

**REPORT OF PROCEEDINGS BEFORE**

**GENERAL PURPOSE STANDING COMMITTEE NO. 6**

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

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**At Cobar and Wagga Wagga on Monday 17 August 2015**

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**The Committee met at 10.30 a.m.**

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**PRESENT**

The Hon. P. Green (Chair)

The Hon. L. Amato  
The Hon. R. Borsak  
The Hon. C. Cusack  
The Hon. B. C. Franklin  
The Hon. S. Moselmane  
The Hon P. T. Primrose  
Mr D. M. Shoebridge

**CHAIR:** Welcome to the third hearing of the General Purpose Standing Committee No. 6, Inquiry into Local Government in New South Wales. The inquiry is examining the Government's Fit for the Future reform agenda for local government in this State. Before I commence, I acknowledge the Ngiyampaa people, the traditional custodians of this land and I would also like to pay respects to the Elders past and present and extend that respect to Aboriginal people who might be present or listening today. Today is the third of six hearings we plan to hold in this inquiry. We will today hear from a number of local councils from western New South Wales, as well as the Orana Regional Organisation of Councils.

Before we commence, I would like to make some brief comments about the procedures of today's hearing. Today's hearing is open to the public and is being recorded by Hansard. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In terms of broadcasting, in accordance with the broadcasting guidelines, while members of the media may film or record members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I would also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that the parliamentary privilege does not apply to what witnesses may say outside of the evidence at the hearing and so I urge witnesses to be careful about any comments you may make to the media or to others after you complete your evidence, as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcast proceedings are available from the secretariat.

In regard to questions on notice, there may be some questions a witness could only answer if they had more time or with certain documents in hand. In these circumstances, witnesses are advised that they can take these questions on notice and provide an answer within 21 days. In terms of the delivery of messages and documents tendered to the Committee, witnesses are advised that any messages should be delivered to Committee members through Committee staff. In regard to mobile phones, I ask you to please turn them to silent or to turn them off. Finally, I welcome our first witnesses who are representatives from the local councils.

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**ROSS EARL**, General Manager of Bourke Shire,

**ANDREW LEWIS**, Mayor, Bourke Shire Council,

**LILLIANE BRADY**, Mayor, Cobar Shire Council, and

**GARY WOODMAN**, General Manager, Cobar Shire Council, Vice President and Membership Services Director, Institute Public Works Engineering Australasia, NSW Division, Committee of Management Members, Local Government Engineers Association, sworn and examined:

**CHAIR:** I invite you to make a short opening statement, if you would like to do so, and as we have a number of councillors appearing, can I ask that only one representative from each council makes a statement and to please keep it no more than a couple of minutes. If your statement runs over time I will be blunt and interrupt you but you will be able to have the opportunity to have your entire statement incorporated in today's transcript, if that pleases you. Would anyone like to make an opening statement?

**Mr LEWIS:** My name is Andrew Lewis, I am the mayor of Bourke Shire Council and I am accompanied by the General Manager of Bourke Shire, Ross Earl. I would like to thank the Committee for taking the time to travel to Cobar to hear from the councils and other community members from this part of the state. You will also no doubt get an appreciation of the large distances involved in the west of the state. Like our neighbours Cobar, Bourke Shire Council has been identified as one of the eight councils earmarked to become part of the Far Western District, with that initiative still very much in the developmental stage. Council has continued to monitor all developments in relation to the current reform process and has provided submissions and feedback as required and attended numerous meetings and seminars, both local as well as regionally and in Sydney.

Council accepts that there are areas in which the operation of local government can be changed for the better but, at the same time, does not agree that amalgamation of councils will bring about the required outcomes. Bigger is not always better. Clearly, the most significant issue facing councils is that of securing the funding required to undertake the roles and responsibilities expected of them. These roles and responsibilities have increased over time, with cost-shifting surveys showing the extent of the shifting of responsibilities, particularly from the State Government, and the resultant impact on the council's budget. These additional responsibilities have come with no, or significantly inadequate, funding. Councils have, in some cases, undertaken additional roles simply to ensure that its residents have access to basic needs and this is most evident in the provision of health services.

Bourke Shire Council also has seen significant tracts of land within its area become national parks and thus becoming non-rateable, despite receiving essentially the same level of service as the privately owned and rateable neighbours. With this loss of rate income from these properties there has been a shift of the rate burden to the remaining rateable properties. Councils have continued to evaluate methods of increasing their efficiency and effectiveness and look at opportunities to reduce costs. This has included resource sharing and joint purchasing initiatives. Bourke Shire Council has joined with Walgett and Brewarrina shire councils to form the Outback Shires Alliance, with the intent of further fostering this type of initiative. In the western region of the state, councils have undertaken an advocacy role on behalf of their communities and this role is extremely important, given the isolation of many parts of our shire and the particular challenges and issues. Council is firmly of the view that we need to keep "local" in local government.

