That being the case, do you think perhaps that in this local government reform



your REROC should be given more resources? In other words, are the councils saying that the State government should have a partnership with local government or with REROC? Are your councils saying that they do not want to be amalgamated? Do you think there could be a partnership between the State Government and REROC, giving you more resources so that you are more effective? In other words, can you be more effective? Do you think the Government can reform this agenda to allow the REROC to be more effective?

**Ms BRIGGS:** We are already in partnership with the State Government.

**Mr BRAYBROOKS:** Particularly on waste.

**Ms BRIGGS:** We are in partnership with the State Government in the delivery of regional waste programs, with what was Resource New South Wales. We have had that partnership in place for some considerable time. We are in partnership with the EPA in the delivery of regional stormwater beyond REROC. We actually host a regional stormwater extension officer for the EPA who services 32 councils. We are also in partnership with the RTA in a regional road safety officer project.

**Mr BRAYBROOKS:** As the contact point for a lot of government agencies, I think the ROC has a major part to play and already is playing, and I am quite happy for that to be expanded. But obviously we are only a contact point to talk to our individual councils. We still have to remember that we are dealing with 13 individual councils and two water county councils. We must remember that and we do remember that. Obviously again we see ourselves purely as a contact point for talking to those people. We have had several very effective partnerships which Julie has listed, particularly with Resource New South Wales over waste management.

**The Hon. HENRY TSANG:** Do you think the mayors from the various councils would have dedicated power to sit on your board and make decisions as a region, rather than going back every time to the councils for ratification, making your ROC more effective?

**Ms BRIGGS:** We meet every two months.

**Mr BRAYBROOKS:** And we meet as a small executive in between. Obviously, email is a little slow at times but it works, especially when Big Pond does not work. At the moment the ROC sees itself as a contact point, as a conduit, and I think it works extremely well that way because we can pull 13 councils together. We put the case for this regional approach, and that is fine but I do not know whether the membership wish to take it further than that.

**Ms BRIGGS:** The State Government is becoming very good at recognising what a ROC can do successfully. We are acting as a facilitator for the delivery of projects on a local basis so that the agency gets to have one funding agreement, one contact point. Waste is a good example; we have achieved a lot of economies of scale by delivering regional waste projects. We are looking at doing similar things with youth, social planning. We are very keen to form partnerships with the State Governments where it is appropriate for us to be able to assist our councils to deliver outcomes on a local basis.

**The Hon. RICK COLLESS:** You have been talking about this issue of working together quite extensively. Do you see that there is an opportunity for a more formal approach to this working together? I am referring almost to the possibility that one day we may see an amalgamated corporate services functions of the group of councils such as REROC but maintaining their decentralised service delivery type functions?

**Mr BRAYBROOKS:** We have looked seriously at the provision of corporate services to councils on a subregional basis. We could not find the real economy of scale. I know the State Government is doing this. I know that this tends to be a little bit of a flavour of the month. We have looked at it, and we are still looking at individual things like wages, doing the wages even on a subregional basis, maybe six councils and then a seven-council group. We are looking at that. At the moment we are finding it fairly difficult to find a real cost saving.

**Ms BRIGGS:** That is in part because many of our councils do not have dedicated payroll staff, for instance.

**Mr BRAYBROOKS:** They are just not big enough.

**Ms BRIGGS:** What happens in most councils is that staff are multiskilled. It might well be that the pay staff are also the rates staff and also the creditors staff. When you look at the corporate services area of smaller councils, you do not find what you may find in Sydney, where one person may deal with only this one problem. That does not happen, it is a multitasking thing. If you want to get rid of one staff member you would have to get rid of a multitude of tasks. Then, for our councils, there is the impact of the loss of staff on the local economy and whether the gains that are made in savings of wages weigh against the losses made by the employment losses in a community, those kinds of outcomes.

**The Hon. RICK COLLESS:** Within your ROC area, are the salary scales, and so on, for the various categories of staff consistent across the ROC or are they all over the place?

**Mr BRAYBROOKS:** They are not all over the place. They are different, because they are individual, but they are within the same sort of boundary. There is a market force working here and a corporate services director or a wages clerk will earn the same sort of band, yes they will.

**Ms BRIGGS:** What we have tended to focus on with staffing are the things that we have trouble delivering now. What we are delivering now we are delivering well. We have tended to leave well enough alone. Where we feel we are having shortcomings, and that could be in social planning, in asset management, in design engineering, those kinds of places, that is where we are looking at more shared staffing.

**Mr BRAYBROOKS:** Because particularly smaller councils find it very hard to justify the cost to put on a specialist member of staff. Therefore, if they can share the specialist member of staff among four or five of them, that is quite easily justifiable to get access to that specialised service.

**Ms BRIGGS:** We have done that very successfully with the road safety officer project. We have one road safety officer serving three or four councils and the cost of that is spread right across all the councils. They get the specialist, they get the specialist project implemented but they do not have the entire cost. That has been very successful.

**The Hon. RICK COLLESS:** On another tack, you mentioned earlier the issue of geographic size. It is something that is very important to country councils because the statement that came out from the Premier and Minister was the magical 5,000 population and \$10 million dollars. They were looking at limits from a minimum size perspective. Of course, in the cities it is the other way, it is the maximum population that is the limit. Do you see there is a need to have a maximum geographic size attached to local government? In other words, we have to keep the local in local government?

**Mr BRAYBROOKS:** If you wish to keep the local in local government you have to keep the size to a minimum. As I said in my presentation, please remember that the local council is probably the biggest or one of the biggest employers in town. It has a direct economic and social position to play in a town. That does not mean that efficiencies cannot be gained through things like resource sharing, which we are doing, but I think the actual presence of the council in a rural town is extremely important socially and financially. As such, if you start bringing together or amalgamating three or four, there will be major losers socially and economically in those communities, certainly.

**Ms SYLVIA HALE:** I think it would be fair to say that the evidence we have received at this inquiry to date suggests that the real problem is the funding of local government, and whether local government can be made more cost-effective by amalgamations is a secondary issue.

**Mr BRAYBROOKS:** Correct.

**Ms SYLVIA HALE:** On page 6 you say there could be greater efficiencies and they could possibly result from the elimination of service duplication across levels of government—that is Federal and State as well as local government. Would you care to expand on that at all?

**Ms BRIGGS:** One of the strengths of local government is that it is local government at the coalface. We are out there in the communities. There are opportunities to explore resource sharing across all tiers of government, not just local government. We start to look at what our comparative advantages are as tiers of government and start to deliver services accordingly. This goes back to what Councillor Braybrooks was saying about starting to look properly at the roles and responsibilities of all three tiers of government. In this city there are three different agencies delivering a specific State Government service and not working and integrating together. Then there are local governments also keen to be involved in the delivery of that kind of service as well, essentially duplicating things at local level, because they are not part of that State process. There are opportunities for local government to deliver more services at the coalface, assuming they are properly funded to do so, and for the State and Federal governments to look at their roles and say we have service providers here in rural and regional locations, why do we not use them to deliver these specific services and we will step away and do something else with our money. We will fund these services appropriately but then step away.

**Mr BRAYBROOKS:** That is the bottom line—we will fund these services appropriately.

**Ms SYLVIA HALE:** I do not think there has been a council that has made a submission that has not complained about rate pegging. In your submission you say that rate pegging and the fee-for-service charges or approach to charging have particular difficulties for rural councils. Can you tell me more about that?

**Mr BRAYBROOKS:** Obviously with rate pegging, the simple mathematics, if the rate pegging limit is 3 per cent and if your rates make up 60 per cent of your income, that is a significant increase. If they make up 20 per cent of your income, that is equally significant but it is significant in the other way. That is the problem from the rural perspective, that rate pegging certainly curtails, seriously curtails, the finance. When you have cost shiftings on to local government at the same time, it puts considerable pressure. At the same time you have a reasonable expectation from the community of greater services. That is fine, but the bottom line comes down to finding the money to do it.

**Ms SYLVIA HALE:** Were you also suggesting that in urban areas there has been an escalation in land prices, and that has not necessarily occurred in rural areas and that is a further disadvantage?

**Mr BRAYBROOKS:** That is right, yes. Obviously the percentage of incomes from rates in average rural areas is very small.

**The Hon. HENRY TSANG:** Does it mean you are saying that in the rural areas the ratepayers are happy to pay more provided they are getting more services, happy to pay more rates?

**Mr BRAYBROOKS:** No. That is exactly why we said the services provided by local government to its local community have to be very much tailored to what the community wants. There are vast differences between what some communities want from their local government and what others want. Sometimes they will say okay, if this means a rate rise and that is the service we want, that is what we will do. I have no problem with that, because that is providing the service to the community that the community wants.

**Ms SYLVIA HALE:** On several occasions through your submission and certainly in your conclusion you say you are concerned that the current call for amalgamations is based on political motivations. This indicates some sort of dissatisfaction with the process. Would you like to indicate the nature of your dissatisfaction?

**Mr BRAYBROOKS:** I think it can be summed up that we fail to see any practical reasons why amalgamations will provide a better service to the community. Therefore, we are left with little conclusion to draw other than that it must be a political reason, because we do not see any social or financial reasons for amalgamation, certainly of rural areas. Therefore, there must be another reason and the obvious other reason is that it is a political reason. There seems to be no other practical reason for it. As far as we can see we can get economies of scale, we can get financial advantage by what we are doing, without being amalgamated.

**Ms BRIGGS:** Certainly the Premier and the Minister said at the Shires Association conference, when talking about it, that the media have been calling for it and we have to do something about it. But we do not see the media calling for it in our part of the world. If the media are calling for it, we would say it is a political response, not that the Department of Local Government has been analysing everybody very closely and that it thinks we should be doing this better.

**(The witnesses withdrew)**

**BRIAN JAMES PEARSON**, General Manager, Wagga Wagga City Council, 19 Lincoln Avenue, Tolland, Wagga Wagga, sworn and examined:

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

**Mr PEARSON:** 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 PEARSON:** Yes.

**CHAIR:** Before we start Committee questioning, if you would like to make an opening statement, you are most welcome.

**Mr PEARSON:** Yes, I would. Thank you, Mr Chairman, and the Committee, for giving me the opportunity to address you this morning. A little bit of background about the city of Wagga Wagga: the Wagga Wagga City Council has an area of over 488,000 hectares, an area larger than the Australian Capital Territory. The Wagga Wagga City Council budget is approximately \$75 million. Wagga Wagga was proclaimed a town in 1849, and in January 1981, as a result of the amalgamations, it was amalgamated with the shires of Kyeamba and Mitchell. Wagga Wagga City Council is a member of the Riverina Eastern Regional Organisation of Councils [REROC] that you just heard from and Wagga Wagga City Council is pleased to make a submission to this inquiry. The population of the city of Wagga Wagga is approximately 60,000.

The city of Wagga Wagga considered an extensive report about local government structural reform and in September resolved as follows: That the city council notes the Government's amended direction in relation to local government reform compared to that espoused prior to the election. Wagga Wagga City Council does not support forced amalgamations. Wagga Wagga City Council is currently able to provide financial and service provision levels to satisfy its current commitments. Wagga Wagga City Council is a very large urban rural city and financially viable and sustainable in its own right. Wagga Wagga City Council strongly believes that any reform of the industry should be centred around communities of interest and any activity between neighbouring towns and villages. Should reform be forced on Wagga Wagga City Council, such reforms should be subject to full due diligence and independent audit of finances, liabilities and assets prior to any change.

Wagga Wagga City Council requests support and compensation, or increased revenue-raising opportunities should new councils be created as a result of any forced amalgamations. Wagga Wagga City Council supports and willingly provides a leadership role in any resource-sharing initiatives that may be available. Wagga Wagga City Council is willing and prepared to discuss structural reform with neighbouring councils, and this is evidenced from the public meetings held in the villages of Tarcutta and Humula as a result of representations from Tumut and Tumbarumba shires. The result of those meetings was the communities of those small villages unanimously supported staying as part of the Wagga Wagga City Council local government area. Although they are only small villages, the people at the public meetings were unanimous in that support of being part of the Wagga Wagga city area rather than going towards Tumbarumba and/or Tumut shire councils.

Wagga Wagga City Council has resolved to speak with the shires of Lockhart, Coolamon and Junee councils, two of which have volunteered to talk about any opportunities should structural reform be imposed on council. Wagga Wagga City Council is thinking outside the square, as our Minister has asked us to do. It is being proactive and realistic about opportunities that may exist as a result of structural reform. Wagga Wagga City Council fully believes in the value of its community, and it is vital in any discussions or consideration of reform that prior to making a decision the communities wants and needs are taken into account. Fundamental to any success of forced and/or voluntary reform is the ability of local government areas to have long-term financial viability to survive. It is for this reason that I believe forced reform should not be imposed, and that any authorities that may be developed are appropriate and able to present cost-reflective pricing policies that enable long-term financial viability. The council is heartened that the Government will require the

production of clear evidence of the financial benefits of any reform proposals prior to making any determinations.

**CHAIR:** Your council has gone through a process, as you mentioned, of amalgamation. Did any complain? Is there still complaint, or is there an advantage for those regional areas? This classic situation of a city council and regional outposts is reflected in other areas of the State.

**Mr PEARSON:** The amalgamation took place in 1981. I was not in the city of Wagga Wagga in 1981. However, from information received from many parts of the community, the amalgamation process, although initially resisted, has not been an issue for many years.

**CHAIR:** Was it a forced amalgamation?

**Mr PEARSON:** Yes.

**CHAIR:** A common theme in many submissions to the inquiry is that local government finances have not kept pace with the cost of their ever-expanding roles and responsibilities. Many submissions also touched on relative increases in charging levies that councils must pay. Are there any particular examples of this that you would like to bring to the attention of the Committee?

**Mr PEARSON:** Significant mandates that do not come with appropriate funding have been forced upon local government. For example, the protection of the environment operations legislation, the companion animals legislation, noxious weed control, increased rural fire service commitments as the result of new legislation, infringement parking patrol officers—in metropolitan areas it is a revenue raiser, but in rural areas it is certainly not a revenue raiser—waste minimisation legislation, contaminated land management legislation, on-site sewage management plans, emergency management legislation and pensioner-rating concessions all impact on the availability of the available dollar for works and services of this city council.

**CHAIR:** Does your council have any suggestion as to what could or should be changed in terms of local government revenue-raising capabilities, or various funding arrangements?

**Mr PEARSON:** Council is concerned with the rate-pegging legislation and the impact of the inability of councils to raise sufficient revenue because of increasing costs. Councils that traditionally kept their rate base low 25 or 26 years ago now have problems because of rate pegging, and are behind other councils. An example as per the financial indicators published by the Department of Local Government is Orange City Council, which receives approximately \$300 more per residential assessment than the City of Wagga Wagga as a result of rate pegging. This council supported an application for a special variation, and an application was approved for a five-year period for specific works and services. That is being reported on and completed, and the community can see where the extra money goes. But the reality of trying to get above a rate-pegging increase is very difficult.

**CHAIR:** As General Manager of the council, do you have any difficulties managing how outlying areas are serviced? Is that a big problem for your council?

**Mr PEARSON:** With such a large land area, probably the biggest problem is the maintenance and servicing of rural roads as well as the ability to maintain some contact and link with our smaller villages.

**CHAIR:** Do you have precinct committees or other methods of accessing smaller communities on the periphery?

**Mr PEARSON:** In our social and community welfare area we do. We have neighbourhood committees and so forth. We have a number of ratepayer organisations in the city that provide input—chambers of commerce and so forth.

**CHAIR:** Do you have a small office in your regional areas so that people can access the council?

**Mr PEARSON:** No, we do not.

**CHAIR:** Everyone has to come into Wagga Wagga to do business?

**Mr PEARSON:** Yes. You can pay your rates and so forth online.

**Ms SYLVIA HALE:** We have had submissions from Orange and Tamworth where urban centres have mooted amalgamation with adjoining regional councils. Presumably, the argument has been that it will lead to greater if it is this. Wagga Wagga has undergone this process, admittedly 20-odd years ago, but in 2000-2001 council was on the department's annual financial watch list. Does this suggest that joining together of rural and urban areas is not necessarily the solution to everyone's problems?

**Mr PEARSON:** No, certainly not. Recent discussions with the Department of Local Government revealed that Wagga Wagga city will be off the watch list as a result of the submission of the annual statements that were received last week. We do not have official confirmation of that. I do not see that being related to the financial watch list that Wagga Wagga City Council has been on. If you were to have a detailed look at the financial statements of the city of Wagga Wagga you would see a very prosperous balance sheet.

**Ms SYLVIA HALE:** Why were you on the watch list?

**Mr PEARSON:** It came about as a result of an internal inquiry and report carried out in relation to council's operations in 2000.

**Ms SYLVIA HALE:** You say it really has nothing to do with the fundamental stability or financial soundness of the council?

**Mr PEARSON:** Correct.

**Ms SYLVIA HALE:** Yesterday we heard evidence about Pristine Waters Council in the north of the State where an amalgamation has taken place, and we were told of hidden costs that were not necessarily appreciated when the amalgamation was first mooted. The services required by rural areas were not identical with the services required by urban areas, therefore you could not make savings by assuming that service delivery would cost less. Do think that is a reasonable observation?

**Mr PEARSON:** The cost of service delivery to such a large local government area as the city of Wagga Wagga is very expensive. The cost of providing rural road access to a rural village or town is certainly a lot more expensive than an urban suburb of the city of Wagga Wagga. The cost differential already exists as part of council's adopted management plan.

**The Hon. RICK COLLESS:** Going back to the previous amalgamation of Wagga Wagga with Mitchell, you mentioned a very strong need to maintain contact with our smaller villages. Do people in those smaller villages still think they were better off prior to the amalgamation?

**Mr PEARSON:** Yes.

**The Hon. RICK COLLESS:** I come from a similar situation. My shire went through a similar amalgamation and those issues still exist.

**Mr PEARSON:** Anecdotal evidence shows some people certainly have that opinion. Traditionally the rural people say that they were better off in those days. However, they probably do not look at the better services and facilities that are provided by the greater region and their use of the facilities provided by the city versus a small rural shire to which they previously belonged.

**The Hon. RICK COLLESS:** What advantages would you see for your smaller neighbours if they were to join up with Wagga Wagga city?

**Mr PEARSON:** In reality, some of our smaller neighbouring shires are really satellite villages or towns of Wagga Wagga. It is their principal place of doing business, shopping, accessing medical services, and accessing government instrumentalities and authorities. It is the major drawcard

and service centre of a region that, within 150 kilometres of Wagga Wagga, encapsulates 250,000-plus people.

**The Hon. RICK COLLESS:** What about the disadvantages to those smaller communities, such as the loss of jobs?

**Mr PEARSON:** Should an amalgamation occur?

**The Hon. RICK COLLESS:** Yes.

**Mr PEARSON:** You would hope that any forced amalgamation, (as you are aware council is opposed to a forced amalgamation) the Government would see fit to create a ward type system where the representation of those smaller rural communities was protected and safeguarded so that through the democratic process they would have sufficient input rather than be dominated by the city of Wagga Wagga.