**CHAIR:** Thank you, Councillor Lewis. Now we have 70-year-old mayor, Councillor Lillian Brady.

**Mr LEWIS:** Thank you.

**The Hon. ROBERT BORSAK:** She looks no more than 20 years old to me.

**Ms BRADY:** Try 80. Cobar Shire Council covers an area of 45,609 square kilometres, with a population of over 5,000 people. With a council budget of \$40 million, we can drive 265 kilometres and still be in the Cobar Shire. We have a road network of 1,840 kilometres of unsealed roads, 503 kilometres of sealed roads, 469 kilometres of State highways where council and the Road Maintenance Council Contracts [RMCC] are contractors. Once again, council thought of itself as a roads council, now we are a council with lots of roads. Council is one of the eight Far West councils part of the Far West initiative, and was not required to provide a

Fit for the Future submission. Much of our council's backlog is from its road network, including 620 kilometres of regional roads that were transferred from the State Government to council in 1995.

From 2011 council has been undertaking the requirements of a Financial Sustainability Action Plan, together with the Department of Local Government [DLG] Better Practice Review, which has enabled a turnaround of council's financial position—now \$12 million of funds in the bank—and a long-term outlook that ensures a fully utilised workforce and the size of council business that is correct. We believe that is the reason that we are fit for the future, following identification and action on nearly 90 actions listed in our Financial Sustainability Action Plan. However, we provide unique services, an example being the council-owned Lilliane Brady Village, a 34-bed nursing home, family day care centre service, two doctors' surgeries, a dentist, a Service NSW outlet and a Motor Registry inspection facility for heavy vehicles. The community demands these services when the level of government has failed to provide them in our community.

Council considered submitting a Fit for the Future proposal, however did not, mainly due to a very tight time frame, inability to properly consult with the community, timing in conjunction with the process of creating and updating of our annual operational report, and the final Independent Pricing and Regulatory Tribunal [IPART] methodology not released until June. Council believes IPART will be extremely pushed to properly analyse 144 Fit for the Future proposals. Council believes that there are no identified benefits of amalgamations of councils such as ours, that cover such a large area. Amalgamation will not increase funding to assist the backlog in our road maintenance.

Council has, for many years, participated in the Orana Regional Organisation of Councils, Western Division councils and the Lower Macquarie Water Utilities Alliance, because of the clear benefits in doing so, but Council just has not sold these benefits—we have not told the State Government that we are doing it, we just do it. And that is probably why we are penalised. The Cobar economy has not been diminished. Cobar has resolved to continue to work with the State Government in regards to the proposed Far West initiative where services from State Government, Commonwealth Government and non-government organisations may improve. There is a concern that whatever is developed will be a fourth tier of government, which is an added cost, particularly over such an extensive area of New South Wales. Council believes that the only proper redistribution of Federal assistance from—it has got me bluffed, trying to get all this down.

**CHAIR:** You are minus one minute, Councillor.

**Ms BRADY:** —will properly support regional councils and ensure they remain in financial suitability. It must still be pointed out that Cobar is the fifth highest in the State. We pay something like \$250 million in taxes to the Federal Government and probably anywhere from \$25 to \$30 million in royalties. So we are a unique council and we must stay that way. Thank you.

**CHAIR:** The first question I have, across all the councils. Do you have a view of what we can do about the determination or definition of "depreciation", to make sure it is a bit more of a fair benchmark?

**Ms BRADY:** Give us more money.

**Mr WOODMAN:** Fancy that, the other three are now looking at me—did you notice that?

**CHAIR:** Yes, because Lilliane asked for more money.

**Mr WOODMAN:** I understand and very fortunately, across the whole of the state, there is probably a bell curve of how it has been. There needs to be a bell curve because of the different conditions, the amount of use of the different assets et cetera, the Government and the Office of Local Government [OLG] needs to work with organisations like the Institute of Public Works Engineering Australasia, NSW Division that are doing exactly that with their national asset management system—trying to develop and teach the engineers how to actually do uniform depreciation and work on asset management within the confines of the different areas of the state.

**CHAIR:** Anyone else want to comment on that?

**Ms BRADY:** I think when the Government hands over these facilities, they promise to carry them out, and yet—you know what it is like, Paul Green, to be a mayor in a country town, although ours cannot compare with what you have had—we are responsible for everything, the fundraising to looking after everything. We

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look after our own town. It is a great town to live in, but unless we can get funding we cannot keep going. And it is not our fault. I believe in the Western Division we should be left alone.

**CHAIR:** That brings me to my second question: Do you have a view about rate pegging and the issues of how the Federal assistance grants are issued?

**Ms BRADY:** Yes, I do. I believe the Federal assistance grants should only apply to country. I cannot understand why the city get it when they have got facilities such as parking fees and things like that. We cannot do that here. And our roads are really untravellable. We just haven't got the money. If the governments want them back, we'll give them back to them, if that is any help.

**Mr LEWIS:** Certainly rate pegging is not a big issue for our local government. Our rates are high enough anyway. People pay more rates here, so taking rate pegging away would not assist us much. Maybe if those councils that can increase their rates, like some of the big city councils where land is worth money and they know they are going to get paid—we do not even get paid some of our rates—increase their rates then we would have access to their financial assistance grants [FAGs]. The Western Division councils could access more FAG grants. There is no way a council like Bourke can operate without any grants. Our total income is about \$2½ million or something like that. Ross?

**Mr EARL:** In rough figures—\$20 million—

**Mr LEWIS:** A \$20 million budget, but what we can actually get in rates and services—

**Mr EARL:** It is \$1.5 million in rates.

**Mr LEWIS:** In general rates, but it is about \$2½ million all up on a \$20 million budget. So we certainly need that graves funding, we need all those other fundings from government, and increase the FAG grants. Getting rid of rate pegging would not help us much at all because we just cannot charge enough. People are at their limit of paying rates anyway. But if other councils are able to increase their rates, we could access their FAG grants. That would certainly assist us.

**Mr EARL:** Look at Local Government NSW. Obviously you have a copy of their submission. Basically they are saying about the backlog which exists in New South Wales, if the rates in New South Wales were the same as the Australian average, the difference between those two figures would almost make up for some of the infrastructure backlog. That is on page 3 of their submission.

**CHAIR:** Councillor Brady has made a good point. The capacity of ratepayers in, say, the middle of Sydney where there are skyscrapers compared to Cobar where there are a lot of unsealed roads and a low population just does not match. That is a very good thought. I hand over to the Hon. Peter Primrose for the Opposition.

**The Hon. PETER PRIMROSE:** The Chair's questions have already targeted a couple of things I wanted to ask. For example, what was the effect of freezing the indexation of those financial assistance grants over the last couple of years? What has that actually meant to you in terms of council's income? Approximately how much are you down and what has it meant to the services that you provide?

**Mr WOODMAN:** Even though there have been some changes to the far western councils where certain parts of the ranges actually added to our FAGs grant, we worked out that it was \$180,000 last year—just Cobar shire. Bourke would be very similar. That is a lot of money. That is one kilometre of new road or 10 kilometres of gravel resheeting if you want to put it down practically on the ground.

**Mr EARL:** Some of the councils of western New South Wales have experienced increases over the last couple of years. That is in relation to the way the formula is structured and recognised our large load ranks, our need to duplicate services et cetera. That has had an impact in some of the formulas. As for the freeze, obviously our increases would not be as great, so obviously everybody is going to be impacted. On the issue of depreciation, when we look at the depreciation of road banks and Cobar shire has got 3,000 kilometres, Gary—

**Mr WOODMAN:** Well, say, 2,500 kilometres.

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**Mr EARL:** We have got 2,800 kilometres. When you apply that to depreciation rates on road surfaces and road distances and then try and make yourself financially sustainable, you factor in those figures. It is a huge amount of money. In our case we have also got steel air strips at Louth where the population is over 100. Wanaaring has a population of slightly more than that, but they have a lit air strip, primarily for the major services for the air ambulance and the Royal Flying Doctor Service. Each of those facilities is getting depreciated and certainly they take a considerable amount of money to maintain. You have read the submission from Bourke Shire Council. Bourke Shire Council, to put it in perspective, is the same size as Denmark. When you look at a population of 3,000 spread across that, to apportion the depreciation on a reasonable basis across that area is a huge thing. Plus there is a duplication of services. You just heard Gary or Lilliane say they can travel 560 kilometres and still be in the same shire. We have the same thing. Wanaaring is 200 kilometres to the west of us, Louth is 100 kilometres south.

**Mr LEWIS:** South-west.

**Mr EARL:** If you look at the area we have got, each of those facilities has town halls et cetera. These things are essential for the communities. They are part of their social fabric. It is not as if they are a luxury. We are not looking at duplication of services for duplication's sake. When you have to travel more than 200 kilometres to the nearest social outlet, you need something on those places. All those things come at a cost. The communities deserve that basic infrastructure and the basic social fabric.