**The Hon. RICK COLLESS:** In your submission you talk about the need to review funding issues, and in particular you mentioned the allocation of a share of the GST for local government. If that were to happen, how do you believe it should be hypothecated? Should it come straight from the Federal Government or should it come via the State, given that all GST funds are now paid directly to the State?

**Mr PEARSON:** You could probably run the same argument with the Grants Commission and the financial assistance grants. It should come directly to local government upon substantiation of costs incurred as a result of the implication of GST on local government.

**The Hon. RICK COLLESS:** With respect to depreciation schedules to which Ms Sylvia Hale referred, are you satisfied that the depreciation schedules you are required to use in local government under the new accounting standards truly reflect the life of the assets, or do they give a somewhat unbalanced cost of depreciation?

**Mr PEARSON:** There are no prescribed depreciation levels in the local government accounting standard, there are only some general indicators. It is a matter for councils to decide the life and the depreciation rates of their councils. That in itself creates major problems when trying to compare local government authorities throughout the State. Depreciation and overheads can significantly distort the financial reports of a local government authority. When you try to bring them together times 172, they really are ducks and drakes in some areas. It depends on looking closely at what life and depreciation rates are used for the major infrastructure assets.

**The Hon. RICK COLLESS:** The justification for this current reform process has been the fact that a lot of local government areas and councils are in dire financial straits. Do you see that they are not really comparing apples with apples?

**Mr PEARSON:** I do not know the foundation or the impetus behind the Minister's 5,000, \$10 million budget comments, but I would suggest that a close analysis of the various financial statements would wind back somewhat, some of the assumptions that are being made.

**The Hon. HENRY TSANG:** You have experienced forced amalgamation. During the hearing yesterday we heard some of the objections to forced amalgamation. One is the loss of employment in local villages or the shire. The second is representation on the bigger council. How did your council manage those two issues? After the forced amalgamation do they still maintain that they want to stick with Wagga Wagga?

**Mr PEARSON:** As I mentioned earlier, I was not around in 1981. The biggest issue of concern in any forced amalgamation is the financial viability of it. We need to ensure that either rate pegging or revenue raising opportunities are there for the new community that is being formed. We need to ensure that the communities of interest are heard and are consulted and involved as part of the process. We also need to know that the amalgamation proposed has a full long-term chance of success.



**The Hon. HENRY TSANG:** So in your case it was a success. How did you do those first two things?

**Mr PEARSON:** I cannot answer for what happened in 1980, 1981.

**The Hon. HENRY TSANG:** Were local jobs lost? Are they still happy with it? Obviously they managed quite well with the loss of jobs.

**Mr PEARSON:** The amalgamation of two rural shires with a large urban city council, I would not believe any jobs were lost.

**The Hon. HENRY TSANG:** What about representation? Is there a dedicated councillor responsible for those villages? How do you manage the representation process?

**Mr PEARSON:** The election of the 15 councillors who are on the city of Wagga Wagga. There is a mix of rural and urban councillors on the council.

**The Hon. HENRY TSANG:** Is there a ward system?

**Mr PEARSON:** No.

**CHAIR:** What is that mix at the moment?

**Mr PEARSON:** I think there would be about three rural councillors out of 15.

**The Hon. KAYEE GRIFFIN:** You spoke about getting approval for a five-year variation on your rates to do specific works within your city area. Can you expand on that in terms of how that is seen by your residents and ratepayers, and how you get the message across about what specific works will be done using that rate variation?

**Mr PEARSON:** Council initially considered an extensive report about funding and the general lack of available revenue to carry out infrastructure works. Council then resolved to make an application to the Minister for specific projects and sought a specific percentage increase to carry out these infrastructure projects. We published a community newsletter, we issued press releases, we advertised, we sought public comment. We visited the Department of Local Government to explain our predicament as far as recurrent available cash to carry out infrastructure works. As a result of that, the Minister gave us a five-year approval only to carry out these works.

**The Hon. KAYEE GRIFFIN:** How does your community know when these specific works are being done?

**Mr PEARSON:** Currently we report quarterly to council and the community on the progress and the expenditure of the funds derived from that additional rate funding application.

**The Hon. KAYEE GRIFFIN:** You made a comment about the transfer of the patrol officers. I think you said that in Wagga Wagga it is not successful in terms of revenue and so on, compared to perhaps metropolitan Sydney.

**Mr PEARSON:** Yes. The reality is that parking in North Sydney or Sydney city is certainly different to regional city councils. The Government has given a five-year \$400,000 p.a. commitment that councils will not lose for five years in relation to that. Thereafter local government will pick up any shortfalls should they occur in relation to infringement notices. The reality is that there is a five-year buffer but after that it is unfunded.

**The Hon. KAYEE GRIFFIN:** But you do not see the transfer at present in terms of your city as being successful or something that is perhaps beneficial to council in the long term and not detrimental in terms of your funding.

**Mr PEARSON:** I think the distribution of the responsibility is fine. The differential is the volume of traffic, the population and so on, and the ability to generate revenue to meet the additional

costs. That is the issue. The mandate is only there for five years to break even. If the city does not significantly grow the potential to break even or any shortfall will need to be funded by that general rate dollar by inheriting this practice.

**(The witness withdrew)**

**COLIN RICHARD WIESE**, Mayor, Lockhart Shire, PO Box 21, Lockhart, and

**GLYNN RICHARD JONES**, General Manager, Lockhart Shire Council, PO Box 21, Lockhart, sworn and examined:

**CHAIR:** In what capacity are you appearing before the Committee?

**Mr WIESE:** As the Mayor of Lockhart shire.

**Mr JONES:** As the general manager of Lockhart Shire Council.

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

**Mr WIESE:** Yes.

**Mr JONES:** Yes.

**CHAIR:** If at any stage during your evidence you consider 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 the Committee proceeds with questions, would either or both of you like to make a short statement?

**Mr WIESE:** I will make a short statement. A necessary and indispensable attribute for any progressive society that desires a fulfilling and happy and contented lifestyle for its people is to have a tier of government and that is local. Local government gives the opportunity for its citizens to have a sense of ownership of community infrastructure, have an input into the planning and prioritising of services and, most of all, there is a sense of identity. One of the greatest strengths of the Lockhart shire is the close working relationship between council and a large number of community organisations. Council fears that this community spirit generated by the vast volunteer contribution would be lost if the shire was swallowed up into a larger area. In addition, the opportunity for local people to have a direct input into matters affecting their lives would be lost.

You only have to look at Wagga Wagga City Council where rural residents have very limited representation on the elected council because of the weight of numbers. Lockhart shire is a viable local government entity as it currently stands. Infrastructure and services are continually being improved while our financial position is sound. Council compares favourably in all the indicators measured by the Department of Local Government. General rates and garbage collection fees are well below the State averages and sewage rates compare favourably with towns of a similar size. Our council believes that staff are already fully utilised and that very little saving in wages or salaries can be made from amalgamation.

Lockhart Shire Council has readily embraced change in the past where it has been of benefit to the community. Council was one of the first to recognise the importance of award restructuring and occupational health and safety. Councillors and staff have worked together to develop strategic plans that have and will continue to deliver improved services to the residents of the shire. In trying to gain the maximum return for money spent, council has actively participated in many resource-sharing projects sponsored by the Riverina Eastern Regional Organisation of Councils, as well as a number of joint efforts with neighbouring councils. Lockhart shire is the largest employer in the town of Lockhart, so any amalgamation that would take administration of the shire out of Lockhart would have a devastating effect, ripping the heart out of the community both economically and socially.

Within our shire there are two Lions clubs, one Rotary club, four progress associations and associated tidy town committees, four Landcare groups, 12 bush fire brigades, one SES unit, four CWAs, five red cross branches. We have five recreational grounds, voluntary management committees with three full contingents of football and netball clubs participating during the winter months. In addition we have two golf clubs, one rifle club, one fishing club, three cricket clubs, seven tennis clubs and three lawn bowls clubs. A 22-bed aged care hostel is managed by a voluntary committee, and community representatives also manage Lockhart and district health community services. Volunteers man and run the Lockhart and District Historical Museum.

Our shire also boasts of the first community licensed hotel in New South Wales at Pleasant Hills. There are no doubt further groups that I have missed, but the point I wish to make and emphasise is that, given our population of some 3,400, a very high proportion of the population is involved in community activities. This high proportion of involvement in community affairs, I believe, is directly related, if not wholly, to the fact that council is close to the people. Council and community work as partners in achieving the goals of enhanced infrastructure and efficient levels of service, meeting the social and cultural needs.

Prior to the last State election there was a promise of no forced amalgamations. The past Ministers for local government, Ernie Page and Harry Woods, were true to their word and we had no reason to believe that this policy was to change. Since the election the shires have been told by Premier Carr and Minister Kelly that we are to restructure ourselves or they will do it for us. The question I pose here is: If amalgamations are so beneficial for our communities and us as residents why did the State Government not come clean prior to the election and tell us of its intentions? In fact, why did it deceive us into thinking it had no such intention? Local government like ours has many positives and they far outweigh the illusionary gains that might result from amalgamation.

I have already touched on some of the positives. However, I reiterate that the bigger the population of an area, the further the Government is from the people. For example, if Lockhart shire were to amalgamate with Wagga Wagga City Council, and if all the people in the Lockhart shire voted for one candidate, there would not be enough votes to get that person elected. So the whole of the Lockhart shire could be without local government representation. Local government is just that: Giving local people the right to have a say as to the priorities of local infrastructure and services.

Another big advantage of councils of our size is that council representatives are not party political or groups, and this allows them to vote on the merits of each issue. I have great respect for my fellow councillors in the Lockhart shire. At times they have differing views and they strongly represent those views, however our differences are only matters of judgment as we are unified in what is best for our community, not what is the policy of a political party or group. The bigger the shire gets the more dysfunctional its political arm becomes. If the Carr Government was serious about enhancing the living standards of all country people, the reform agenda for local government would be exactly the opposite to what it is proposing. That is to reduce the size of large local governments and bring government to the people. This would allow more people the opportunity to enjoy the quality of life we currently have in the Lockhart shire. To conclude, I believe that local rural councils like ours are a necessary part of and play an intrinsic role in the economic and social infrastructure of the Australian way of life.

**CHAIR:** Thank you, Mr Wiese. Mr Jones, you would wish to make a statement?

**Mr JONES:** Not as a general statement.

**CHAIR:** Councillor Wiese, you clearly described the social capital that is part of your community. I am wondering in terms of your financial viability whether your council is or ever has been on the Government's financial watch list. Can you describe how you as a small council financially keep yourself viable?

**Mr WIESE:** As far as I know we are not on the watch list, and never have been. I will leave it to the general manager to describe the details of the finances.

**Mr JONES:** We have never been on the watch list. We were unfavourably named in Parliament by the former Minister several years ago as a result of interpretation. We had used far greater depreciation rates than were necessary and this was corrected as a correction of a fundamental error in the following year's statement.

**CHAIR:** I am presuming that as a small council you are not totally self-sufficient. Do you have any sharing arrangements of plant, equipment or expertise with surrounding councils and project-sharing capabilities? Is that something that you as a council work on?

**Mr WIESE:** Yes, we have sharing arrangements. We share the same manager and environmental services with Urana shire. We are involved in the rural fire service. We had a joint fire control officer with the Urana shire but that has changed.

**Mr JONES:** We are a member of REROC. Also, we use Wagga Wagga City Council's dog and companion animal rangers on a contract basis.

**CHAIR:** Does this work? Is it successful?

**Mr JONES:** It is successful for us, and we have just re-entered the agreement. It saves us employing a person in that area who would not be fully occupied.

**CHAIR:** This inquiry has received a number of submissions from individual residents from Lockhart shire who expressed their desire that the shire retain its current identity. To what do you attribute this strong community support?

**Mr WIESE:** It is the partnership of council with the community. We are well aware of what goes on in the community and we are close to the community. If the community suggests something that should be, we are prepared to examine and look at it. I think one of the big things we have achieved in our shire of community and council together is our paving project in our main street of Lockhart, where there are 400 etchings depicting the history of different families in Lockhart. This was first instigated by a community person. They arranged the initial funding of some \$70,000 by selling square metres of paving with etchings in it so people could pay for their different emblems. Council was there to help guide and work out how it could all fit in, and this project is a perfect example of how the council works with the community.

**The Hon. IAN WEST:** Mr Mayor, can you give us some indications of the forward plan that the council has in terms, firstly, of its liaison with REROC and its plans for the future of Lockhart?

**Mr WIESE:** We are progressing to increase the standard of our infrastructure in roads. Every year we try to seal a bit more of our roads. In our towns we are continually enhancing our footpaths, curbing and guttering. Our parks and gardens are well maintained and we are trying to better them. We have just built a new medical centre to provide further health services within Lockhart. We are looking at an aged care hostel in The Rock, the community is, but it will be supported by council.

**The Hon. IAN WEST:** So you have a future plan document?

**Mr JONES:** We have strategic plans in a number of areas. As well as our statutory management plan required for the next three years, we have roadworks plans going out five or six or even 10 years for sealing works. That will stand us in good stead when the Road to Recovery money will become available, because we have plans ready to go. We are working on current finance plans longer than the statutory three-year period. We have 20-year business plans for our sewerage funds.

**Mr WIESE:** We have just conducted a community survey which we are collating now to try to keep ourselves abreast of the needs of the community.

**Mr JONES:** We also have a strategic plan for street tree planting and roadside vegetation protection and regeneration.

**The Hon. KAYEE GRIFFIN:** Mr Mayor, in your original comments you spoke about having an aged care hostel at present.

**Mr WIESE:** Yes.

**The Hon. KAYEE GRIFFIN:** And you just mentioned that the community was looking at something else in terms of aged care, is that correct?

**Mr WIESE:** Yes. The Rock, which is one of the towns in our shire, is looking at trying to establish an aged care facility there.

**The Hon. KAYEE GRIFFIN:** Would you care to just make a comment in relation to the issue of Lockhart council as it is now, or perhaps any changes working through the ROC you are in? How are the services, using aged care as an example, your concerns about how those services might be given in the future, the impact that amalgamation or a boundary change or anything else in your community might have? What are your concerns about that?

**Mr WIESE:** The fear that we probably have in terms of amalgamation, if we were to be linked with Wagga Wagga, for example, they might consider that the aged care facility should be built in Wagga Wagga rather than in our local area. That would be one of the fears.

**The Hon. KAYEE GRIFFIN:** The statistics you have at the moment, using aged care as an example again, from your community point of view they are saying there are not enough services in your council area at the present time to cater for an ageing community, is that right?

**Mr WIESE:** Yes, because the community is desiring more. We have just completed a 10-bed addition to the hostel at Lockhart. We originally had a 12-bed hospital. The 10-bed addition was only opened a month ago, but there is still a need for more.

**Mr JONES:** The other thing with another hostel being mooted for the town of The Rock is that there is no public transport in our towns and when people get elderly and a couple is split up—unfortunately one has to go into a retirement hostel—if it is not in the town they lose contact with their family or the other partner also has the move to Wagga Wagga or Albury and be dislocated from their friends, medical practitioner, because they have no means of getting to Wagga Wagga or Albury. There is no public transport at reasonable hours. The Sydney to Melbourne train pulls up there but it comes in the middle of the night.

**The Hon. KAYEE GRIFFIN:** So you see that as one of the issues for the future of your council?

**Mr JONES:** Definitely, with an ageing population.

**The Hon. HENRY TSANG:** From the submission by the general manager of Wagga Wagga, he mentioned about their forced amalgamation, where two rural villages are now part of Wagga Wagga that they find hard to service. Do you think this inquiry could recommend some boundary adjustment, for instance, that those rural villages should be part of your shire so they have better representation and better service? Do you think there is some merit in boundary adjustment?

**Mr WIESE:** It is very difficult for me to answer that although there were whispers of one community saying it would like to come into Lockhart. But there is no advantage to us to look to be any bigger. We believe the way we are operating now is a very good size. I know you cannot come up with what is the best or the optimum size of a rural council but we are about 2,900 square kilometres, and to get a grader from one end to the other you can get out to the fringes in a day and do a day's work and come back. If you expand that and get bigger, it creates a bit more hassle.

**The Hon. HENRY TSANG:** The 5,000 is not a magic figure. Do you think 3,500 is the magic figure?

**Mr WIESE:** I am saying it is the figure that is right for us.

**The Hon. RICK COLLESS:** Councillor Wiese, do you see there is a need for structural reform in local government?

**Mr WIESE:** We can always improve. Structural reform should not be that you take government away from the people. As I said in my opening remarks, the closer the Government is to the people it comes under greater scrutiny. The people scrutinise it and it is more efficient because of that, and you work together with the government.

**The Hon. RICK COLLESS:** There is a big difference between amalgamation and reform. Reform is about the way we do business whereas amalgamation is how big the business is. Is there a

need to put some fundamental changes in place about the way we do business? Is there an opportunity to improve that rather than to improve the way we do business?

**Mr WIESE:** I am not sure what reforms you are proposing.

**The Hon. HENRY TSANG:** Smaller councils?

**The Hon. RICK COLLESS:** No, that is size. Let us get away from this preoccupation with size and think about the way we do business. Is there an opportunity there to improve the way we do business?

**Mr JONES:** I think there is in most councils, and we have our systems under constant review to try to come up with better ways. One of the Committee asked an earlier witness about sharing corporate services, and I like Mrs Briggs's response, that in smaller councils the employees are multiskilled and carry out multitasks, they do not just sit there paying cheques or doing rates, they do all sorts of things. The other thing, following on from that, when the comment was made that the State Government is moving to centralise corporate services. I passed the comment that there is a lot of adverse publicity about that, that people are taking four months to get paid. We get comment regularly, people saying they wish everyone paid like Lockhart shire, because we pay our creditors within 10 days. That does not matter whether they are local or city ones. So, we are constantly looking at ways we can change and do things better.

**The Hon. RICK COLLESS:** Councils in the city have a different problem with size—they are too big. Do you see there is any constraint on the geographical area? Does it become a problem the bigger, geographically, the councils get?

**Mr JONES:** It certainly does in the management of work force if they have to travel further to jobs. In the Western Division staff camp out overnight. But the bigger the area, the more it impacts on elected members, too, in time taken to get to a meeting. Some of our councillors now travel an hour. Before I came to Lockhart I was living in Sutherland. Basically, anywhere is 15 minutes to Sutherland shire's council chambers for a meeting. You can get there by public transport or taxi and you are driving home on well-lit roads. But in country areas there is no public transport, you have to drive yourself and at night it can be quite hazardous dodging kangaroos.

**The Hon. RICK COLLESS:** If you were to amalgamate with Wagga Wagga, how far is the extremity of Lockhart shire to get to Wagga Wagga to do all sorts of things, such as going to council meetings or paying the rates?

**Mr JONES:** It is 110 kilometres. It would be about the furthest point from our shire to Wagga Wagga city. Our shire goes to within about a few kilometres of the town of Urana. If you go south down the Albury Road it would probably be closer to 120 kilometres to Wagga Wagga.

**Ms SYLVIA HALE:** In your submission you express some misgivings about the Government's regional reviews. Would you like to expand upon that?

**Mr JONES:** Certainly one of the facilitators, in forums I attended well before this process was announced, espoused his views, which certainly favoured amalgamations and larger councils. But my other concern particularly, and I am only familiar with the timetable that was put out for the Yarrolumla area, was the short time frame. There is one little village out there where the consultation period was half an hour on a Friday afternoon during school holidays, the day before a long weekend. Most people would have been at work. I realise that the Government has a timetable that it wishes to try to fit in with the legislative requirements and the upcoming elections, but to my way of thinking community input and democracy have been sacrificed for the timetable.

**Ms SYLVIA HALE:** A view was expressed yesterday that the regional review is a way of evading the requirements of the Boundaries Commission and the Local Government Act. On the first page of your submission you suggest that the partnership relationship developed between State and local government in Tasmania should be explored seriously. Would you like to explain the nature of the partnership or why it is a useful model?

**Mr JONES:** They went through an amalgamation period several years ago when the number of councils was reduced, but they generally sit down and work out what they what to achieve, then ensure that it is adequately funded, monitored and reported on; it is not dictated and handed off to local government. I believe the Premier in Tasmania is the Minister for Local Government.

**Ms SYLVIA HALE:** So you suggest that he supports —

**Mr JONES:** Support for local government, yes.

**Ms SYLVIA HALE:** I gather that you would be reluctant to be amalgamate with Wagga Wagga City Council, but you also participate in REROC with Wagga Wagga. Do you find that sort of co-operative arrangement works to the advantage of you as a very small council, particularly in relation to Wagga Wagga, which, relatively speaking, is a very large council?

**Mr JONES:** REROC, which we all participate in, is a resource-sharing organisation where we can get access to some staff expertise for a short term, therefore we do not have to employ someone full time. We get advantages for bulk buying—electricity, bitumen and variety of things—but REROC is not political, it is more of a management and cost-saving exercise. It brings advantages for our people, but our people do not really have an input into it. If we were to amalgamate with Wagga Wagga I fear that our people would lose their input into the political and forward-planning aspect.

**Ms SYLVIA HALE:** It is my understanding that the ROCs do not exist everywhere across the State and councils are not obliged to join them, but would you think that ROCs are a suitable or appropriate path for smaller councils to follow?

**Mr JONES:** Certainly it has been our experience. We gain benefits by sharing with these other councils in cost saving and timesaving. The ROCs exist over most of the State, but they do not function that well. I would suggest that REROC is probably the best functioning one. The only other one that could come close would be the Hunter ROC and WESROC in Sydney, which is probably well known. But in some of the other areas they have not functioned as well.

**Ms SYLVIA HALE:** Why do you think that would be?

**Mr JONES:** In some areas they are more political and they do not have full-time staff. An employee of some council is the secretary or whatever, they send out staff and they have a meeting. Probably the only decision they ever make is when they will have the next meeting.

**Ms SYLVIA HALE:** If they were properly funded do you think they might be useful and effective?

**Mr JONES:** Our experience is that with proper funding, REROC has been successful.

**The Hon. RICK COLLESS:** One of the things that has become obvious to us as we have been moving around the State is that larger councils tend to support amalgamations, not forced amalgamations, but they support the philosophy of amalgamating with some of the smaller councils. Yet the smaller councils, almost to a council, do not support amalgamations. Why do you think that is?

**Mr WIESE:** From my perspective I think that smaller councils look at the quality of lifestyle whereas larger councils look at the economics of things. What I tried to emphasise in my opening address is that it is the quality of lifestyle that is important. Larger councils provide the infrastructure or the facilities, whereas in smaller councils you get joint ownership and management of those facilities. I think that the people in the smaller councils can ensure that quality of lifestyle.

**CHAIR:** I thank you for your participation. You have well described the quality of life issues of a small council and the significant social capital you have in your community, particularly the dislocation you suffer in terms of lack of ability to go ahead with your old people's homes and suchlike. Your discussion on the optimum size of a rural council is of value to the Committee. I thank you for your participation today.



**(The witnesses withdrew.)**

**KARYL DENISE OSBORNE**, Mayor, Hume Shire Council, PO Box 149, Jindera, and

**PETER VENERIS**, General Manager, Hume Shire Council, PO Box 70, Albury, sworn and examined:

**CHAIR:** In what capacity are you appearing before the Committee?

**Ms OSBORNE:** I am a councillor and currently the Mayor of Hume shire.

**Mr VENERIS:** As the general manager of Hume Shire Council.

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

**Ms OSBORNE:** Yes I am.

**Mr VENERIS:** Yes I am.

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

**Ms OSBORNE:** Thank you.

**CHAIR:** Before the Committee asks you questions, would you like to make a short statement?

**Ms OSBORNE:** Thank you for convening such an important inquiry and giving my council and others the opportunity to make a written submission and to make this oral presentation today. Members of the committee will be aware that a boundary alteration proposal initiated by Albury City Council has been referred by the Minister for Local Government to the local government Boundaries Commission for examination and report. The proposal seeks to annex approximately two-thirds of Hume shire into Albury city, and if it proceeds will result in the dissolution of Hume shire. A copy of Hume Shire Council's submission to the Boundaries Commission has been made available to the Committee. That submission deals specifically with the Albury City Council boundary alteration proposal.

I do not propose to use this opportunity to summarise the contents of that submission, suffice to say that the submission outlines the reasons for council's opposition to the proposal. It demonstrates council's financial viability in the long term. It produces evidence of widespread community support. It summarises the significant capital works being undertaken by Hume Shire Council in meeting community expectations, and demonstrates how this council is continually reviewing its role and looking to innovative ways of doing things better.

Having regard to the terms of reference for this inquiry, I wish to use this opportunity to highlight three specific issues. The first issue relates to how we view local government reform. Hume Shire Council and others like it that are opposing a boundary alteration proposal are doing so not because they believe it is in their own interest but because it is in the community's best interest. We are often described as recalcitrant, intransigent and opposed to change. We believe that anyone who forms this opinion has a very narrow view of what reform is. In our view local government reform should be about continually reviewing our role, the types of services we provide and how we provide them. It is about doing whatever is necessary to address the challenges facing our communities and to above all remain relevant to our communities.

If you observe Hume Shire Council's operations say 20 years ago you would have seen a traditional rural council providing traditional local government services, reflecting that old cliché of the three Rs—roads, rates and rubbish. By the early 1990s council had ventured into numerous aged and community services, and now operates two aged care homes, a home modification and maintenance service for the aged and disabled, and neighbourhood aid services incorporating meals on

wheels. In addition, the council auspices a family day care scheme, community options project and the respite for dementia carers project that services a number of local government areas in our region.

By the late 1990s and early 2000 Hume shire had become the first council in New South Wales to implement the group self-build concept, an affordable housing strategy that has more recently been adopted by the New South Wales State Government as a funded program. We put that program in place using our own funds at that time. We became one of the first councils to employ community support staff to implement the Murray catchment management plan successfully across the region, and we have spent significant amounts of money to provide medical services in order to attract full-time doctors to our two largest towns.

These are not exactly core local government responsibilities but this is what I mean about continually reviewing our role so that we meet the challenges of today and remain relevant to our communities. If you look at the way Hume Shire Council, and I am sure other councils across the State, have evolved in the past 20 years, it is obvious that we have not resisted change but, to the contrary, we have embraced it. So let us take the blinkers off and take a broader view of what reform is or should be. If anything, local government has been adapting to change but the State Government has not kept pace by reforming. Intergovernmental financial relationships need reforming to ensure that local government is adequately funded for the ever-widening role it is taking on.

The second issue we would like to address relates to the local government community's expectations of service provision by local government and particularly how this relates to local government reform. First, let me say from the outset that council does not support the bigger is better theory or the economies of scale argument that often underpins local government boundary reform. As our submission to the Boundaries Commission states, the available research does not support the view that larger local authorities are more efficient. However, I do not wish to take up your valuable time arguing for or against this proposition.

The point I wish to make is this: Those who advocate boundary alterations and amalgamations on the basis of economies of scale have again a very narrow view of the role of local government. It is my view that those who are obsessed with the bigger is better theory simply view councils as an administrative unit and as a service provider. While these are roles that local government performs, I believe that councils are much more than this. Communities do not identify with any parameters or limitations to the role that local government should perform. This is because as private enterprise such as the banking sector and other levels of government desert rural areas the local council is often the last man standing and to which the community turns for help.

The community expects local government to not only be a service provider but also an advocate and the voice of the local community. Council amalgamations are likely to lead to the creation of large administrative units as agents of State and Federal governments at the expense of real local democracies. It is a cliché but nevertheless true that local government is the level of government closest to the people. However, it would be an oversimplification to suggest that this alone is the reason for local communities coming out in support of their local councils when threatened with amalgamation or dissolution. Local councils are viewed by their communities, particularly in rural areas, not just as administrative units or service providers but as true local democracies and the only level of government that the community can still influence and genuinely participate in. Therefore it should be no surprise that the community reacts in such a hostile manner.

The third issue I would like to relate to is item (d), the optimum organisational structure to efficiently deliver better local government. Council submitted there is no optimal sizes or structure for local government. One size does not fit all and the appropriate size and structure will be different for the western part of New South Wales than for metropolitan Sydney and for other parts of the State. However, we believe that because of their role as an advocate and voice of the local community, councils need to remain small enough to be able to relate to their communities while achieving a regional perspective when necessary through co-operative arrangements and resource sharing with other councils.

Our written submission to the inquiry includes a list of resource-sharing initiatives and co-operative arrangements entered into by Hume Shire Council. Regional co-operation needs to be flexible because the appropriate regional boundaries may vary according to the issue. Hume Shire

Council co-operates with Albury City Council in relation to land use planning and emergency management. We co-operate with neighbouring shires on both sides of the New South Wales-Victoria border in relation to regional library services and joint tendering of waste management services. We co-operate with 10 councils in the Murray region as a member of the Murray Regional Organisation of Councils. The Hume Shire achieves the benefits to be derived from these arrangements in a flexible way, while remaining small enough to be able to genuinely relate to its community as a true local democracy. Again I say thank you for this opportunity to make this presentation.

**CHAIR:** I note your chambers are actually in Albury city area, is that right?

**Ms OSBORNE:** Yes, our local council chamber is there. I suggest to you that is where we meet, not where we live and certainly not where we provide services.

**CHAIR:** In general, how has the relationship with project sharing between Albury and Hume councils been in the past few years?

**Ms OSBORNE:** Over many years Hume and Albury have come together in a range of different partnerships as we have with very many other councils in the area. There are some issues on which we do not agree. There are some issues on which they have launched submissions over recent years to various inquiries or terms of reference have been put forward where we have a completely opposite point of view. That just shows the diversity of the communities we both represent. We are able to come together on a range of issues, as I said, and we have listed those in our submission to the Boundaries Commission inquiry.

**CHAIR:** Did Albury council confer with your organisation about its strategy that it has put forward?

**Ms OSBORNE:** No. We learned of Albury's invitation from the Minister—they received a letter from the Minister on 14 May this year. On 17 May this year the Minister made a media announcement that indicated he had written to six councils in New South Wales. One of those six councils was Albury city. We approached Albury city once we heard that for a joint meeting. It took something like seven weeks before we got that and we had that joint meeting with them after they had sent off their initial submission to the Minister. We were not privy to any discussions with them in the lead-up to what they were proposing, although it took up 1,300 square kilometres of our shire and would leave us in no position to continue.

Since that time we have requested, and they initially agreed to, a joint community forum in which the issues being raised by our community could be put thoroughly. Although they initially agreed to that, and they have not yet declined to us personally, through the media we learned that they are not intending to take up that option.

**CHAIR:** So effectively your relationship has broken down as a result of the pressure being brought to bear by such moves?

**Ms OSBORNE:** I would not say it has broken down, because we are still continuing our range of other partnerships and co-operative arrangements. On this particular issue, unfortunately, we seem unable to enter into any discussion.

**CHAIR:** One of the major arguments for small councils is the localities, the efforts that people in a particular shire would have to make to get access to services from a greater council. In terms of your council building and services, do you have locations outside the Albury area? Are you still accessing from other nodes?

**Ms OSBORNE:** Yes. The only facility located out of our shire is the council chamber, and I would suggest to you that only people with a particular pecuniary interest in a discussion that is taking place at council would normally want to access that. Of course, the financial arrangements that people make for the payment of rates can be made at any localities within the Shire. Post offices are all available for that service. Our services are all out in our locations. Our family day care service is located out in the community in the township of Jindera. Our council depot is located out in the community also in the village of Jindera. We have a range of aged care services at our hostels and our

management centre for all our aged facilities is located in the village of Howlong. So, our services and the access to those are available within our shire itself. Only the administrative unit is located within the council chamber.

**CHAIR:** Has your council been on any financial watch list or in any financial difficulties from the point of view of the State Government?

**Ms OSBORNE:** No, we have not, and Peter might fill you in more on our financial position, but no we have not been.

**Mr VENERIS:** Certainly we are not on the financial watch list. In our submission to the local government Boundaries Commission we attached a testimonial from our external independent auditor, who expressed an opinion about our long-term viability and ability to provide services. In relation to the issue of our administrative headquarters being in the city of Albury, it is an income-producing asset that brings us in approximately \$100,000 a year in commercial rental as well, because we do not occupy the whole building. In the context of the Hume shire budget, that is equivalent to about a 4 per cent or 5 per cent increase in rates each year.

**The Hon. RICK COLLESS:** Councillor Osborne, you stated in your submission that 96 per cent of the residents of Hume opposed the merger with Albury. Assuming that Hume survives this proposal, I think you said there is a need for structural reform in local government, and you touched on that briefly. Could you expand a little on that and let the Committee know what sort of reform you see that is appropriate to local government at the moment?

**Ms OSBORNE:** From within ourselves we are continually looking at ourselves, as other councillors have said, and you have to do that to survive in any industry but most definitely in one that is changing like local government is. From an overall State perspective, we have to look, as other people have suggested, at the financial arrangements and some undertakings that council does on behalf of the State government and similar bodies. Different councils provide different resources to different people and they have to be not identified by doing that as providing money from a source that they should not be. A range of issues could be taken up in local government reform and unfortunately to date they have not been tackled. We have gone with the cart well before the horse, I suggest. If out of discussions similar to those we are having today some issues are taken up and investigated properly and fully with the whole industry of local government, I am sure we can achieve an excellent result that will see partnerships formed in areas we never considered before.

**The Hon. RICK COLLESS:** Do you think some of those reform issues would be more easily addressed if there were constitutional recognition of local government?

**Ms OSBORNE:** I have a personal opinion. I believe that constitutional recognition is important for local government. I do not know that that is the be all and end all of what comes after that, but you cannot talk about partnerships and then ignore them. Even the instance of the Minister writing to six out of 172 local government areas before he then, six or eight weeks later, writes another letter to the balance is not a partnership with local government. True partnerships mean open communications and there most certainly is not always open communication.

**The Hon. RICK COLLESS:** If I can turn briefly to funding, and funding has been brought up virtually by all councils that have addressed us. Rate pegging is one of the issues, and given that some of the Government's reasons for driving this current process has been the poor financial viability of what it says are a lot of councils, do you see that councils are being driven into that position by the continued application of rate pegging?

**Ms OSBORNE:** I am sure many councils have been driven into the situation because they were not ready for rate pegging. Rate pegging was introduced after they may have had a few years of taking into account the circumstances of their ratepayers. Last year, Hume shire did not take up its full rate pegging opportunities, and some would say that was an improper thing for us to have done, but we are a rural-based shire. We knew that having gone through the worst drought in living memory that people were not going to be in a position to face rate hikes at this stage. The drought had impositions across all sorts of industries in our shire. Yes, rate pegging has an implication but I do know that if you have a council in touch with its community, it is not going to provide resources or seek funding

above and beyond the capacity of the community it represents. I think Peter has an opinion on rate pegging also.

**Mr VENERIS:** Certainly my view on rate pegging as a council officer is that I oppose it for two reasons. One is on principle, particularly when the new Local Government Act came about in 1993 a lot of the language from the Government was about the Act providing councils with more autonomy. The offset was greater transparency and greater accountability. It is a contradiction in terms to say that you will be more autonomous and more accountable to your constituents, yet another level of Government will determine your revenue-raising capacity. The other reason I oppose it in principle is that other than for those councils that have a very significant reason for going through that process and seeking an increase above the maximum, it is very easy to go to the maximum. It does not encourage that justification process internally. What is the right increase for your local council? Should it be a little bit more or should it be a little bit less? The easy thing to do is go to the maximum, knowing that if you don't it will probably be criticised.

**Ms OSBORNE:** The Act has all sorts of impacts, particularly when it comes to budget time. When you put together your budget and open it up for discussion with your community the normal practice is to put an ad in the paper and say, "This is a draft management plan for the next year. This is how the revenue will be disseminated across the community." We as a council go out to our community and take that on the road. We invite them to come to forums in a number of villages across the shire to discuss with us how we reached our conclusions. If they want to make a comment, if they want to put in some comment about what we assess as the next plan for the next year they have real knowledge of what they are doing in making that comment. It is all very well for someone to place an ad in the paper and say that we are calling for comment, but it is very difficult to make a comment on a couple of lines and a couple of descriptors in a paper. If you can go out face to face to discuss it with your people you will get a much better result and they have a much greater understanding, as do you, of their needs and they of you as to how you have reached a decision.

**The Hon. RICK COLLESS:** What about the hypothecation of GST to local government? One of the things that has been raised across the board is the need for a more well-defined income stream for local government rather than the current haphazard funding arrangement.

**Ms OSBORNE:** The illustration of Roads to Recovery and how it was put to extremely good use by local government across Australia is another example of what you can do if money comes direct from a government body to a council. I believe we have a right to receive some of that GST funding. The fact that the New South Wales Government does not give that out at the current time is to the consternation of all councils across New South Wales.

**Mr VENERIS:** I would support a percentage of the GST revenue being given to local government. I am not in a position to say what that percentage should be because, obviously, we do not have information about Commonwealth revenue to do that sort of modelling. But if you just put the quantum of funds issue aside for one moment and look only at the general structure of council revenue, I tend to support the general structure we have at the moment where two of the most significant sources of revenue for councils are rates and a share of Commonwealth revenue through the financial assistance grants. I support that view because it is appropriate, given council's evolving role that it get its revenue from landowners who benefit from property-related services, but it is also important that individuals as taxpayers make a contribution to local government services. We are a very mobile society. We do not necessarily work or send our kids to the school in the same region in which we live. Some residents in local government areas are not ratepayers, but they can still access council services, such as libraries and parks. It is important that they make a contribution as taxpayers. The share of Commonwealth revenue should be adjusted in a way that it keeps pace with the expanding role of local government. That is where reform is needed.

**Ms SYLVIA HALE:** If one judges by the sheer numbers of letters that members of this Committee and other members of Parliament have received, obviously there is vast support within the community for Hume shire. One of the arguments that is commonly put is that council areas, such as Orange or Tamworth, provide services to outlying communities but that those communities, because they are in a different shire, do not necessarily contribute. What would be your response to that argument about equity?