**Mr DAVID SHOEBRIDGE:** And the cost of sending a team out to these to do half a day's work or a day's work is extraordinary, isn't it?

**Mr EARL:** It is, extremely. We are very fortunate in Bourke shire. We have some very dedicated community members who do some basic maintenance and things out there. So if we have a broken water pipe they tend to fix it themselves rather than us having to send someone out. But those things have to be checked anyway and are periodically checked. So the distances that we travel certainly add to the cost of providing those services. Whether it is the council doing it or someone else doing it, it is a huge cost. We are very fortunate that we have very strong community support in the outlying areas and they undertake a lot of this maintenance work. They look after the halls—help clean the halls, book the halls and things like that.

**Mr LEWIS:** Certainly when a water pipe broke in Wanaaring and our staff had to go out, it is five hours there and back for a one-hour job.

**Mr DAVID SHOEBRIDGE:** But if you have to go patch the bitumen or do that kind of work, that must be a real cost.

**Mr LEWIS:** Yes. There is bitumen on the crossing and things out towards the Barrier Highway. If you would like to give us the money, we will tar the whole road, but it is 200 kilometres and 30 kilometres or so of it is tar. There are other patches where you used to do it. No doubt the staff work it so that it is doing all of that at once rather than running back and forwards.

**Ms BRADY:** But this weekend the general manager, myself and health and building are going to go out and pick up bottles along the road, hoping to God to show some of these people they should not be throwing bottles out. But if you drove along the Barrier Highway, it is disgusting. So I am getting out there with my little orange thing and I am going to pick up bottles.

**Mr LEWIS:** It is another cost to councils.

**The Hon. PETER PRIMROSE:** I will come back to that. I have a very specific question, then I want to get your views on something else. When the Minister receives the Independent Pricing and Regulatory Tribunal [IPART] report, we are still not sure what is going to happen, but if there are mergers, do you think any proposed amalgamations or mergers should go through the Boundaries Commission process that is required by the Local Government Act at the moment?

**Ms BRADY:** No.

**Mr LEWIS:** In the west we are hoping there should not be any mergers at all, so it should not go through any Boundaries Commission.

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**Ms BRADY:** Two are not better than one.

**Mr DAVID SHOEBRIDGE:** I think Mr Primrose's question was not about amalgamations themselves but, if they decide to go through with amalgamations, should there be a thorough democratic process with the Boundaries Commission rather than just by the Minister.

**Ms BRADY:** Why waste the money out in the Western Division?

**Mr DAVID SHOEBRIDGE:** Just don't go there at all?

**Mr LEWIS:** Yes. We are hoping it does not come to that.

**The Hon. PETER PRIMROSE:** But if it did?

**Mr LEWIS:** If it is going to happen, it needs to go through a thorough investigation.

**Ms BRADY:** It would be a waste of money.

**Mr WOODMAN:** Peter, if you put Bourke and Cobar together, it would be 99,000 square kilometres.

**The Hon. PETER PRIMROSE:** Can I assure you, I won't. But I am just getting clear I am not advocating that.

**Mr WOODMAN:** There is certainly a reasonable process.

**The Hon. PETER PRIMROSE:** But if there was, there is a Boundaries Commission process required by the Act at the moment, which is a democratic process that involves asking communities what their view is. So if that happened do you believe that that process should occur—

**Ms BRADY:** Yes.

**Mr WOODMAN:** before any amalgamations took place?

**Mr LEWIS:** So the question is do we believe it should be through that rather than ministers tick a box?

**The Hon. PETER PRIMROSE:** Yes.

**Mr DAVID SHOEBRIDGE:** Or the Parliament changing the law—to just do it. None of that sounds attractive, does it?

**Mr LEWIS:** It just takes us out of the picture. It does not give us a say in it.

**Ms BRADY:** The Parliament should not change the law without our consultation.

**Mr WOODMAN:** Nor the Committee.

**Mr DAVID SHOEBRIDGE:** Absolutely.

**The Hon. ROBERT BORSAK:** Without your agreement.

**Ms BRADY:** Exactly, because there is always an election in the next four years.

**The Hon. PETER PRIMROSE:** Thank you very much. I go back to your submissions. I want to allow you the opportunity to talk about all of those other things that you both mentioned that you do in your local councils, which seem to be obviously really needed and people look to their local governments here to do it. Could you elaborate on some of those things so it is on the record?