**Ms OSBORNE:** Mr Veneris has already touched on the fact that because we get grants they take into account people's taxes contributing to the facilities that they are utilising in another area. An analogy is if you go to the Gold Coast and walk up and down one of the well looked after beach areas. You do not pay a fee to do that, but you are utilising the economy of the area in other ways, so you are contributing to the economy by utilising resources in areas other than your own. But the fact is that resources provided in regional centres are provided for exactly that reason, they are regional centres. They attract funding based on the region in which they are located. Funding they might obtain from State and Federal entities is drawn from a population wider than their own. Without the population of outlying areas they would not have attracted sufficient resources to be able to put that in place.

But you also utilise fee for service in almost any facility that is provided by a regional centre, be it a basketball stadium or whatever. You pay to utilise that facility. If that government entity chooses not to charge sufficient to its users to cover the cost, that is their business. We as taxpayers contribute to the facility, as I said, through our contributions and then through grants and from there on from using the facility. In the Hume shire we provide sporting facilities. We have something like eight recreational reserves, tennis courts of very high standard that are used for very large competition, two swimming pools, library services and a range of other services. But we do not provide a basketball stadium.

**Ms SYLVIA HALE:** Underlying the proposal that Hume amalgamate with Albury city is a suggestion that Hume is in some way frustrating Albury's needs to expand. Would you like to comment on that?

**Mr VENERIS:** If in a growth corridor Hume shire maintained a traditional rural zone then I could understand someone putting forward that proposition. But, to the contrary, Hume Shire Council's planning scheme makes provision for that growth. We put the appropriate zones in place. We put them in the appropriate areas, not in isolation but in consultation with Albury City Council. Our zones identify the growth corridor consistent with regional planning studies. As a precursor to a planning scheme a working party was established with equal representation from Hume shire and Albury City Council, as well as the Albury-Wodonga Development Corporation a major landowner in that growth corridor, to come up with a strategy for that area. The outcome of that strategy was carried over into our new LEPs. We believe that we are making provision for urban growth in a way that is not imposing our own planning philosophies in isolation, but is consistent with the regional planning studies and in consultation with Albury.

**Ms SYLVIA HALE:** I ask you to play devil's advocate and come up with reasons why you think Albury should be entitled to it.

**Ms OSBORNE:** I have given that long and hard thought. We have gone out to nine public meetings and our community organised a rally at which more than 700 people attended. Of course you have to try to put forward the reasons why they should consider a proposal from Albury city. Unfortunately, they have not put to us the reasons why we should consider them. In saying that you then find yourself in a position where they have not been able to justify why it is important for Albury city to take over, other than the planning issues to which Mr Veneris has already referred. If I were an Albury person I would find it very difficult to justify it also. I suggest that is the reasons why several of the letters you received from that region may have come from Albury residents.

**The Hon. HENRY TSANG:** In earlier submissions regional councils felt that if amalgamations were to take place it would take councillors or the Mayor longer to travel to a regional centre. In your case all your councillors are going to a major city to meet. How do you manage the extra time and expense to do that? Does your council provide extra allowance or is the number of councillors smaller? How have you managed to overcome that?

**Ms OSBORNE:** We are talking about nine councillors, as opposed to a whole population, who are attempting to get to one facility maybe once, twice or three times a month. I do not think that is a huge imposition on our councillors. They certainly do not feel it is an imposition to do that. We carry out council meetings in other parts also. We do not hold all of our meetings at our council chambers. We take them out to the community. At the beginning of each term we identify which meetings will go out and which time of the year we will go to various parts of our shire. You referred to our large area. The Hume shire is 1,900 square kilometres or thereabouts. We have a ward system

in place. Three councillors are elected for each of the three wards. One of the wards has a township that has a population nearing 2,500. That town and very little other than that town constitutes one ward.

Another ward takes in one other semi-large village that has a very large rural area built into it, and the third ward is almost totally rural, other than a couple of pockets of rural residential type areas. In the ward I represent, if I were to travel every single kilometre—and I have done it—to visit every property I would travel over 600 kilometres. But you are elected to represent people and I think that is just exactly what you do. The fact that we have wards means that every committee meeting of every community organisation in Hume shire, be it the boating club, the parents and citizens association or anything else that might be taking place in the shire can be very sure, if not guaranteed, that they will have someone there who can represent the council. If they cannot, they will at least take an interest in what took place at that meeting.

**The Hon. HENRY TSANG:** It has been suggested that councils that amalgamate voluntarily should have precinct committees and extra funds to manage their precincts, and that dedicated councillors could be appointed for those areas. If there were voluntary amalgamations do you think that such a system would work?

**Ms OSBORNE:** Hume shire already has voluntary committees in place. However, they cannot represent something like 700 square kilometres of farming property. How do you do that? How do you ensure that the people who are not part of any village or entity are absolutely in touch with the council? The way that we currently operate makes sure that that takes place. I cannot think of a better system for Hume shire. Unfortunately, our shape seems to have predetermined our future. But if we were not shaped like half a doughnut we probably would not be so concerned. But as we are half a doughnut, it brings with it positives and negatives. One of the positives is ward representation for us. You are guaranteed of knowing or having the opportunity of knowing someone who lives in your general location who will represent your interests at any council decision-making forum.

**The Hon. KAYEE GRIFFIN:** Have Albury and Hume previously had any discussions in relation to boundary adjustments or amalgamations?

**Ms OSBORNE:** Yes we have. Adjustments took place back in the 1970s and they were done with the co-operation of Hume Shire Council at the time. Discussions took place, I think, around 1982 or thereabouts, no, in the early 1990s we commenced discussions. We had a combined meeting with Albury city on I think two occasions. Four or five years ago when the then Minister for Local Government suggested that elections would be postponed should councils be positively looking towards discussing amalgamations, we had a series of three or four meetings at that time. The senior staff and officers of council got together and discussed what might be pros and cons. Unfortunately we came up with no pros. I do not know that we came up with any cons either but we definitely did not come up with any advantages to the residents of Hume shire that we were able to take to them.

Then 18 months ago in May we held a referendum which was carried out by the New South Wales electoral office, and that is the one that Mr Colless referred to. Albury city at the same time did that. We asked similar questions, some exactly the same but some different. Questions put to Hume shire residents were: If there were discussions with regard to one city, would you want Hume shire to be part of that? Would you like to see a boundary alteration with Albury city? Would you like to see Hume shire amalgamated with Albury city? A resounding 96 per cent said they opposed all the different facets of that questionnaire. As a councillor I tended to agree with them. As a council we had to agree. If 96 per cent of your constituents tell you something you certainly do not turn your back on it and say, "We are going in an opposite direction." You certainly do not do that if nobody has put forward to you any favourable aspects of such an amalgamation or boundary change which you can then take out to your community to convince them of the attributes of what is being put forward.

**The Hon. KAYEE GRIFFIN:** In your list you refer to some of the services that you auspice from surrounding councils. One of them is Tumbarumba, which is a fair distance away. Have any of those councils expressed any concern about what might happen to these services if there is a change in your boundaries?



**Ms OSBORNE:** Not to myself. I am not sure if they have in any of the general managers' forums.

**Mr VENERIS:** In respect of those services, no, and these are Government-funded services or services funded by other levels of government which we host and they service a wider region. I have had no feedback about those specifically from other councils. There has been some anxiety among some of the staff working in those schemes as to what might happen but not from other councils, no.

**(The witnesses withdrew)**

**PATRICIA ANN GOULD**, Mayor, Albury City Council, PO Box 323, Albury, and

**MARK CLIFFORD HENDERSON**, General Manager, Albury City Council, 553 Kiewa Street, Albury, sworn and examined:

**CHAIR:** In what capacity are you appearing before the Committee?

**Ms GOULD:** As the mayor of the city of Albury.

**Mr HENDERSON:** As the general manager of Albury City Council.

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

**Ms GOULD:** Yes.

**Mr HENDERSON:** 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 seen or heard only by the Committee, the Committee will consider your request. Before the Committee takes the opportunity to ask questions, would either or both of you like to make a short statement?

**Ms GOULD:** We have addressed all the issues of the inquiry, and we have documentation for your perusal. I shall start by touching on a couple of points in each section. The current financial arrangements are inadequate as we feel. Rate pegging and the ceilings on statutory charges are inappropriate from one level of government to another and unreasonably restrict the council's ability to plan for its financial future. The second point in that is the reliance on the land value, with the valuation for local government being based on the rating as it is. We believe that the rating should be done for the use of the property, which gives greater access for council to be able to raise much more finances from that particular rating base.

The third point in that is the State revenues that have had unprecedented growth in recent years. While local government has been restricted in many ways, the rate pegging coming in on many occasions, if not all occasions, under the CPI and also under Government charges that may be lifted. The next point was the effect of unfunded mandates on councils. It is reasonable that we accept that the State Government does have expectations from local government but if it is an obligation by the State Government that is placed on us, say, to collect rates or collect some finances on its behalf, we believe that it is not fair and that we should be able to recover those costs to meet the requirements by the State Government. Local government should be free to fund any additional costs as it sees fit on its collection of funds, whereas the Government sometimes puts a burden on us and retains us to a certain level.

In terms of the community's expectation on local government areas, urban communities have a very high expectation for service provision and historically have had a major influence on the standard range of services that individual councils provide. Communities continually judge us in the way of the value for money and considerable effort is made to measure improvements in community satisfaction with the services we are providing. I guess this all relates to the mandate that is on councils. Rural communities as we feel have a lower expectation for some of the service delivery from their council. We acknowledge that in remote areas economics and demographics restrict councils to basic service provision.

The residents on the urban fringe councils often seek varying service delivery standards. Traditionally, rural residents generally do not ask much of their councils as they know that they will be directly affected by the costs and therefore the rates will remain at a lower rate than the urban areas. But as the communities grow in the rural fringes there are more expectations from those communities, which brings us to the point that urban councils that have a fringe around them have to bear the costs of development that must occur to accommodate the needs of the people in the surrounding areas, and it is a cost to the community in the urban areas. They require many more services for themselves, that is, the people living in the fringe areas.

There is no optimum organisational structure to efficiently deliver better local government. Structures will vary according to the needs of individual councils, how the services are provided and the mix of staff or contractors and the extent to which individual councils are able to draw on volunteer support of the community. And we do draw on a lot of support from our community for varying things within our areas. The point about the criteria which amalgamations, boundary changes or major reorganisation of council areas should be decided, we believe that there are some criteria that need to be looked at, for instance, the scale. In today's economic climate authorities cannot operate at a professional level expected unless they have an operating budget of about \$20 million. We acknowledge that.

Planning is another particular area. Councils must be able to strategically plan for the needs of the next generation. Land use and social and economic planning are the future key roles of local government and should not be frustrated by boundaries that have no relevance to modern communities. Community of interest is the third point that is very important. This can be defined in many ways from neighbourhood, township, regional or national. The definition that we choose depends on what we are confronting. Community safety is handled at the neighbourhood level while terrorism is handled at a national level. With modern technology and transport breaking down, and social isolation, defining future communities of interest for local government should be at the sub-regional or regional level. That is a very important issue.

As for the methods by which any such changes should be implemented, there have been some radical moves to reform local government over the years and many have succeeded. Some have not succeeded as well as others. As I said, some have been radical but a more gradual approach to the structure and scale of councils is needed. There are elements missing in the current reform program facing New South Wales, and it is not surprising to us that some councils and communities are resistant to change. The State Government should play a role to articulate the essential elements of any boundary moves but give local government the time frame to reform itself and then intervene if it is not going appropriately or no progress at all is being made.

The views of residents and ratepayers on amalgamation: In the absence of our constitutional recognition, that is of local government, in the Australian documents, we feel that it would have been good to be recognised under the Australian Constitution, but that does not exist. So, Albury has been subjected to unprecedented government supervision for the past three decades now. I talk about the Albury-Wodonga Development Corporation, three decades of having interference from governments. We have never really had by ourselves the opportunity to plan for many things we would have liked to do, and the community is rather tired of having interference. We have lived with it and done very well with it.

The financial implications of amalgamation for financial assistance grants: We have proposed that financial assistance grants tend to reduce after a couple of years post amalgamation, but this is a by-product of fiscal reorganisation not to resist change. That is quite clear. If councils really cannot survive minor adjustments to government funding programs, we feel they are perhaps financially unviable and should be restructured. I would like to say that there are other relevant issues we would like to put on the table, and the current debate over local government in New South Wales is 10 years overdue. Regional New South Wales needs to be repositioned or else it will lose ground in investment and growth. We believe future generations will suffer from that. We need employment opportunities and educational opportunities for those future generations.

We all have to be very brave and look to the future. In doing that, we have to accept opportunities that may come our way, and we feel this is an opportunity that has come our way. The New South Wales local government structure as it is has run its race. It needs to move forward and it is time that New South Wales local government was strong and took that leadership role it needs to take.

**CHAIR:** Councillor Gould, if I put it to you that Albury council is actually undertaking a predatory action against a weaker neighbour without proper communication and that could have a terminal impact on the Hume shire, could you answer that accusation?

**Ms GOULD:** I do not think that is so. We have informed all our community through newsletters and also called a public forum. Unfortunately, our people were rather quiet but we did have strong members of a neighbouring shire, Hume shire, who were at that meeting. We also met after that meeting, but just going back, it was suggested at that public forum by one of our community members that we should hold a forum with the Hume shire. We met with the Hume shire—that is me, the deputy mayor and another councillor. We discussed the issue. The question I put forward to the mayor of Hume shire was has your position changed at all, and the mayor of Hume shire said no, they had not changed their position, they were against amalgamation. Albury city then looked at what was going to be the outcome of another public meeting, and the consensus around the table was that perhaps it would not do any good because they had a copy of our submission and we felt it was just going to be another public bunfight.

**CHAIR:** Your proposal is to take over some 1,327 square kilometres, some two-thirds of Hume shire's area. Why not the whole lot? Would that not be a more efficient way of dealing with a large amalgamated council that can work effectively, given that there is infrastructure for the whole of the Hume shire territory already?

**Ms GOULD:** We looked at the boundaries of what we can service reasonably well and also in line with the valleys and that that were around the city of Albury and the Hume shire. At that stage we thought that was the best way to present this submission to the Boundaries Commission.

**CHAIR:** Do you have a viable option for the remaining one-third of Hume shire? Do you have a plan to see what way that could be maintained or devolved to another local government area?

**Ms GOULD:** We believe we have commonalities of interest in that area with both Hume and Albury together.

**CHAIR:** The remaining one-third of Hume shire?

**Ms GOULD:** The one-third would probably be acceptable if needs be that it comes to Albury, but at this stage we had not considered that we would move that far. I guess there was an opportunity there for another shire to pick that up if we decided not to go that way, but at this stage we felt that the area we had looked at we could service very well and have a community relationship with those people. Notwithstanding if the Howlong part of the Hume shire was put to us, we would do the same for them.

**Mr HENDERSON:** I think we need to step back in time a bit. Albury city was invited directly by the Minister to put forward a proposal for structural and boundary change. We responded positively to that invitation and that is now before the Boundaries Commission albeit it is on hold at the moment pending regional review. It is a fairly modest proposal for a regional inland Australian city of some 1,200 square kilometres. We have not addressed, and it is not our role to address, directly what are the flow-on the effects of that proposal. That is certainly a matter for Hume council and other related councils to consider. What we were asked by the Minister to do and what I think we have done is put forward a solid proposal for a regional city and we have gone to great lengths to talk about what role and function that city should perform and how it should be managed in the future. We have looked at that at Albury as an important inland city in Australia and asked what structure of local government does it need to be successful for the next 50 years. They have been the macro issues that our submission has tried to address.

**CHAIR:** Perhaps to you, Mr Henderson, currently is Albury functioning as a profitable local government unit?

**Mr HENDERSON:** Yes. It is in sound financial shape and has an operating surplus of some \$6 million a year. It has \$25 million in cash reserves. It is in a very sound financial position.

**CHAIR:** So this proposition you made to the Boundaries Commission, do you hope to gain financially? Would it be financially advantageous?

**Mr HENDERSON:** I think the proposal we have put forward would create a stronger regional city. Our balance sheet would be in a stronger position. But the proposal put forward has not

been about finance. Albury city is in very good shape, it can trade very profitably in its own right and has for many years. The pivotal issues are the structure of local government, where we would take the Albury region into the future and the planning control that is needed to do that. It is not about rates and dollars.

**CHAIR:** So your council has never been on the financial watch list?

**Ms GOULD:** No. I have been there 29 years and it has never been on the financial watch list.

**Mr HENDERSON:** The only debt of the city relates largely to a major wastewater treatment plant, which has a self-funding revenue stream.

**CHAIR:** Do you have any concerns at all about taking over an area where there would be dissatisfaction with local communities at such an amalgamation? Do you see that as a disincentive at all for your council, which is at the present time so obviously financially successful and doing its job well?

**Ms GOULD:** No, I do not. I think it would be a good marriage. I think there would be opposition in the beginning, most definitely, but there are ways and means of informing people all the way along the line. I heard precincts mentioned. We had discussed that issue, having precinct specialists, councillors being responsible for precincts. It would be a way of achieving a very good relationship to maintain the community committees in those areas as well as in our own and also having a structure put in place to service those areas by a particular councillor or two.

**CHAIR:** Is Albury a council on wards?

**Ms GOULD:** No. We are just nine elected members from all the city of Albury.

**CHAIR:** So, if there was an expanded council in the projected area you are describing, is it reasonable to presume there would be a whole of council electoral process rather than wards? If so, and you would know the numbers better than this Committee, would that allow for representation from Hume shire in terms of its population numbers?

**Ms GOULD:** Most definitely. In the interim years something would have to be put in place. Eventually, as has happened in other areas, they would come together and be elected on a regional basis.

**CHAIR:** What I am trying to understand is in terms of the feeling of the community being taken over, given that it is a shire-wide vote. Perhaps, Mr Henderson, you could indicate the numbers added by the portion of Hume to the city of Albury. Would that facilitate sufficient numbers to elect a councillor, for example?

**Mr HENDERSON:** It would just scrape in.

**CHAIR:** If everyone in Hume went that way?

**Mr HENDERSON:** We looked at that issue in our submission and asked what that means in representation. Council formed the view that it really subjected that group of residents and ratepayers to a permanent minority on the council. If you had a council of nine or 11 and you can only muster up one representative to look after the interests of the part of the Hume shire we were contemplating, we did not feel that was a good representation balance into the future. So our submission looked at the ways in which three councillors of the new council could be designated to specifically represent their interests.

**CHAIR:** Out of how many?

**Mr HENDERSON:** We proposed between nine and 11. We were suggesting that three would be tagged as specifically representing the interests of rural and small township issues. Likewise, in Albury city as it currently stands we run a couple of very major business enterprises and we have

representatives of Hume shire, people who live in Hume shire, sitting on the boards that govern those major business enterprises. Already cross-fertilisation is occurring under the present structure.

**CHAIR:** Could you just explain to the Committee, when you say you tagged three councillors out of potentially 11, is this some sort of ward system you are talking about in terms of electing people from the area or are you just going to designate three councillors? How do you get the regional representation on this enlarged city council?

**Mr HENDERSON:** No, the intention is certainly not a wards-based solution, because when you look at the demographics and population spread, it is incredibly difficult. You finish up with a series of wedges, and you would have a mix of urban and rural interests to achieve a ward system. Our view was that we would designate three councillors specifically charged with responsibility of representing and relating to rural and small township interests. That is at a governance level. At an operational level we have a range of staff who have backgrounds in rural local government. I cut my teeth in small shires, as did many of my staff, and many of them live in Hume shire so they have a direct personal interest in making sure the council in whatever form it takes in the future effectively services rural and small township interests.

**The Hon. KAYEE GRIFFIN:** My question relates to the proposal that if you do not have a ward system and you have a vote at large within the community and then council in turn designates the number of councillors who are elected to look after the rural areas of what becomes a city, do you think there would be a political problem with that, with the people who voted those people in determining that they were not represented? To use an example, people get voted in in an election and they were not looking after the interests of the people who elected them. Do you think there would be a political backlash?

**Ms GOULD:** They are not making decisions at that level, they are just attending those precinct meetings, but that does not stop any other councillor from attending. The actual voters, as the General Manager said, it was six to three for elected members, three from that particular area, but there may be a need to have extra councillors attached to some of those precincts to serve them. That is where the precinct and the extra councillor come into it. But they are only meetings to bring back information. They cannot make any decisions at those meetings. It is really representing the whole of the city while, at the same time, having a special interest. It is like having a community committee. We have a lot of community committees. Councillors go out there and, perhaps, chair them then come back in and report to council what is happening in different areas. They are not doing anything that normally does not happen now with some of our committees that we have set up around the city.

**Mr HENDERSON:** From another perspective, councils are elected at large but inevitably they find areas of special interest. That occurs in city and many other council areas where a councillor will focus on a particular area of activity or interest or be appointed by the council to do it. In our case we have councillors sitting on a couple of major boards that run major business enterprises, and we have councillors that are particularly interested in rural fire issues. People find areas of specialty and interest. All we are proposing is that three councillors are tagged particularly to look after those interests.

**The Hon. KAYEE GRIFFIN:** My question was more from the point of view of the elector is the person who has voted a certain way and may not necessarily have that same viewpoint about how the person represents them. That was my concern.

**The Hon. HENRY TSANG:** From submissions it appears that shires that want to amalgamate should have duty councillors who take interest in the shire as well as being allocated funds and staff dedicated to those precincts rather than on councillors. Do you think specific funds and staff could attend to the needs of those precincts?

**Ms GOULD:** Is it good governance to dedicate money to a particular precinct? Is it not good governance to be able to look at things on a rational basis to see the needs of those community groups, as we do now? We fund community and cultural groups each year and allocate money from the budget to those people. There may be specific interests that need to be met in those areas, a new community centre or something like that, a new playing field or new community park. They would go into the council budget to be looked at with all the other activities of council.

**Mr HENDERSON:** From an operational point of view, over the past couple of years Albury has made big investment in terms of state-of-the-art customer service and that is available to all residents and visitors to the city. If the opportunity to service a larger geographic city were available that staff would be attuned to the issues. We would designate and look for staff that lived in particular parts of an expanded city and ask them to be a local ambassador or to make sure that the information and feedback of local issues was getting into the council. But the reality is that when you move to larger-scale councils it is very difficult on a political level to be in touch with everything that is going on. You need to have a range of networks that enable you to understand that.

**The Hon. HENRY TSANG:** You have not devised a plan about how to be in touch with those precincts?

**Ms GOULD:** Is it not rather rude of council to say what they are going to do if an amalgamation or boundary change is going to happen? We have had our private thoughts, but would not a partnership be where both councils would come together to discuss those sorts of issues rather than saying, "This is what we are going to do for you"?

**CHAIR:** That is fair enough, but through submission to the Boundaries Commission you are clearly stating that on one territorial level you are stating exactly what you are intending to do. If that is the case and you get the ear of Government and you are able to undertake that boundary change, you incorporate a very different type of community. Mr Henderson referred to the expansion of the Albury City Council, but this is very much a rural area that possibly feels disenfranchised. That is why the Committee is asking some questions about it.

**Ms GOULD:** In 1964 we took over the township of Lavington, which was originally in the Hume shire. I think the town has prospered well. They have an input into what is happening in our city. They are part of a city. The North Lavington area is probably the heart and soul of the city now.

**CHAIR:** That is geographically inner-city confines?

**Ms GOULD:** Yes.

**CHAIR:** But is that not very different from a portion of Hume shire that you are asking to take over?

**Ms GOULD:** It may not have been different in years gone by.

**CHAIR:** The city has grown around that addition.

**Ms GOULD:** Yes, the city has grown out there. Originally, Albury city stopped at about North Street. There has been vast expanse of urban and industrial development through the area to Lavington, and now Lavington has a heart and soul of its own. It has a shopping centre and everything. They are very self-sufficient. But that was open land.

**CHAIR:** How big was that acquisition? We are talking about 1,300 square kilometres now.

**Ms GOULD:** It was nothing like that.

**CHAIR:** It was a small node, was it?

**Ms GOULD:** Yes, it went to the top of the hill and to the east.

**CHAIR:** The arguments would be very different for Hume shire?

**Ms GOULD:** Although they could be, the number of villages in the Hume shire area is very important and I see them as growing. There is no doubt about that. They have to be serviced and they have to be acknowledged. But Lavington is an example on a small scale of land with a village in their midst. It was a small village with, perhaps, a playing field, a school and a hall.

**The Hon. RICK COLLESS:** You stated that urban councils bear the cost of providing services that the surrounding areas use. Is there a way that the true cost of those services can be adequately funded other than by going to a full amalgamation?

**Ms GOULD:** Over the years we have funded them ourselves with very little money from the Government. It has been a burden on the ratepayers. But to use the example of the Hume shire area, in our city to the west we have a very upmarket area and one side is Albury city and the other side is Hume shire. The difference in rates is incredible. The people on this side use everything the same as the people on the other side, but the people on the other side have to contribute to a swimming pool, our libraries and everything that everybody else in the city has. The people on the other side do not have to do that, and they are on a much lower rate than the people on, perhaps, the eastern side. That could happen in quite a number of areas. We do not tag people to determine whether they come from Hume shire and I do not think Mr Henderson has different figures on that. We have never identified people who come from outside our region.

**Mr HENDERSON:** We have put in place full cost recovery for some council services—waste water is an example—services that people use that, in some cases, are commercial choices and in other cases they are monopolies. When you get to the broader range of local government services, whether it be an art gallery, library, swimming pool or sports stadium, if we were to put in full cost recovery, particularly if we were to vote on the infrastructure or the debt cost associated with some of those capital facilities, we would simply be pricing them out of the market and make them unaffordable. Our view is that there should be a level of cross-subsidy or rate subsidy to support those broader services. If he tried to achieve full cost recovery you would blow the family budget out of the water and people would not access the services.

**The Hon. RICK COLLESS:** Have you spoken about those issues with Hume and have you said to them that they need to make a payment to you on an annual basis for the provision of the library, et cetera? Do you think Hume would be willing to talk to you about those issues?

**Ms GOULD:** I think you would have to ask Hume that.

**Mr HENDERSON:** The Albury proposal is not about dollars and cents and rates, it is about the fact that Albury is a significant regional city in New South Wales that is totally frustrated by the intervention of the Federal Government in the monopoly land market, and has been for 30 years, and it remains totally frustrated that another council has planning control over its future and the fact that the future growth of Albury is controlled by another council. In essence, that is what Albury is on about. We want a strong regional council for the next 50 years. We do not want to have to talk to another council about pricing policy or where development should occur. That should be controlled by a council elected by our regional city, because that is what Albury is.

**The Hon. RICK COLLESS:** I am concerned that 96 per cent of the residents of Hume said that they do not want amalgamation with Albury. Surely, that must mean something. This whole thing has to be driven by people, not bureaucrats. If the people say "no" to it, surely that should have an impact. The three dedicated councillors to the rural and small town areas could still live within, and more than likely would live within, the residential areas of Albury. They may not necessarily have any understanding or feeling of ownership, et cetera, with those rural areas.

**Mr HENDERSON:** Can we put that 96 per cent in some context? It was done when there was a raging debate about a cross-border city proposed by two Premiers. Let us put that 96 per cent vote in context. If I were a resident of Hume shire at that time and I saw what was happening to Albury and Wodonga councils in terms of political intervention and trying to broker a cross-border council, I would not want a bar of it either. The political and community intensity at that stage was incredible. If you then say what would happen if you were to take it into a Hume-Albury situation, we would have the issues and rates laid out on the table so that people could make a considered decision. That has not happened to date, and it will not happen while we have one council saying no change and one council advocating for change. Both councils would need to come together to look at ways to present the facts impartially, but together, not in an adversarial situation.

**Ms SYLVIA HALE:** There seems to be somewhat of a disparity. Mr Henderson does not want to have to talk to another council, yet Councillor Gould suggested that it would be a partnership.



One of the complaints of Hume shire is the failure of Albury city to consult prior to putting forward its proposal or even making its proposal available to Hume shire within a relatively short time frame.

**Ms GOULD:** Do you give something to the public or a shire and flaunt it in front of the Minister, or do you respond to a Minister's question? First of all, we have received a letter, which we made public. We said we would put in a submission, which we did. We went to Sydney and handed it to the Minister first, which is right and proper. Then we put it on our web site. If I remember rightly, it was delivered next morning when we got back from Sydney.

**The Hon. RICK COLLESS:** Did you talk to him about it first?

**Ms GOULD:** We were responding to a Minister's request, and let me say that we had sat at the table with Hume, as was said previously. We got to the second meeting and it was all about boundary changes. If I remember rightly, at the second meeting we were told that there would not be any more meetings regarding this issue, that they would have an independent person come in on a project to see which way they should go at that stage. We have never met since on that particular issue in line with the submission that was done or the project facilitator who wrote that report. We approached Hume shire previously when we were building a new water treatment facility. At that time we asked them for a boundary extension. That was not available to us so our waste water facility sits in another shire. It is not that we have not been to the table before. On this occasion we responded to a Minister's letter and a request from the Minister, but as soon as that was done we made it public.

**Ms SYLVIA HALE:** We were given evidence yesterday that, in the case of Tamworth, a number of surrounding shires—Nundle, Parry and Manilla—had sat down with Tamworth and despite reluctance on the part of some of the smaller shires they had reached an agreement between the four of them. That seems to me to have been a better approach to the problem than the one that you seem to have adopted.

**Mr HENDERSON:** There are other elements. All the general managers of the councils in that vicinity had had a meeting at which I undertook to keep them informed of any discussions we had with the Minister. It was made very clear to me by all the general managers that each of their councils was totally opposed to any structural change and would have no interest in sitting down at the regional level and talking about the future. That is at an executive level. Prior to Albury lodging its submission with the Minister we had a meeting with the mayor and general manager of Hume shire and we got exactly the same position. There was absolutely no basis on which they were prepared to talk about a merger or structural reform.

**Ms SYLVIA HALE:** In your initial address to the Committee you said there were elements missing in the current reform process facing New South Wales. Would you care to elaborate on what those elements might be?

**Ms GOULD:** The first thing is just basically what you were saying before. Maybe the Minister or whoever should have made the councils sit down and discuss the issues that were going to be put before them on structural reform for local government in New South Wales. Part of that restructuring process was boundary alterations. If that had occurred, then no council could sit on the sideline and say that they were not interested, that they did not want anything to happen. I think it would have been a far better approach. If the outcomes were a little different perhaps than what both councils or three or four councils wanted, then you would know that you had a process that had been given a fair hearing.

**CHAIR:** Before we finish, do you wish to tender those documents to the Committee?

**Ms GOULD:** Yes.

**(The witnesses withdrew)**

**(Luncheon adjournment)**

**ROBERT JOHN MORGAN**, General Manager, Yarrawlumla Shire Council, 24 Ingleside Road, Queanbeyan, and

**TERRENCE JOHN BRANSDON**, Mayor, Yarrawlumla Shire Council, 70 Wyoming Road, Bungendore, affirmed and examined:

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

**Mr MORGAN:** I am.

**Mr BRANSDON:** I am.

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

**Mr MORGAN:** I understand that.

**Mr BRANSDON:** I appreciate that.

**CHAIR:** Before we commence with questions, if you would like to make a brief statement, please feel free to go ahead.

**Mr BRANSDON:** Yes, I would like to make a statement. While we lodged no submission, I thank you for the opportunity to appear today. Yarrawlumla Shire is a progressive, viable, rural council that embraces local government reform enthusiastically. We support actions aimed at providing improved services, less duplication and more resource sharing, with those services delivered to our community more cost efficiently. We support the proposition that council should work collectively to amalgamate or exercise boundary changes where there are advantages to be gained. But equally, we argue that local government reform is not just simplistically about changing lines on maps or minimum size councils but should involve big-picture plans aimed at ensuring local government areas have adequate funding for a stronger financial base and that their practices are brought up to date so they are appropriate for this century.

The financial considerations should best be resolved through growth revenue, possibly based on a percentage of GST. This would put councils on a viable footing and be more democratic as all of our residents as taxpayers and not just our ratepayers would be contributing. Unlike many of my colleagues on Yarrawlumla council and our management, I do not support removal of rate pegging. Rural residential development has created considerable demand over the years and high land valuations in our shire. It is not unusual for a vacant block of land on the new residential subdivision to be sold for more than \$50,000 a hectare. The result is higher rates in areas where there are few if any perceived services. Guaranteed growth revenue from general taxation areas is needed, as I previously said, so all residents and not just ratepayers contribute a fair share.

Yarrawlumla sees also a necessity to end the continuation of the practice of unfunded mandates and the need to ensure local government is eventually equipped to deal with maintaining its infrastructure, particularly rural roads. The bottom line of any reform should be delivering better services to meet community expectations. Yarrawlumla is in a different position to most other rural councils in New South Wales in that the national capital influences our small population in all spheres of life. The land on which the city is established was the heart of our shire until cut out in 1911 to form the national capital. The result was that the residue of Yarrawlumla was left forming a horseshoe around the city. The introduction of rural residential land subdivision in the early 1970s capitalised on this and accelerated the shire's population from a couple of thousand people then to the current 11,000 or so residents. Neighbouring rural shires that were as big or bigger than ours in the 1970s remain with populations below 3,000 today. They have not experienced the same growth, and that emphasises the Canberra factor.

Along with this introduction of rural residential or commuter belt or commuter lifestyle living, Yarrawlumla pioneered reform proposals back in the 1970s. We suggested amalgamations with neighbours then, as we did again in 1998, when our super-shire proposal was made. This proposition

suggested a local government area that took in the whole commuter belt around the Australian Capital Territory and was placed where possible on the water catchment boundaries. It would have stretched out from the national capital in a radius covering a 40-minute commuting distance. This concept was not supported by neighbouring Queanbeyan City Council, which is very city centric in its thinking, or by Yass, our neighbouring shire, with a very similar population to ours

Since 15 April this year, the day the deferral of the September council elections was announced, Yarrowlumla has renewed its public debate on regional council concepts around the ACT. Preliminary talks on a merger of Yass, Gunning, Yarrowlumla and Queanbeyan councils were held at my invitation on 21 May. Yarrowlumla was looking at the big picture and focusing on establishing a strong regional council around Canberra that would work with the ACT Government to the benefit of the region. Again, this approach was not supported by Queanbeyan City Council. At first it was by Yass, but that shire wavered once our council's dissolution was rumoured just before the 27 May event itself, when the dissolution was announced. Immediately following that we were seen as prey for neighbouring councils, who, as the Opposition spokesman for local government said at the time, were sitting like crows on the fence ready to devour the best bits of the carcass.

It was this predator-prey scenario and our belief and willingness to encourage local government reform that resolved Yarrowlumla council to do a bit of preying itself, resulting in our putting two proposals for reform, including amalgamation and boundary changes, to the Minister and which were subsequently passed on to the Boundary Commission. Under both of these big-picture propositions Yarrowlumla shire disappears and a new entity takes its place—either a regional council around the ACT with six councils in total involved or the rural lifestyle shire concept. The latter innovative model evolved as our first preference once we started examining issues such as electoral disenfranchise, community of interest, the wellbeing of our staff and the takeover attitude that would disenfranchise both residents and council employees exhibited by Queanbeyan City Council before and after the dissolution plan was announced.

Finally, throughout this six months local government reform saga, Yarrowlumla has been imaginative, has recognised its doughnut status would mean its ultimate demise, but has not been self-serving or small-minded in our approach. We have looked at the big picture while seeking residents' views through consultation. Subsequently, in developing solutions, we have acknowledged the desires and fears of our community. We have accepted that our shire will disappear but I understand that it can be part of the foundation of a new local government entity more appropriately finetuned to the present times. We made seven submissions in total to the Boundaries Commission, and I have a copy of those here that I would like to table. They are also available on the Yarrowlumla council web site.

#### **Documents tabled.**

**CHAIR:** In terms of your council's large number of different proposals, do I take it correctly that your preferred option is the rural lifestyle concept that does not include Queanbeyan Council?

**Mr BRANSDON:** That is correct, because that is the proposal that evolved during the process of responding to other submissions and preparing our regional submissions involving the discussions we had with neighbouring councils. It became quite clear to us that unless you had a regional shire that took in the five other councils, including Queanbeyan, there would be a population imbalance and, therefore, an electoral disenfranchise. We saw that on the basis of the population statistics, 33,000 people in the city of Queanbeyan and about 11,000 in Yarrowlumla. If, in a regional shire situation, we counted in the others that rural population would get up to about 28,000 or 29,000, which would give the electorate a fair representation as far as voting patterns were concerned. With the rural lifestyle shire excluded Queanbeyan city gave us a population of about 18,000 to 20,000 rural residents and we saw, certainly initially, the importance of having wards so that areas that were included in boundary changes that were not whole shires were clearly and democratically represented.

**CHAIR:** Do you have any comment on the current legislative process by which amalgamation or boundary change proposals can be initiated, or criteria on which such proposals could or should be assessed?

**Mr BRANSDON:** My understanding is that a boundary change can be initiated by as few as 200 signatures. I think that is probably not a good idea. But we are happy, as the council, and

unanimous in our thinking that the New South Wales councils, which in most cases were formed more than 100 years ago, are in need of some sort of rationalisation and reform. There are better ways in this century to deliver services to ratepayers.

**CHAIR:** Are those rural councils, particularly yours, financially viable? Are there problems? To your knowledge has your council or any of the other rural councils been on the State Government's financial watch list?