**Ms BRADY:** We are in everything. Like, our cemetery was badly damaged. We were standing out there, \$100,000 worth of damage, and a young bloke said to me, "Madam Mayor, what are we going to do?" "We're going to fund raise." So we went and we fundraised to build that, to clean it up and get it done. And they

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are the things. We are tight community. We look after each other. We are responsible for the doctor's houses, we have to bring the dentist, we are child care, we are everything in a small country town. And that is what makes it unique. I lived in Strathfield before I came here, and I would not trade Strathfield for Cobar now.

**Mr DAVID SHOEBRIDGE:** You have an aged care facility too, haven't you?

**Ms BRADY:** The best in the west—the best all over New South Wales.

**Mr LEWIS:** Named after Lilliane.

**Mr DAVID SHOEBRIDGE:** How much does that cost you?

**Mr WOODMAN:** Some years it covers expenses, some years probably it does not.

**Ms BRADY:** It does not.

**Mr DAVID SHOEBRIDGE:** And there is capital outlay as well.

**Ms BRADY:** Yes.

**Mr WOODMAN:** It adds to the depreciation bottom line that says the Cobar Shire is not sustainable because it has a huge depreciation rate that is not covered by income.

**Mr DAVID SHOEBRIDGE:** Because you are looking after your people.

**Ms BRADY:** Yes. An old man died and went to Orange, and I said to my husband who was the doctor, "It shouldn't happen." I went up to the gentleman at the hospital and said, "Why did it happen?" He said, "That's our policy." I said, "Keep your policy," only it that is not what I said. And then I went out with 14 ladies and we started to fund raise. My husband contributed every time I was a bit short but we got that nursing home. We are looking after our aged, the same as you do. We are looking after our aged.

**CHAIR:** But that cannot be quantified in a report on Fit for the Future unfortunately. The social capital that that brings to your community for people to age in place is not a quantifiable calculation, and that is tragic.

**Mr WOODMAN:** That is right. Particularly when the industry says that aged care facilities need to be a minimum of 50 to 55 beds to actually—

**Ms BRADY:** Make money.

**Mr WOODMAN:** be sustainable. We are a 34. That is just a complication. Very fortunately the community of Cobar can actually stay in Cobar when they are 85 years of age instead of dying in Orange with no-one around them in their final moments. That is the reason why it happened.

**The Hon. PETER PRIMROSE:** And that is what local government does. It provides those local services when there are no commercially available alternatives.

**Mr LEWIS:** Bourke has aged care. We own the building. A private committee used to run it but they could not keep up with all the modern costs and the regulations. Now Whiddon homes run it. We still own the building as far as I am aware. Certainly in a smaller community it is hard to keep those things up. Cobar is able to keep theirs going with council support and local community support. At Bourke we run the Back O' Bourke tourism centre. Even though Bourke Shire Council itself does not make money out of tourism, there is a budget of \$50-odd thousand that goes into tourism for the community. There are things you have to do. In other communities it is probably all done by the private sector, but in these western towns the local council has a part in those processes.

**Mr WOODMAN:** We are in the same boat—\$420,000 for tourism and running the museum. That is there for every hotel, motel and shop in Cobar shire. We cannot expect the shop to be paying for it back the other way because it is just not proportional. Another good example is our motor registry heavy vehicle inspection facility. Five years ago the council was told that you need to build one if you want all your trucks in town not to be driving to Bourke or to Nyngan, which are 130 kilometres and 160 kilometres away.



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**Mr LEWIS:** We were told the same thing. If no-one is building it Dubbo would be the main thing.

**Mr WOODMAN:** That is right. We have had to outlay \$370,000 and we get \$12,000 income per year off a \$370,000 facility. The amount we get in does not even cover the operation and depreciation of it but otherwise every truck—same as in Bourke shire—would have had to head somewhere else and cost the community money.

**Mr DAVID SHOEBRIDGE:** That is primarily to comply with State regulation. It is a classic case of cost shifting.

**Mr WOODMAN:** It is almost the ultimate cost shifting. To make sure that our community does not have to head hundreds of kilometres away it has cost our community to build a facility.

**The Hon. SHAOQUETT MOSELMANE:** Resource sharing is a great way of saving money for councils but a loss of rates is happening throughout New South Wales. Are you really fit for the future and, if so, how would you overcome the loss of rates that is currently happening to all councils?

**Ms BRADY:** Loss of rates?

**The Hon. SHAOQUETT MOSELMANE:** Loss of rates, loss of revenue.

**Ms BRADY:** We would not exist.

**Mr EARL:** Because of rate pegging, do you mean?

**The Hon. SHAOQUETT MOSELMANE:** Yes, and as a result you are losing money as indicated by Mr Woodman. How would you survive? Are you really fit for the future?