**Mr BRANSDON:** No, to my knowledge our council has never been on that watch list. I will check that with the General Manager in a moment. We are a very viable council. We are limited in what we can do, given the rate pegging, the amount of income, and the financial assistance grants. But we still manage to deliver services to our ratepayers that certainly are adequate. We would like to do better, but with the limited funding that is available to local government we are not in a position to do that. During the consultation process, once we heard about the dissolution, we had meetings with nine of our neighbourhood community associations. Each one of those returned a unanimous decision, with the exception of two of those meetings when two individuals did not agree because they did not want to be associated with Queanbeyan, that they would prefer, in most instances, Yarrowlumla to remain as it was because it was providing the kind of rural service they wanted. There were things available in Queanbeyan that they did not want—curb and guttering was identified quite regularly—and as a result we had that support from those communities, which gave us an indication that we must have been doing something right.

**CHAIR:** Have you been involved in the first of the regional reviews announced by the Minister? Can you tell us about your involvement in the review and your impressions of the process?

**Mr BRANSDON:** Our involvement in the review was a one-hour meeting with the reviewer, Professor Maurice Daly. We also had community meetings, which were held in the middle of the day at Captains Flat and Bungendore, which was unfortunate because being a commuter shire most of our residents in those communities would have been working in the ACT at the time and could not attend those meetings. In the case of Bungendore, which is the meeting I attended, 19 people were present, apart from the review team, four of whom were representatives of the council.

**CHAIR:** Are you acknowledging that Yarrowlumla is not viable now, or are you just acknowledging that you have to go with the flow and try to respond to the pressure?

**Mr BRANSDON:** Yarrowlumla is very viable and could continue to be a local government area in its own right. But what I am saying is that we appreciate the fact that there may be better ways to do things in this century, and we would certainly like to be a part of reform. We look at it as a positive step forward. We would like to be a participant in helping to deliver to our community better services.

**Ms SYLVIA HALE:** Would you care to indicate what some of those better ways of delivering services might be?

**Mr BRANSDON:** I will ask my General Manager to respond to that because it might be more appropriate. I would say that a real problem is the same as it is right throughout local government, and that is we do not have growth revenue. Each year we find that our funds are cut, we have more things that we need to do in the case of some of the unfunded mandates so we have to make choices about what service delivery we will achieve.

**Ms SYLVIA HALE:** You said earlier there was a need for rationalisation and that there were better ways of delivering reform. Assuming that finances were available and there was not a problem of funding councils, which seems to be a critical issue confronting all councils, do you think there are better means of delivering services, or do you think that council structures achieve that balance between representing communities and delivering services, and administering their areas?

**Mr BRANSDON:** There certainly are better ways of delivering services. One of the examples would be our processing of and advice to the community about development applications, which is far from perfect and which is inhibited by our ability to finance employment of planners and obtain them, because there is a major shortage of planners in the State at this time. It has also been

exacerbated by the current boundaries alteration and amalgamation climate when people would be loath to come to a council for employment, not knowing whether it will exist next year.

**Ms SYLVIA HALE:** Does Yarrowlumla participate in a regional organisation of councils or some equivalent grouping?

**Mr BRANSDON:** I can see that the General Manager would like to respond to that.

**Mr MORGAN:** There is no regional organisation of councils in our area, but we have what is called an ACT and Regional Leaders Forum, which is the Chief Minister of the ACT and his senior staff meeting with the General Managers and Mayors of 18 surrounding councils on a quarterly basis to discuss and work out issues that impact on the region. The ACT is the centre of our local economy. If it were not there we would be a very small, Western Division-type council. But it is the driver in the region. It extends from the Victorian border in the south, to the Pacific Ocean, up to as far as Eurobodalla, Tallaganda, Yass, Crookwell and across to Young.

**Ms SYLVIA HALE:** This morning we heard evidence from the Riverina Eastern Regional Organisation of Councils about the benefits the organisation has provided to participating councils, whether it is in joint purchasing or developing generic regional strategic planning. Would such an organisation be of benefit, excluding your relations with the ACT?

**Mr MORGAN:** I think it would be. My personal assessment is the political climate in the area and the dollar value. To have such an organisation at that next level costs money. We tried to organise a smaller regional council some five or six years ago to be based in Goulburn. It fell over simply because at the time councils were not prepared to contribute towards a secretariat or anything else. It was left to senior staff to try to run. With all the other jobs we are doing it took a low priority, unfortunately.

**Ms SYLVIA HALE:** Would you care to make some general comments on the structural reform process instituted by the Government?

**Mr MORGAN:** Something had to happen. As the Mayor said, since 1970 we have identified and been pushing some form of review of local government, particularly in our region. But we had a view that it should happen across the State. Given the local politics, and I do not necessarily mean ours but generally, most councils are insular. They tend to look at their own areas, and that is a valid point. Others have a differing view and they look outside. Unless someone came in with a slightly heavy-handed approach, such as the Minister did in May, nothing was going to happen. Everyone was going to sit back and say, "I am safe", like an ostrich—stick your head in the sand and hope it will go away. Although the process may not be the most ideal process in the way that it was carried out, I think it has achieved the desired result. It has got local government thinking about better ways of delivering services, better ways of structuring. You probably all realise now that last century, when local government was established, the distance from the centre was how far you could ride a horse in a day. With modern transport and communications that is no longer applicable. We have 3,000 square kilometres. Ideally, you could run something two to three times as big because there are more modern means of communication.

They do not necessarily have to front up to the counter of the council chambers to be attended to. You have teleconferencing. You can have district offices. There is a whole range of different ways, if you start thinking laterally, of how you can provide that level of service. You should be able to lodge all your DAs and BAs and everything else electronically. We are lucky in our area because of the very high take-up of the electronic media. It is a very affluent area from the IT side of things. We have noticed that with the way people are now paying things, including B-pay. We have had a direct debit system in place for many years and the take-up was astronomical, compared to what we were told it was going to be. People embraced that.

**The Hon. IAN WEST:** Tax returns.

**Mr BRANSDON:** If I could just add to that comment, perhaps a bit more colloquially. It is the dead cat on the table scenario, which the Minister threw, hoping that fear would make people react. It certainly did make them react. We were a bit stunned by it initially because we got

notification of it about 10 to 4 and we had a council meeting at half past five but we managed to deal with it at that council meeting. So we acted pretty quickly. But I think the aim was to get councils around the State to get off their bums and do something. And they certainly did because the shires conference was immediately the following week and we spent many, many hours in very detailed conversation with our colleagues from other shires around New South Wales. Of course, if you look at the results of the number of councils that responded to the Minister before they were all ordered to, that was quite a dramatic increase on what had happened in previous years.

**The Hon. RICK COLLESS:** The Minister is saying that this is a structural reform process, but for all intents and purposes it is looking more like an amalgamation process rather than a true reform process. What are the key elements of structural reform, leaving the amalgamation side part of it out of the equation at the moment, what do you think are the key elements of reform that need to happen in local government from a structural perspective to make it more efficient?

**Mr BRANSDON:** We have to introduce the sorts of methods that the general manager referred to, such as use of modern technology. We have to look at our service delivery to our communities and scrutinise that to see whether or not it is the best we can possibly do. We are very limited with what we have at the moment. We have looked at that and we have endeavoured as much as we can to improve that service delivery. But within the capacity of the existing council size you cannot do that. We see the reform process as perhaps overcoming this limitation by providing better funded councils, a better base on which to provide services that are justified when you have a bigger community to get to. That is one of the things I would emphasise.

Resource sharing has been something that we have looked at over the years. We do a limited amount of it now in the areas of libraries particularly. But the problem with resource sharing is that if you are trying to work with a neighbouring council with big equipment the timing of when each council wants the equipment never works out. Everybody wants it at the same time when it is not raining and in those months when you can progress your road works. So it is those sorts of difficulties that hinder resource sharing unless you get into a situation where you have become a bigger entity and other resources can then be used within that bigger entity, within the priorities of that entity.

**Mr MORGAN:** A small to medium council does not have the revenue base to provide the cross-sectional level of service that the community is looking for. We employed a youth officer one day a week—a waste of time because there is no consistency. It was funded. We had to try to match the funding within our budget without reducing other levels of service. We do not have a social worker or a community worker to support the community out there. We have a part-time safety officer which we share with Queanbeyan City Council.

If you have a larger council with a bigger revenue base—and I am talking about smaller councils; I am not talking about large city councils—at least then within that group—all councils are probably in the same position. They can afford one day a week every week. But if you put two or three councils together you can then look and say, "I can merely afford a full-time person and share it between the three." They might have to work a bit and travel a bit but that is still overcome by other ways. You can have local committees working with that person. That is where some of the efficiencies for the smaller country-style councils are, because you just simply cannot do that. You can do it. I could put up a report and get a youth worker but I would then have to convince council that something must drop off the other end to fund it because it gets back to the revenue base.

Back in that 1970s the local branch of New South Wales Farmers had a dispute with council over rates and they engaged Access Economics to do a report on council's rating viability. It came out in our favour because at that time general rating came in at about \$1.2 million because we had not taken up all the rate increases for years gone by. But then the Government said that what you have not taken up you have lost and we will start again type of thing. They estimated that we had forgone rates equivalent to \$2 million back in the 1970s. Our total rate revenue now is something in the order of \$3.5 million so if you extrapolate that out we are well and truly behind the eight ball as far as available income. It was local political decisions back at that time because it was a very rural-oriented council and the farmers decided that it is a hard time, we will not increase the rates, we have to look after the farmers because that is what it was predominantly at the time, whereas it has changed now.

We have probably only 30 farmers in the whole area, and out of them there are probably only half a dozen who are real broad acre farmers. Most of the others must have supplementary income earned off farm. So we have changed our whole mix from being a rural community, when the mayor said our population was 2,000, up to 11,000 which is predominantly urban population not in the towns but in the rural residential zones. There are about 3,000 in the Wamboin Bywong area, which is bigger than the village of Bungendore, which has 2,000 people. It is a slightly larger geographical area but they are still looking for the same services and that is the difficulty we are having. If you look at it in a more strategic sense you can provide that level of service by looking at it in a different way and by saying, "Councils get to together. We can do it."

**The Hon. HENRY TSANG:** I just want to compliment your council on its submission, which gives some rationale to the positive side of this reform. Thank you.

**The Hon. RICK COLLESS:** You said that local government needed some form of growth revenue guaranteed and so on. How do you think that should be delivered?

**Mr BRANSDON:** When the GST was introduced I thought it was a bit of a tragedy that there was no agreement to support local government through that new tax growth.

**The Hon. RICK COLLESS:** Should that have been paid direct from the Federal Government or through the State Government, because it all goes to the State Government?

**Mr BRANSDON:** I think the mechanism for paying it is probably not as significant as paying it in the first place. I suggest that there is possibly another aspect that we could look at. As councils like ours are very involved in land management and the transfer of titles, et cetera, maybe other revenue from stamp duty could be used as a growth tax for councils. Of course, that would be more appropriate in a shire like ours where there is a large amount of land transfer and property transfer than there would be in a remote rural community or even some of our neighbouring shires around Canberra.

**(The witnesses withdrew)**

**ELLIS LINDNER**, Mayor, Culcairn Shire, PO Box 94, Culcairn, and

**STEVEN JOHN PINNUCK**, General Manager, Culcairn Shire Council, PO Box 94, Culcairn, sworn and examined:

**CHAIR:** In what capacity are you appearing before the Committee?

**Mr LINDNER:** As mayor of Culcairn shire.

**Mr PINNUCK:** As the general manager of Culcairn Shire Council.

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

**Mr LINDNER:** I am.

**Mr PINNUCK:** I am.

**CHAIR:** If you should consider at any stage during your evidence that in the public interest certain documents or evidence you may wish to present should be seen or heard only by the Committee, the Committee will consider your request. Before we commence with questions from the Committee, would you like to make a short statement for the record?

**Mr LINDNER:** Thank you for the invitation to be here today. Culcairn shire has a population of approximately 4,100, covers an area of some 1,581 square kilometres and incorporates three towns: Culcairn, 1,200 people; Henty, 1,000 people; Walla Walla, 700 people, and the smaller village of Walbundrie. Council has a proud history of working closely with the community and supports some 28 community management committees that assist in the provision of three swimming pools, five sporting grounds, five tennis precincts, five public halls, a museum, five cemeteries and three golf courses. Of course there are many community committees that council works closely with to ensure vibrant, sustainable communities, including school parents and citizens associations at seven primary schools and two secondary schools, three Lions clubs, a rugby club, four football and netball clubs, four cricket clubs, three bowling clubs, equestrian activities and athletics.

The partnership between the local council and the community is required to overcome the tyranny of distance and lack of public transport to larger regional centres. The New South Wales Labor Government went to the election in March 2003 on a no forced amalgamations platform. To say that Culcairn Shire Council was dismayed and disappointed with the announcement by the State Government in June of this year that structural reform would be rigorously pursued is an understatement. Councils were actively encouraged to prey on their neighbours when at least in some cases this was clearly in conflict with the wishes of their communities.

It is of grave concern to council that sections of the Act to provide for minor boundary adjustments are now being used to circumvent the public consultation process. Proposals for our council area divide it to a point where it no longer exists are clearly a forced amalgamation. It was also disturbing that the Premier and the Minister for Local Government clearly targeted small councils as being unviable and inefficient when many small councils are clearly outperforming some of our larger city cousins. The Culcairn Shire Council is viable and efficient and is delivering an increasing range of services to meet the needs of its residents.

The financial capacity of many councils provides additional infrastructure and, particularly with rural councils, is a direct result of local government being able to command a rightful share of Federal and State taxation revenue. The large majority of expenditure in rural councils is required to maintain and improve the road network, when local government has no capacity to tax the road user. Federal financial assistance grants have reduced in real terms since their introduction in 1976-77. The New South Wales State Government does not contribute one dollar to the local road network and is increasingly calling on councils to expend their scarce resources on the regional road network. Government policy to close rail lines and the changing transportation methods have substantially increased the cost of maintaining and improving the road network, and to expect this cost to be borne by local government alone clearly places an unacceptable additional burden on the local community



when clearly it should be funded by pooled taxation revenue. Adequacy of funding local government is the crux of the matter, and until issues such as the fair distribution of taxation revenue, non-payment of national competition policy moneys to local government, unfunded mandates and pensioner concessions, et cetera, are addressed local government finances are going to stretch. The fact that local government has been able to continue to respond to the needs of the community is testimony to its ingenuity, innovation and sound financial management.

There is evidence that the forced amalgamation of councils in Victoria has had a devastating impact on the social and economic wellbeing of country towns and rural communities previously served by country shires. At the same time, council rates in Victoria have been rising from between 7 per cent and 9 per cent per annum despite claims that amalgamation would produce savings. Rate pegging was removed in Victoria shortly after the forced amalgamation of councils. Rural councils generally, and the Culcairn Shire Council in particular, have regularly engaged the community in the decision-making process. This has been further enhanced in the past 18 months with the establishment of community committees in each of the towns and villages across the shire to provide feedback to council on a range of issues. One must remember that the role of local government in rural New South Wales is much different to that of metropolitan Sydney and even regional centres. With the withdrawal of many government services, both Federal and State, more than ever before rural communities are reliant on their local councils for information and services. In many rural communities the council is the only option.

There is no doubt that there is an ever-increasing demand for an extraordinary range of services. Residents of Culcairn shire pay taxes and expect a rightful share to return through service provision. However, with a very narrow revenue base for local government, this has created a challenge. Culcairn Shire Council has met the challenge, and through innovative resource-sharing initiatives with neighbouring councils and the Riverina Eastern Regional Organisation of Councils [REROC] has developed a mix of services that not only meet the expectations of the community but are a catalyst for the development of vibrant sustainable communities. One would have to wonder why the community's greatest resource and one of the shire's largest employers should not be retained to continue this pivotal role.

Given the importance of councils in rural New South Wales, there are alternatives to amalgamation and boundary adjustments to achieve continued improvements in service delivery. As stated previously, this can be achieved through positive arrangements with other councils, the State Government and possibly the private sector. The REROC model is worthy of particular note as the savings to its member councils of some \$4.6 million over the past five years is outstanding. These savings have been achieved without decimating the local councils and the communities they serve.

The views of residents should be paramount in discussions on amalgamations or boundary reform. If councils are not performing, it is most likely the residents will be seeking a change. Conversely, when councils are meeting the expectations of the community, residents will want their local council, one of their greatest resources, to remain. This is the case in the Culcairn shire, where an extensive community consultation process clearly articulated to council that it wishes the Culcairn shire to, one, retain its present identity as a viable, self-sufficient, cohesive local government area; two, reject any proposal to amalgamate the shire with any other council; and, three, direct council to take all necessary steps to ensure the independent future of the shire and the continued representation by its council, general manager, council officers and staff.

Finally, as stated earlier, this inquiry provides an opportunity for a number of issues to be addressed as part of local government reform, including securing a rightful share of Federal and State taxation revenue for local government; forming a real partnership between State and local government; removing restrictions on revenue-raising capacity and unfunded mandates of local government; and, most importantly, defining the roles and responsibilities of local government and how they should be funded, with particular emphasis on the differences between metropolitan and rural local government, ensuring that any change to council areas by amalgamation or boundary adjustments originate from and are driven by the communities. The Culcairn Shire Council is clearly of the view that when these issues are addressed many of the financial challenges faced by local government will be removed.

**CHAIR:** You said that your council is financially viable. Has your council been or is it on a financial watch list? Has it been at any time on the State Government's financial watch list?

**Mr LINDNER:** No, not to my knowledge.

**CHAIR:** With regard to economic viability, do you have any other specific problems dealing with a council of that size?

**Mr PINNUCK:** No. As to whether we have been on the department's financial watch list, as far as I know we have not. Certainly our recent auditor's reports have complimented council on its financial strength and there is no reason why the Culcairn shire could not continue to deliver services efficiently to its residents in the future.

**CHAIR:** Councillor Lindner, you touched on other examples where Culcairn has initiated reform to improve service delivery. Could you elaborate on that, the effective ways you achieve your ends in servicing your ratepayers of the shire?

**Mr LINDNER:** We have set up committees within our towns, tried to improve the facilities in the towns and also to give the community a chance to bring forward ideas that it wants implemented within their towns. So council and the community are working closer together. We have committees within the three towns and also in our two villages. There are probably between 30 and 40 people involved in bringing issues to council, which is very helpful. We are recommending quite a number of changes within these villagers. One village, Walla Walla, had a long main street but no centre. We are creating a centre adjoining the local hall. There we are building an area for a building society to work. Also, an RTC will be implemented within that, so we have created a community centre for that village.

In other areas, like Culcairn, we are improving a park area. The small village of Walbundrie has what you call a botanical garden area. We established that as an eco area that will be planted out with native trees and other things, encouraging birdlife. It will become a picnic area and an area that could be included in eco tours that look at the environment, and that sort of thing. In Henty we are improving the look of the town and doing other things to improve living facilities in the town to encourage people to come and live within our rural towns.

**CHAIR:** In your submission you note there is a need to form a real partnership between State and local government. Would you elaborate on that? What is wrong with the current partnership and what can be done to improve that partnership?

**Mr PINNUCK:** That was referring to, and it has been mentioned earlier, the partnership that has been developed in Tasmania. That is probably a model the New South Wales Government should look closely at. There needs to be a real connection between State Government departments and what is happening within local government, particularly in rural local government. Sometimes it happens and programs have been implemented that are quite successful. I think the road safety officer program is an excellent example of how that can work well, when councils have banded together—sometimes three or four councils have banded together—with the Roads and Traffic Authority to produce some real results on the ground. Another area where it has not worked so well is community housing, where we have a situation in Culcairn shire where a number of old housing commission-type houses were being sold off.

A community housing project of the council that runs with the Department of Housing had a long waiting list. When we spoke to the regional officer at Orange about it and asked why they were selling off this public housing when we have a waiting list for our community housing, he said they were not aware it was Culcairn shire. So, there needs to be greater awareness in State Government departments of what is in regional and rural New South Wales and putting in consultation processes before they take those steps, consulting with local government areas before any decision is taken to offload the community housing—in that instance—and maybe work in partnership with council to provide more, as we are doing in another area. Those sorts of partnerships have to be engendered. Recently I attended an IPAA forum in Sydney that looked at State Government and local government partnerships. In some respects there is a real willingness among some State Government departments to try to build those partnerships. We have to emphasise that as part of this inquiry if we can.

**Ms SYLVIA HALE:** Has any other council expressed an interest in Culcairn?

**Mr PINNUCK:** No.

**Ms SYLVIA HALE:** If the Hume-Albury amalgamation were to proceed, I understand there is a remnant portion of Hume that would go begging. Is that likely to go to Culcairn or would it be more to Holbrook?

**Mr PINNUCK:** It is an interesting question, I suppose, but what Culcairn Shire Council's position has always been would be that is up to the residents of Hume shire to determine their destiny and at this point in time we believe that first and foremost they wish to remain part of the Hume shire.

**Ms SYLVIA HALE:** I appreciate that. I was wondering whether it would have a deleterious effect on whichever council it was likely to be added to. While Albury might benefit, Hume and some other council might suffer some detriment, but I do not know whether that is the case.

**Mr PINNUCK:** It is a hypothetical question, but if that situation arose in the future I am sure the council would look at it at the time. There would have to be a real willingness for the people in that area of Hume shire to want to join Culcairn shire or Holbrook shire or Corowa shire or whatever shire it may be.

**CHAIR:** According to the submission made by Albury council, if that goes ahead, there may be a section, some one-third of the Hume shire, either wanting to survive or find a home. It is not so hypothetical.

**Mr PINNUCK:** That sort of decision has to be community driven. It should be the decision of those Hume residents.

**Ms SYLVIA HALE:** In your submission you mention the case of Delatite shire in Victoria. Would you care to explain why you see that as relevant to this inquiry?

**Mr PINNUCK:** That is a classic example where, clearly, shires that did not have the community of interest were forced together against their wishes. It was proven at a later date that it was quite inappropriate. Now, after going through quite an expensive amalgamation process, they have just been through a de-amalgamation process. Delatite has now become Benalla and Mansfield. In this debate there seems to be an unhealthy, if you like, emphasis on reform of local government through structural and boundary adjustments rather than reform of local government by continually looking at ways to improve service delivery. Making councils bigger will not necessarily do that. We have spoken about other issues, such as defining the roles of local government, that need to be answered before we look at the structural problem. Again, the roles of local government in country New South Wales are vastly different to the roles of local government in metropolitan Sydney. Those sorts of questions must be examined before we go down that structural path.

**The Hon. RICK COLLESS:** I had similar questions to those asked by Ms Sylvia Hale, which gives me the opportunity to expand on some of those concepts that were brought out. What do you see as the roles and responsibilities of local government in New South Wales in your decentralised rural situation as opposed to the bigger councils.

**Mr PINNUCK:** I come from a smaller rural council background. I have worked in the Murray, Urana and Culcairn shires, which are fairly similar. Those sorts of rural councils are extremely community based. There is a lot of interaction with the community through community committees. There is a lot of interaction between councils and the community, and between staff and the community on an ongoing basis. Because they are smaller communities, you live within your community. Some might say that is a disadvantage, but you are virtually on duty seven days a week whether you are at work, playing tennis or going to sport. There is a lot more interaction in the community. In rural New South Wales the community is far more aware of what their council is doing than those in larger centres.

The sorts of services we provide are different, necessarily, to what they would be in urban areas. Our community is very sporting oriented. They require us to take a greater role in assisting them in the provision of sporting facilities and the like, whereas in the larger regional areas they turn up on a Saturday morning or whatever, they play their sport and they go home. In rural councils it is much more of a partnership approach between council and the community, where you join together to provide facilities that you might otherwise be unable to provide. Even though our town is relatively small and our shires are relatively small, we sustain three swimming pools. Everyone would know that swimming pools are quite expensive to provide, but our community expects that level of service. The only way we can provide that is by working closely with them.

**Mr LINDNER:** In small councils, ratepayers are known by name and the ratepayers know council staff by name. In a large council you are known only by a number. We talk about the facilities in each town. People might question why we want three swimming pools. But we have to remember that distance is the thing we have to look at. People from one town will not go to the next town to have a swim because by the time they get back home the benefits of the swim are lost. If we amalgamate to form bigger councils, a lot of the smaller swimming pools will be closed and they will have to have a swim in the regional centre. Those are some of the disadvantages. The smaller community swimming pools are looked after by local people. Local committees help to keep those things going, as they do with all the sporting facilities. It is the great thing between the community and the shire to keep these facilities going. They also take a pride in their facilities. They have some interest in the maintenance and use of them.

**The Hon. RICK COLLESS:** Keeping all those things in mind, what reforms do you see need to occur in local government to better meet those expectations, as opposed to amalgamation?

**Mr PINNUCK:** The funding of local government is of paramount importance. We touched on the fact that the financial assistance grants have decreased in real terms since they were introduced, and that needs to be addressed. As a number of previous speakers have said councils do not have access to a gross tax and that should be addressed. The funding relationship between the State and local government needs to be addressed, particularly in relation to our unfunded mandates. Road funding is important for rural councils. There is an increased expectation from the State Government that councils should play a larger role in funding the maintenance improvement of roads, particularly regional roads when we have a very constrained revenue base. We have rate pegging, and there are advantages and disadvantages of rate pegging. People would identify that there is no doubt it has made councils become more efficient, but by the same token it indicates to councils that the State Government believes that it is not mature enough to decide what is an appropriate level of rate increase for their area.

A lot of work can be done co-operatively through councils and, as we mentioned in our submission, we are part of the REROC organisation and proud of it. One of its greatest strengths is that it is a voluntary organisation. Some programs are implemented and you get the choice of whether you want to participate. It may not be suitable for your community. In other cases all of the 13 councils and 2 county councils will participate. We are part of the Riverina Regional Library, one of the most successful regional libraries in the State. We share a road safety officer with Holbrook, Urana and Lockhart. Previously we shared a fire control officer with Albury and Hume. We provide a garbage service to Holbrook. We have just completed a community safety plan on a subregional basis with Holbrook and Lockhart shires. There are lots of improvements in service delivery that can be done co-operatively with our neighbours that allow you to improve your service delivery without losing your local employment and your local representation.

**The Hon. IAN WEST:** In terms of REROC, going back to your example of community housing, did you have any follow up with REROC and discussion amongst the councils as to how that could be better utilised, and the difficulties you had with the department?

**Mr PINNUCK:** Not with that particular issue, no. It has raised its head only over the past few months. We have to put the role of REROC in perspective. There is the Shires Association and its divisions and then there is REROC. The Shires Association is more the political lobbying body that you should look at to put pressure on those departments. REROC is more a collective arrangement of councils to look at providing things more efficiently. It is very successful in doing that. Its lobbying role can get a bit grey, as whether that is the role of REROC and whether it is best to stick to what it

does really well and whether the Shires Association should take up some of these other issues on behalf of councils.

**CHAIR:** Thank you very much for your contribution. Some of the issues you raised in terms of a greater awareness of State Government of local issues and your communications about government partnerships are very valuable for the Committee. We will certainly look to use that. As one who took a swim in the local pool this morning, I can well appreciate exactly what you were talking about.

**(The witnesses withdrew.)**

**LOLA MAY CUMMINS**, Mayor, Junee Shire Council, 21 Gloucester Street, Junee, sworn and examined:

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

**Ms CUMMINS:** 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. Before we commence questions, would you like to make a short opening statement?

**Ms CUMMINS:** Thank you for the opportunity to address this Committee of inquiry. Our submission was not a greatly detailed one, in fact it was probably the lightest one you received. But we knew that others were putting in extremely detailed submissions, and we knew also that REROC, of which we are a member, was putting in a submission. We felt that we would add just a little to what the others were going to say. I will give you a very brief overview of our shire. Junee shire covers 2,031 square kilometres and has a population of 5,850. Junee has a diverse base, which has had to evolve for its survival. Traditionally, Junee was a railway town, and owes its very site to the route of the main southern railway line between Sydney and Melbourne. Junee is exactly halfway by rail between those two centres.

In the late 1980s the railway was downgraded. In the early 1990s a dreadful blow was struck to Junee—the closure of the locomotive workshops. About 300 jobs were lost in one fell swoop. Combined with the previous downsizing, in excess of 450 jobs were lost—a greater impact per head of population than the closure of BHP in Newcastle. However, we are resilient. We fought back to overcome this blow and other blows that we have been hit with, particularly the effect of the drought on agriculture, loss of crops through black frosts and wheat harvests. Junee is a can-do community. Council has been a driving force with various projects that have inspired confidence in the residents of Junee and they have been able to look forward to a good and sustainable future for our town and for our shire. Council has in place a strategy which we are working to, and we wish to have the opportunity to complete and consolidate. We are financially viable and we compare favourably with other councils our size.

Unlike a lot of our neighbours, we did not hold a public meeting. Instead, we chose to send out a survey to all residents: 91.42 per cent of respondents said that they were relatively satisfied with council's performance; 53.28 per cent rated Junee Shire Council better than other councils in the area; and 91.5 per cent said they felt there was no benefit to amalgamation with another shire. Junee Shire Council has shown innovation and that we can achieve value for money. An example of this is our recreation centre which was completed just on 12 months ago. We have a \$5 million to \$6 million facility which we built for \$3 million, and it is being used not only by our community but also the residents of neighbouring shires.

We are a member of REROC by choice, not because we have to but because we want to, and we have achieved significant savings for our ratepayers through bulk tenders and bulk purchasing. I welcome this inquiry for several reasons, including the opportunity to have a good look at local government in New South Wales and the impacts on it which are beyond its control, for example, the unfunded mandates. It seems to me that the State Government has virtually thrown out the challenge to see where the cards will fall and has hoped for destabilisation of local government. I am pleased to say that it has not been the panic reaction among us and our neighbours that there has been in some other areas.

**CHAIR:** Is there any direct proposition in terms of impact on your council at this time from any other council?

**Ms CUMMINS:** No.

**CHAIR:** So you are feeling quite secure in that way?

**Ms CUMMINS:** None of our neighbours has shown any indication that they wish to make boundary changes with us. The councils in the area talk to each other on a regular basis.

**CHAIR:** In terms of the financial viability of your council, are you on any financial watch list from the State Government or any other such imposition?

**Ms CUMMINS:** Not at this time.

**CHAIR:** Your submission states that you believe Junee ratepayers are best served by vigorous local responsiveness—

**Ms CUMMINS:** Yes.

**CHAIR:** —which you have described, and working with the broader REROC and other regional organisations. There has been some criticism of ROCs in that they can only achieve results on issues for which there is unanimous support among its members and they can only move at the pace of the slowest element. Would you care to respond to that criticism in the light of your experience?

**Ms CUMMINS:** I disagree entirely with that. As far as REROC is concerned, the opportunity is there for councils that wish to participate. If they do not wish to participate, that is okay. For example, we have bulk bitumen tendering. Our council chooses to participate in that. Some other councils may not at any particular time. There are no constraints as far as the slowest member of the organisation. Our particular ROC—I am not being a little too arrogant here—is the best working ROC, certainly one of them. I believe there are two in the State that are achieving things for their members, and REROC is one.

**CHAIR:** Do you think there is any disadvantage in having many small councils with that umbrella body rather than looking at a larger council in terms of efficiencies?

**Ms CUMMINS:** No.

**CHAIR:** That is unequivocal.

**The Hon. RICK COLLESS:** What reforms would you like to see in local government to enable your shire, your council, to operate more efficiently?

**Ms CUMMINS:** Obviously there are financial reforms such as share of the GST. I would certainly like to see more funding come our way for roads, not only State roads, which are the responsibility of the State Government, but also local roads. It has already been mentioned about rate pegging. I am fully aware that rate pegging is politically expedient. So it is most unlikely that it will disappear. However, I think it needs to be much more realistic. There have been occasions in the past when rate pegging of the amount that we can increase the rates by has been lower than what the tribunal has granted in wage rises to staff. To me that is very unfair and just plain wrong. So it has to be realistic. It must take into account things like inflation, any issues under the award for employees, wage rises, those sorts of things. You are behind the eight ball when you cannot even increase the rates by the amount that you have to increase your staff wages.

**The Hon. RICK COLLESS:** With the GST that you mentioned, do you see think that should be hypothecated directly from the Federal Government? As you probably know, all the GST is paid directly to the States. Should it be passed on by the States or should the rules be changed so that it can be allocated straight from the Federal Government?

**Ms CUMMINS:** I may be right in thinking that the New South Wales Government is the only one which is not passing its GST revenue onto local government.

**The Hon. RICK COLLESS:** It is not passing on national competition payments either.

**Ms CUMMINS:** National competition as well, yes. I think this is a pity. Council is constricted in what it can raise in the manner of funds. The only tax it can raise, if you like to put it

that way, is the tax on land for your rates. We are not about to set up tollways. We are not in that position and it would not be a good thing for our residents. Nor would it be a good thing for the State, for local government to go down this path. So there should be a bit more leeway, particularly with the unfunded mandates. There is more and more responsibility being put onto local government, things which in my opinion should be the responsibility of the State Government and, to a lesser extent, the Federal Government. These things are being passed on but no funding comes with that so councils can implement what is required. One of the things that is a bit topical in my shire at the moment is health facilities.

**The Hon. RICK COLLESS:** Not only your shire, I might add.

**Ms CUMMINS:** At the moment our general manager is in Sydney addressing the Heritage Council because we want to build a medical centre on a certain site so that we can keep our doctors and get more when one retires. But some do-gooders have decided that because somebody once taught ballet in it, it is a historic monument. It is full of white ants and pigeons but it is a historic monument. It has always been my assertion that councils should not have to supply things to get doctors and medical professionals to work in your community, to come and service your population, but the reality is that we do. So we are looking at spending some \$400,000 minimum, depending on the outcome of today's hearing, whether we have to look for another site or not, on providing facilities to provide health care to maintain our doctors and maintain that service to our ratepayers.

Junee is on the list for an MPS. When they first talked to us about it the planning was to have been done in the last financial year and construction was to start this financial year. The latest information I have is that the service plan still has not been signed off on. At this stage we are looking at a minimum of another 3½ years before anything gets under way. We and a lot of other communities cannot afford to wait that long. We may not have any doctors left.

**Ms SYLVIA HALE:** You said in your opening remarks that Junee had constructed facilities that were used by residents of neighbouring shires. What is your view of the assertion that it is unfair that if a council constructs things those utilities should be used by people from outside their areas?

**Ms CUMMINS:** I keep telling the Mayor of Cootamundra and the Mayor of Temora that we are saving them millions with our heated pool and recreation centre because they do not have to build one. Their residents are welcome to come and use ours.

**Ms SYLVIA HALE:** So you see it as providing benefits rather than detriments for your shire?

**Ms CUMMINS:** It is providing benefits for our shire.

**Ms SYLVIA HALE:** In what form?

**Ms CUMMINS:** First, we have constructed a facility that is being used by our residents. Recently we won a National Heart Foundation State award for that particular facility because—and I will be quite frank—there are a lot of women in our community my age who like me never did any exercise, always thought about it but that was it. They are now using this facility. They are going to water aerobics, they are going to pump classes, using the gym. That has to have ongoing benefits for the whole community. Let me just describe what we have done. We have taken an old pool which was 80 years old and we refurbished it. We heat half of it for winter, which means we have a 25-metre indoor pool for winter. We have a 50-metre outdoor pool for summer. This is where the innovation comes in whereby we have a boom which comes down. We have, for want of a better description, thick plastic curtains which go across and this was all designed by our staff.

**Ms SYLVIA HALE:** I suppose there is a sort of dichotomy developing. It has been suggested that larger councils have the wherewithal to employ specialist workers on a full-time basis such as youth workers or community workers, and that has been argued as being one of the benefits of larger councils with bigger populations. On the other hand we have the suggestion that smaller council areas are able to call upon voluntary work and participation by their residents. If you had to weigh the two in the balance, would you come down in favour of one as opposed to the other, or do you see any means of getting the best of both worlds?



**Ms CUMMINS:** There is a way of getting the best of both worlds and that is with resource sharing. For example, we share our road safety officer with Wagga Wagga and Coolamon. We share our fire control officer with Wagga Wagga, Coolamon, Lockhart and Urana. So there are ways around it with resource sharing. We auspice the south-west family day care scheme. That covers six shires. We are a member of the Riverina regional library. There are ways to get around this. When you are talking about being able to employ specialists like social workers, for example, I am afraid I have a very dim view of local government being asked to take on all these social things—fluffy stuff as I call it—which is the province and domain of the State Government or the Federal Government. It has all been thrown back on local government and this is part of the unfunded mandates. We have to have a social plan. We have to have a report of the environment. Correct me if I am wrong but there is even a section that says that if you do not have anything to report on any one of these sections you must write a report to say that you do not have anything to report.

**The Hon. RICK COLLESS:** Democracy gone wrong, is it not?

**Ms CUMMINS:** It is, and the cost is coming back to local government.

**(The witness withdrew)**

**DARREN SYLVESTER BALDWIN**, Hands off Hume Committee, 22 Lipset Road, Yagoona Park,

**DAVID LIVINGSTONE MILLER**, Hands off Hume Committee, 102 Short Street, Howlong,

**BERNARD ERIC THOMAS**, Culcairn Shire Citizens Committee, 2 McBean Street, Culcairn, and

**SHIRLEY ANNE FRY**, Culcairn Shire Citizens Committee, Cardonette, Urana Road, Walbundrie, sworn and examined:

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

**ALL WITNESSES:** I am.

**CHAIR:** Should you consider at any stage during your evidence that in the public interest certain evidence or documents should be heard or seen only by the Committee, the Committee will consider your request.

I understand that each of you wishes to make a short opening statement. I ask that every one of you keeps it as short as possible so we can have the opportunity for questions from the Committee. Do we have a preferred starter?

**Mrs FRY:** We as representatives of the citizens of Culcairn shire ask that our viable, self-sufficient, independent, accountable, reliable and cohesive local government council be left as it is to retain and ensure the continued local representation by its councillors, general manager, council staff and officers. We strongly reject any proposal of amalgamation. My experience of local government in Victoria, where Mansfield shire was forcibly amalgamated with Benalla to form Delatite shire, makes me passionate about not allowing the same thing to happen to this shire. The whole fiasco was an horrendously expensive, futile exercise that struggled on with much opposition and inter-town friction for seven years before the Government admitted it did not work and the shire's were allowed to de-amalgamate. Please, let us not go down that road, because it simply will not work for us.