**Mr LEWIS:** Without Financial Assistance Grants or roads money or anything we are not fit for the future. We just cannot afford to operate. In the 1950s or something when they became councils the government knew that they would have to keep putting money in but they have just been cutting it back and back each year. There has been less and less money to be able to try and run these things. Do State governments—it does not matter what persuasion you are—want everything west of Dubbo to close up or are you prepared to fund it to a more reasonable extent to keep this back country open? You cannot live off rates.

**CHAIR:** I think Mayor Brady made a very good point. In Sydney you have many high-rise buildings and the ratepayers are able to carry the burden, but down here where you have the mining and the pastoral industries you might be able to arrest some of the issues that are more pressing for you if you are able to take a portion of gross domestic product [GDP] but it does not work that way.

**Mr LEWIS:** As I was saying earlier, lifting rate pegging is not going to help Bourke Shire Council because, as I was saying earlier, our ratepayers are already paying as much as they can pay. We are probably owed \$1 million in unpaid rates because land is not worth much so people are willing—we sell blocks of land for unpaid rates. If your block is worth a million dollars you would make sure you paid the rates because you would not want the shire selling it on you, but if it is only worth \$5,000 quite often it is better to get the shire to sell it for unpaid rates.

**The Hon. ROBERT BORSAK:** If the Government were to proceed to force an amalgamation between your two councils, for example, what would be the impact on services?

**Ms BRADY:** We would all have to learn to fly an aeroplane to get around it.

**Mr LEWIS:** Certainly the centre council would devolve to one of the towns, whether it is Bourke or Cobar. No doubt it would nearly have to be Cobar. We would fight hard to keep it at Bourke but no doubt it would probably have to be Cobar if you are going to join that. Then Bourke would start to die. Certainly a town like Enngonia or Wanaaring would just disappear off the map because the further away you are from the centre of your shire things just get—we just hope that does not happen. It would be ridiculous if that happened.

**The Hon. ROBERT BORSAK:** And what would the impacts on communities be?

**Mr LEWIS:** Places like Wanaaring and Enngonia would nearly have to close down. A lot of those people who live in those communities—whether they should be a community or not is a different matter but people like living there, there is a hub of those agricultural areas. It just makes it tough on everybody. I hope it does not happen because I do not really have an answer for you on what would happen.

**Ms BRADY:** I think you people and the Minister have to look that there is life on the other side of Dubbo. We are all forced to go to Dubbo for everything and that is good, I am not complaining about that, but every one of these people out here is important. You look at the money that leaves the Western Division from goats alone. It is unreal the amount of money that wild goats bring into our community, and our mining and things like that. You just cannot shut us out. We are important to you people in Sydney.

**Mr DAVID SHOEBRIDGE:** Mr Earl, were you trying to make a contribution there?

**Mr EARL:** It was just going to be a segue in relation to cost shifting. I think the Orana Regional Organisation of Councils [OROC] has done a cost shifting report for our respective councils. Bourke is just under \$1 million. This was in 2012.

**CHAIR:** Would you table that document?

**Mr EARL:** Yes. The cost shifting is a real figure. As you go into the smaller communities the council pick up—we encourage dentists and doctors as Councillor Brady was saying because if council does not take up that commercial enterprise operation and make sure the facilities are there you will not attract the doctors. In Bourke's particular case we own the surgery and we own houses to house the doctors to get the doctors there. We have got to do that. Cobar is the same. Brewarrina is the same. If you are living in the areas of Waverley council or Randwick they are not providing doctors' surgeries and housing for doctors. It is an expense that the councils out here have got to wear.

There is another series of things. Gary Woodman touched on the Service NSW motor registries. Actually we control the motor registry at Bourke as well. We have got the heavy vehicle checking station as well. They are the things you do for your community. As you go out further and the population gets a lot sparser you have got to be able to do that. You cannot expect a community like Wanaaring to stand on its own two feet and have a rate pool that comes out of there to be able to provide the basic facilities. Comment was made that you do not want a wasteland west of Dubbo and we certainly do not want that. We want an area where people want to be able to come and have their basic facilities.

When you ask people to come out—schoolteachers, doctors, nurses or otherwise—they want to know what facilities are in town. While the council does not operate the preschool we own the buildings. We are just building another building. A big thing is when you get younger people come out they look at education and they look at preschool services. That is probably straight after the importance of medical services. Each of our councils act as an advocate on behalf of our community in a variety of roles for the services we have not got. We are fighting hard to keep the services which have been established. Sure we would like to keep a lot of development going in our own communities but more importantly we have got to keep that basic infrastructure to be able to have people there.

You made the comment about patching the road to Wanaaring. I think Wanaaring is about 200 kilometres away and there is probably 50 kilometres of sealed road. Basically, when it gets rain it is almost impassable; hence the need for a strip that can handle light landing. It is the same at Louth. The sort of facilities we provide in a rural area are things which are taken for granted. Councillor Brady was talking about picking up rocks, et cetera. These are the sorts of things you do in the bush, whereas in other areas in the more populated urban centres they are just done as a matter of course by the staff you have got on tap. When you try to look after an area of 46,000 square kilometres like Bourke it is a huge ask.

**CHAIR:** I think we learnt that during the aviation committee hearings. Aviation out here is a necessity, not a luxury.

**The Hon. ROBERT BORSAK:** What would be the impact of an amalgamation on local government employment in the two towns? If you had fly in, fly out local government services coming in from Dubbo or somewhere like that because you were forced to put it out to—

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**Mr WOODMAN:** We provide houses, housing facilities and motor vehicles to try to actually keep people in the town and based in the town as much as possible. It is almost trying our hardest to actually make sure that they are residential and not driving in or flying in.

**The Hon. ROBERT BORSAK:** What you are saying is that if you were forced to look for the lowest common denominator as far as price was concerned it would have a major impact on your local communities?

**Ms BRADY:** Staff-wise, yes, it would.

**The Hon. ROBERT BORSAK:** You have to provide housing for staff to get them here?

**Mr WOODMAN:** Yes, from professional level upwards.

**The Hon. ROBERT BORSAK:** Does Bourke do the same?

**Ms BRADY:** We have got three houses for staff.

**Mr WOODMAN:** We have got 13 houses.

**The Hon. ROBERT BORSAK:** What about local water services?

**Mr WOODMAN:** We are the provider of water services. Bulk water supply is through the Cobar Water Board but we are the administrator contract.

**The Hon. ROBERT BORSAK:** If the provision of water services was stripped out from the council what impact would that have on your bottom line?

**Mr WOODMAN:** It would completely make us unsustainable.

**Ms BRADY:** And the State Government would suffer badly because we pay rates and mines need the water to continue.

**The Hon. ROBERT BORSAK:** The State Government might be considering amalgamating all water services and then privatising them.

**Mr WOODMAN:** If they do that it would make almost every rural council in New South Wales completely unsustainable.

**Mr DAVID SHOEBRIDGE:** It is the additional bulk, if you like, that water services provide to your council administration that makes it a feasible combined operation.

**Mr WOODMAN:** As well as professional staff.

**Mr EARL:** Engineers cover a broad range of services, water and sewerage and all those sorts of things, not just roads. When we touched on water earlier I mentioned that we have got water services at Byrock, Louth, Wanaaring, Enngonia and Bourke itself. In the villages they are non-potable supplies but they are a supply of water which is reticulated into towns that have a non-potable supply. Without the councils providing that non-potable supply it is certainly hard to say you would break even on those sorts of supplies and absorb the cost on an equal basis. But certainly, as I said earlier, you provide those services so the people in those communities have got the basic social amenities they need.

**Mr LEWIS:** If they are privatised would the private company then run those ones over to the village? It would not be worthwhile to them.

**Mr DAVID SHOEBRIDGE:** They would run all the profitable ones, don't you worry about that.

**The Hon. ROBERT BORSAK:** The water supplies to mines they would run, the rest you would not get. You mentioned something about engineers. If you lost your water supply engineering capability, one would suppose that you would vacate completely any engineering capability in town as far as local government is concerned.

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**Mr WOODMAN:** At least one-third. It would affect the ability for council to fund a director of engineering services over and above the management team. It would decimate any professional staff in that.

**The Hon. ROBERT BORSAK:** How many professional engineers do you have in the shire?

**Mr WOODMAN:** We have a director of engineering services with four managers reporting to that director plus support staff.

**The Hon. ROBERT BORSAK:** How many staff do they have working for them?

**Mr WOODMAN:** A total staff of 80 in engineering out of 174 across the whole of the organisation.

**Mr EARL:** In Bourke we have got no qualified engineers. We have got a manager of water and sewer and a manager of roads. Both are experienced operators as opposed to professional engineers. We have got 75 full-time equivalent positions but 90 staff. We have probably 30 on the road staff and there is probably seven or eight in the water and sewerage organisation.

**Mr DAVID SHOEBRIDGE:** The Far West Initiative, do any of you know where that is going?

**Ms BRADY:** No.

**Mr LEWIS:** Could you advise us?

**Mr DAVID SHOEBRIDGE:** That is why I am asking you. We are in the Far West; there is meant to be a Far West Initiative being run by the State Government. Do you know what is happening with it?