Any decision to amalgamate should be based on serious economic, social and community problems. We have none of those. Even after considerable decrease in State and Federal funding, Culcairn shire is still not broken. It does not need fixing and its residents certainly do not want change that will cause serious adverse consequences to the ongoing development and economic stability of the shire. Our council is one of the largest employers in the shire. This reason alone holds a magnitude of escalating problems for locals if amalgamation is forced upon us. Staff reductions, reducing employment, in turn reducing businesses conducted in small rural town's, further reducing employment, ultimately reducing population due to migration to larger towns for employment and people having to shop out of the smaller towns, further reducing business, and so on. The towns get too small for their banks, their schools, their hospitals, their shops, and there is less employment and you create more and more ghost towns, and then the dole creeps into the country.

This country used to run on the backs of small business but now large corporations make it run largely propped up by the dole as there are not enough businesses left to employ all of these people. If smaller towns were to remain economically viable, we would alleviate this problem a lot. I say this because shire council is generally a substantial employer in small towns. If you take this away, the town structure starts to weaken and fall apart. Local employment has to be a prime concern. Shire salaries are critically circulated back into local communities, creating the multiplier effect, improving the sustainability of small communities. Amalgamation is the beginning of the end for a lot of small towns. Do not kill our rural communities.

Amalgamation means increased costs due to sheer physical size of larger shires. Productivity is considerably lessened by the copious amount of travel required to get around the larger shires. Distance limits a response to services. Greater productivity is achieved with less travelling time, in roadworks, councillors travelling to constituents, time taken to look at problems, permits assessments, et cetera. Shire managers find it impossible to get around their entire shire efficiently, as the general manager from Albury stated. They either spend their time at their desk and the on-site work is not checked or they spend time driving and the administration suffers. The enormous cost of inter-town

travelling and multisite servicing was costing Delatite shire around \$800,000 per year and was necessitating further borrowings every year to keep up.

We have to think laterally of area size in the country, not population numbers. You have to understand how very different the scenario is to our city counterparts. The smaller municipalities have a far greater sense of belonging to the community, therefore they are more willing to assist in raising funds for their community. When the distance becomes too great you have a them and us scenario. Recipients vying for services create a non-trusting environment and jealousy of who is receiving what in preference to whom, and what centres are being favoured or appear to be favoured. Can you believe that the Walbundrie sporting complex's new pavilion, valued at \$160,000 at the time, was almost entirely built with money raised from within that little community—population 40! Every Friday for five years locals laboured on it, and catering at Henty field days for 15 years raised \$103,000. Locals also bought bricks in the building to further raise money—all voluntary, apart from \$15,000 from council and \$15,000 loan. Can you in all your experience imagine that happening in a larger council or in a city area? I think not.

We have pride in our sense of community. We want councillors we know, accessible and approachable. We are proud of and thankful for our very capable team at council. We do not want governance from afar. We do not want to lose empowerment. We like our voice to be heard and acted on by people who care. We appreciate validation and feedback. This is our country. The same passion and care cannot be given to an area by someone living and governing from afar. You have to be familiar to be effective, concerned to be trusted, and dedicated to be supported. We feel this now, but I promise you, do not expect the same loyalty to go with distance governance. Loss of community's belief in the democratic system is the beginning of complete distrust in the entire system. Dissension of this type is the cause of breakdown in all government. Leave us run our happy ship and concentrate on problems. We do not have any.

**Mr THOMAS:** Mr Chairman and members, I thank you for the opportunity. I am here to represent the citizens of Culcairn shire. I would like to say that the ratepayers and the citizens of the shire definitely do not want anything to do with amalgamation or change of council boundaries. We had three public meetings in the three small towns and we got a turn-up of about 300 people. We had a petition against it which got 800 signatures. I want to get across to the hearing that the people do not want to amalgamate or change anything. We are happy with the council. Everybody is happy with the council. They help the town and all the little towns involved in the shire. I am the vice-chairman of the MPS health committee in Culcairn, and I heard a couple of remarks earlier that they have trouble getting councillors and things for drug rehabilitation and alcohol. We have managed to be able to achieve all that. It has been split around between three or four different towns but we have those facilities and the council supports us 100 per cent. If we want lobbying or anything, they are right behind us. That is one of the essential things for a small town. We have to have a medical or a MPS of some sort to keep a doctor, because if you do not have a doctor you do not have anything. The council is right behind us. We want to keep our shire the way it is.

**Mr MILLER:** Thank you for opportunity for the Hands off Hume committee to present to this Committee. I will speak on an introduction and community views. Mr Baldwin will speak on community participation. You have a written submission, which addresses the terms of reference as we feel able to. We would like to make a few points, though. The Hands off Hume committee was formed in July this year between all the progress associations and community forums of Hume shire in response to the takeover put forward by Albury. At the Jindera rally, the public rally in August, we had 600 to 700 people out of 2,500 residents attend. We put a vote to them: is Hume shire providing good service and would you expect Albury to do better? We got a unanimous vote on both counts: yes, Hume shire provides good service, and no, they did not expect Albury to do better. We believe this confirms the 96 per cent result in the poll conducted by Hume shire last year.

Therefore we believe we can assure this Committee of the opposition of the Hume community to amalgamate with Albury. Hume shire has a debt ratio of 2.4 per cent, much better than average for a shire of that type, and about one-third that of Albury. It is extremely viable. The progress associations confirmed the residents' satisfaction with the operations of Hume shire and the service provided. We believe that only the customers of an organisation can measure these standards of service, that is the ratepayers. We believe the State can assist by providing benchmarks for service, by doing external operational audits or arranging for those, but in the end it is the ratepayers who

suffer if the service is not provided. There has been a lot of a mention today about rural versus urban lifestyles.

It is interesting that the motto of Hume shire is "Hume Shire, the Rural Living Alternative". Obviously, it has attractions. Hume shire is one of the fastest-growing shires in New South Wales and the town of Howlong is the fastest-growing town. Our location on the Murray River and Lake Hume gives rise to a particular lifestyle that attracts many, particularly from Victoria. For instance, the Howlong golf club has 4,900 members in a town of 2,500, and 2,900 from Victoria. The way we work in rural areas, as the Committee has heard, is through self-help. It is the rural communities way. Our parks, sporting venues, halls and cemeteries are run by volunteers, certainly with assistance from the council, but by volunteers. We believe this spirit of volunteerism will be destroyed by joining an urban area that is used to council supplying these services.

We would expect that if we amalgamate and our rates rise to the Albury levels you will see this volunteerism die, particularly because the people in the small villages would say, "Why should we do this for free when they get it paid for in the urban areas?" Self-help means lower rates. We are very happy with the way Hume shire runs its development plan. Why, because we have had good consultation right down through our community groups all the way along. However, it is obvious to us and this Committee today that there is no agreement between Hume and Albury on this planning. May we suggest that we should raise it one level by having a regional planning authority chaired, perhaps, by the State Government, but with wide community representation so that we remove this from the politics of local government but still have the proper representation.

**Mr BALDWIN:** Thank you for allowing us to speak to the Committee of inquiry. I specifically want to address community participation within the amalgamation process, which is part of the terms of reference. As you are probably fully aware, one of the stated aims of the Local Government Act is to assist and encourage the effective participation of local communities in the affairs of local government. However, under the last proposed amalgamation between Hume and Albury it was actually a boundary adjustment and not an amalgamation. By proposing a boundary adjustment Albury council effectively sidesteps a mandatory requirement in the Act for the Boundaries Commission to seek the views of electors affected by the proposal. I suggest the inquiry might wish to consider an idea that, for the purposes of consultation, any boundary adjustment that becomes more than 10 per cent of area, population or a rate base should be deemed an amalgamation. That would overcome a lot of people's concerns that their voices are not being heard.

The second point I would like to raise deals with representation. As a ratepayer of Hume, I have had the ability to access my representatives and, at one stage, I had need to. I had the privilege of addressing a meeting of full council about an issue. But, as Mr Henderson from Albury noted, if the amalgamation went ahead we would be lucky to scrape in one councillor. Albury's proposition of assigning councillors to look after the affairs of Hume, even if they did not necessarily come from the local area, struck me as very paternalistic and certainly not democratic. Then they wonder why 96 per cent of the Hume electors did not want to be incorporated into Albury.

**CHAIR:** Mrs FRY described Culcairn council as being somewhat dependent on council business being maintained in the area, which then was a catalyst for the survival of the town and its community. Do you think that Culcairn is financially viable? Could you describe to the Committee any evidence you have for its viability?

**Mrs FRY:** Yes, I live 30 minutes from Culcairn. Recently it got RTA facilities. The town is quite financially viable. It has a number of good businesses, a hospital and a school. The council directly employs 46 or 48 people. If you take that out of a town it will have a devastating effect on such a small community. It just seems to me that people sitting in city areas think: don't worry, they are all little country shires. We will try to shove them into the one basket and forget about them because they are just country. But they forget where they get their breakfast cereal, their bacon and eggs, their orange juice and their bread. It is from those areas. Once people lose those jobs they will have to go out of the town to find other jobs. They have to either move the whole family out of the town, or mum or dad have to get a job out of the town. While mum is out of the town she does the grocery shopping, clothes shopping or whatever. The businesses in Culcairn that supply those things drop off as well. They will close their doors and the people they were employing will no longer have a job. It snowballs. Believe me, it happens. I was in Mansfield when the other amalgamation took place.

I was a farmer, plus I had a business. I was in retail. I was a member of the chamber of commerce. I organised the Mountain Country Festival. I saw the devastating effect of the amalgamation on that entire town—morale dropped. The town lost its identity.

**CHAIR:** Were not the amalgamations in Victoria characterised by far more draconian action by the central government? Do you not feel it was like a heavy hand from above coming down far more severely right across Victoria?

**Mrs FRY:** It was a forced amalgamation. They were dragged kicking and screaming, but it took them seven years to work out that did not work. They were then allowed to de-amalgamate.

**CHAIR:** Do you not see that the process in New South Wales is different?

**Mrs FRY:** Not really. I got hot and cold shivers and jumped up and down, and got very passionate when they started whispering amalgamation around Culcairn shire. I have never been involved in a shire that is so people oriented. It is such an incredible atmosphere, and I would hate to see that entire area destroyed. It would be devastating if they took Culcairn shire away. No matter how or why it happens, if it happens, I can see what will happen.

**CHAIR:** You gave a glowing report of community support for your council. Do you see any room for improvement in the running of the shire under the present circumstances instead of or quite separate from amalgamation?

**Mr THOMAS:** No.

**CHAIR:** Is the council perfect?

**Mr THOMAS:** No-one is perfect. I have no complaints. As I said, I run a business out of Culcairn, I run trucks. I get support whenever I need it. I think everyone else does as well. I could not criticise them at all for anything that I think they have done that is not right.

**CHAIR:** In the Hume shire have you sought, as a community-based organisation somewhat separate from your political representatives, a hearing from Albury council's General Manager, the Mayor or representatives to put across your point of view?

**Mr MILLER:** We have attended the open meetings. We attended the first meeting when the motion was put to put this proposal forward. We were quite surprised when it took less than 40 seconds. I think we have a TV show called "Gone in 60 seconds", but this was gone in less than 40 seconds. There was no public discussion. It was simply a motion. We were expecting discussion. All that had been done prior to the meeting. Our attitude is that it is not just us who have not been consulted by Albury, they have not consulted their own ratepayers.

**CHAIR:** Are you saying that it was a public meeting with no discussion?

**Mr MILLER:** Correct.

**CHAIR:** In a town hall or something? The public was called in but there were no speeches for or against and no discussion.

**Mr MILLER:** None at all. It was held in the council chambers.

**Ms SYLVIA HALE:** Was it a council meeting or a public meeting?

**Mr MILLER:** It was the council meeting open to the public.

**CHAIR:** It was a council operation and you were there as an observer only?

**Mr MILLER:** Yes.

**CHAIR:** Has your group or organisation had any opportunity to contact those in official positions, the General Manager or the Mayor, or any councillors to request a meeting to have discussions?

**Mr MILLER:** No, we have not. As a group we attended a subsequent meeting called by Albury council, which was open to Hume residents as well as Albury residents, but we left our discussions to our council, Hume council.

**Ms SYLVIA HALE:** The Mayor of Albury gave us an example of people on one side of the road paying rates that were considerably greater than those on the other side of the road, yet both have access to the same services in Albury. How do you respond to the assertion that your major concern is that your rates will rise, and that is the essence of your concern?

**Mr BALDWIN:** I am one of the fringe dwellers who moved out of Albury to Hume shire. We deliberately made that move and one of the reasons was based on the differences in the councils, their vision and a whole host of other reasons. Our rates will go up and, of course, we are going to say that this is an issue but it goes beyond that. When I listened to the presentations between the two mayors this morning, on one hand we had Hume, which was vibrant and looking to the future but on the other hand we had Albury, which was static. We use Albury facilities, but Albury residents use Hume facilities, including the foreshore of Lake Hume and other areas. But we also pay for those facilities. We use Albury sewerage and water on a user-pays basis. We use its sporting facilities. My two daughters play netball and it is \$10 on a Saturday morning to use the courts. Of course it will be an issue, but turn the question around: how can Hume have such low rates relative to Albury?

**Ms SYLVIA HALE:** Mayor Gould said that one of the problems was that the rural fringe required many more services. Do you think that is so?

**Mr BALDWIN:** Not necessarily. We are hooked up to the sewerage system but, as I said, we pay for that. Our roads are of a lesser standard than suburban development. We also have fewer roads per area, but we accept those lesser standards and take all the benefits such as the farms, the red gums, et cetera.

**Ms SYLVIA HALE:** It is some sort of trade-off?

**Mr BALDWIN:** Yes, which we are more than happy to do.

**Ms SYLVIA HALE:** If the bid were on the other foot, if the Hume shire were proposing to take over Albury, what would your response be?

**Mr BALDWIN:** Do not do it.

**Ms SYLVIA HALE:** Why not?

**Mr BALDWIN:** Because they are too different. Earlier someone said that one size does not fit all. Albury is a regional city and behaves as a regional city. Hume is a shire that encompasses people who are both working in rural industries or those who want to adopt a rural or semi-rural lifestyle. The two are separate and to run the two as a separate way of doing it. Amalgamation either way will break down both of those functions, dilute both of those out.

**Mr MILLER:** If I may add to that, we believe that if it happened to us we would effectively be disfranchised. As was pointed out to the Committee earlier today, we would be likely to get one councillor to cover the whole population of Hume shire, representing some very diverse areas from farms to rural villages. Effectively, we would be lost in the voting of the urban community.

**The Hon. RICK COLLESS:** Culcairn is not under threat because no-one has put in a claim on it, if I can use that expression, as we understand it. Therefore do you see that your shire is at risk?

**Mrs FRY:** We have heard rumours from elsewhere and one of them was apparently Mayor Gould who said, "Do not think we are going to stop there." There have been lots of mumblings.

**CHAIR:** Have you got that directly from anywhere?

**Mrs FRY:** I do not have it in writing but it was well spoken about.

**CHAIR:** I am sorry but rumours do run around. We have all been victims of them at one stage. For the purpose of the Committee, perhaps we could confine our deliberations to what is directly heard or what is in writing so that we have an accurate description.

**Mrs FRY:** Sure. No, they are not directly under threat but there is so much talk about amalgamation going on and there must be some discussion because there has been mention of Wagga Wagga even coming down to a certain district. They are already talking about different boundaries, different areas where people would be amalgamated into—sorry, not Wagga Wagga, Holbrook looking at our area. There must be something going on. Where there is smoke there is fire. We thought that if we jump up and down and rattle a tin now and let you know that we are not interested just in case it happens in future it will not hurt. Why wait until the rope is around our neck when we did not want to do that?

**The Hon. RICK COLLESS:** You almost answered this question before. Are there any reforms that should be implemented to improve the operation of Culcairn council now that you see, as opposed to amalgamation?

**Mrs FRY:** I am not fully aware of that. They are looking ahead all the time. They are planning and they are doing everything to conserve their resources like REROC and all those things they are part of. It amused me at one stage when Mayor Gould said that they had to have \$20 million to be viable and it does not matter out in the country, we do not get the services that they do in the town. That is not true. We get lots of services and I think a lot of that is because it is like anybody who is walking around with a lot of money in their pocket. Of course, they spend a lot more freely but it is amazing what you can do with or without. We do not expect the same services immediately because we choose to live out in the sticks. We choose to be rural so we do not expect the same sort of services from Culcairn shire as people do in Albury. However, I do not think there is anything we are lacking and as far as what is on the planning board I know they have lots of plans but I am not terribly familiar with what is going on there.

**The Hon. RICK COLLESS:** The 97 per cent result in that survey, the Albury delegates earlier today told us that that survey was conducted shortly after the Carr-Bracks publicity stunt on the bridge that day about an amalgamated Albury-Wodonga. Is that when the survey was done? Is it relevant to the proposed merger between Albury and Hume?

**Mr MILLER:** I think I can answer that. It was May last year and that was about the time that happened. Yes, there was considerable angst in the community over that. I do not think it has reduced much, not by the turnout we got at our Jindera rally and not by the feedback I get in my own community forum or the other progress associations get. It is still there. If it has dropped a few percentage points, it is still well over 90 per cent.

**The Hon. RICK COLLESS:** It does not matter whether it is 94 per cent or 97 per cent, it is still significant.

**Mr MILLER:** Yes.

**The Hon. HENRY TSANG:** Mr Baldwin, earlier you mentioned that Albury is a regional centre while Hume is a shire. Albury claimed that for its planning purposes, its land use purposes it is unfunctional to have to go to Hume for planning approvals. If planning and land use are the issues, do you think that perhaps the State and shire council-city relationship could be a partnership, that some kind of planning authority could be set up to facilitate both Albury's needs and the shire's requirements?

**Mr BALDWIN:** I could certainly agree with that to a large extent. However, we must remember that, as Mayor Gould pointed out, a lot of the planning control for the Albury region is covered by the Albury-Wodonga Development Corporation, which is a Federal institute. But that being said, if we are looking at regional areas then regional planning makes sense. Everybody does

not move to a regional city or regional area so that they can live in suburbia when they could live in a metropolitan area. People move to the country so that they can adopt a rural lifestyle in some instances. I think Hume, to its credit, made a decision, at its last planning instrument, to divide its land into a number of areas, some of which whilst must be maintained as farming land, which is important, but others on the rural fringe of Albury could be developed as a small rural lot, say, an acre to 10 acres or 15 acres. By doing that it is giving the people of the region a choice to either live in a more traditional suburban environment or to live in a semi-rural environment. If that sort of overall vision can be facilitated by a regional planning body, as long as it was representative, I think it would be worthwhile at least exploring.

**(The witnesses withdrew)**

**(The Committee adjourned at 3.35 p.m.)**