**Mr WOODMAN:** On Friday at 9.00 a.m. we were given advice of a teleconference at midday.

**Mr DAVID SHOEBRIDGE:** Good timing.

**Ms BRADY:** I did not go because I did not have enough time.

**Mr DAVID SHOEBRIDGE:** When were you advised about it?

**Ms BRADY:** At 9.00 a.m.

**Mr WOODMAN:** I was on an excavator loading trucks at the time so I could not make it.

**Mr DAVID SHOEBRIDGE:** And what time was the phone hook-up?

**Mr WOODMAN:** Midday.

**Mr DAVID SHOEBRIDGE:** To give you a briefing for us, I suppose. So let us know, what happened?

**Mr WOODMAN:** The Premier has asked the Minister for Local Government to lead the Far West reforms and the Minister is working on the councils knowing what is done well by themselves and what has been done well or poorly by the government agencies in the area and hopefully an advisory committee is going to be developed that will consist of representatives of the eight councils, the Office of Local Government, the Department of Premier and Cabinet and the Commonwealth Government. That committee will look at services, the governance structure and implementation and other reforms in the Far West.

**Mr DAVID SHOEBRIDGE:** When was the Far West Initiative first announced so far as you know?

**Mr WOODMAN:** September 2014.

**Mr DAVID SHOEBRIDGE:** And in a teleconference on Friday—the working day before this Committee started—you had a phone call telling you that at some point they hope an advisory committee will be established?

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**Mr WOODMAN:** That that advisory committee is going to be established, yes.

**Mr DAVID SHOEBRIDGE:** We have got firm proof that at some point in the future an advisory committee will be established after announcing the initiative in September. Is that where we are up to?

**Mr EARL:** There has been a series of meetings with the Office of Local Government and the Department of Premier and Cabinet. They have had people working on it. They have talked to the councils on a number of occasions. They have talked to the State Government and they have talked to the Federal Government agency in a forum. They had a non-government organisation [NGO] forum as well, and they are supposed to bring together an ad-hoc paper. I think they are trying to push it forward, going forward—

**Mr DAVID SHOEBRIDGE:** So we might get a paper at some point?

**Mr EARL:** End of this year, apparently.

**Mr DAVID SHOEBRIDGE:** What has actually happened?

**Mr LEWIS:** It has taken four years. There is a lot there. This came out of the 2036 meeting in Dubbo. The previous Minister and our local member hinted at something like this in the Dubbo 2036 meeting.

**The Hon. ROBERT BORSAK:** They are going to get it done by 2036.

**Mr LEWIS:** No comment. It has been a long process and we do not know where we are.

**Mr DAVID SHOEBRIDGE:** Maybe they think that is a postcode in Sydney. If you were in charge of a Far West Initiative, tell me the three things you would do straightaway.

**Ms BRADY:** Leave them like they are.

**Mr DAVID SHOEBRIDGE:** Sorry?

**Ms BRADY:** Leave each town like they are.

**Mr DAVID SHOEBRIDGE:** That is one thing. In respect of positive things, tell us what you want.

**Mr LEWIS:** The Far West initiative is a good—what the Government was talking about initially was getting the State and Federal and local—all the money coming into town to try to help unemployment and all the issues in town. That is coming in through non-government organisations, State Government, Federal Government. We are not getting outcomes. The idea was that all those social issues—those social issues have been mixed up with reforming local government.

**Mr DAVID SHOEBRIDGE:** Each local town can have 200 different income streams and programs coming in.

**Mr LEWIS:** Yes, that is where that is meant to be going. So why it ever got mixed up with reforming local government, I do not know. Certainly local government should have a say in how that money is being spent and that is what the Far West initiative should be pushing for, rather than what is happening in each local council. It should be a separate item altogether. The money that comes from Bourke, we are still not getting further ahead with the social issues. There is a lot of money coming in, but nothing is happening. There should be a better way of doing that and that is what this Far West initiative was probably about in the first place.

**Mr DAVID SHOEBRIDGE:** Has it improved?

**Mr EARL:** It has not.

**Mr LEWIS:** Nothing has happened. How do you get State and Federal government departments working together with local government to try to get some outcomes?

**Mr EARL:** It is generally acknowledged that this part of the State is resource rich, outcomes poor. That is the crux of the situation. One of the things that the Far West initiative was going to target was surely we can get better bang for the buck. We get services in both towns—administration coming out of Dubbo, for example, or in Sydney. We have done their service, as we know, with Bourke, Walgett and Brewarrina, and at the moment Cobar. When people travel up, they have a lot of dead time on the road. The idea of the Far West initiative was to make some of the services that are delivered by the other agencies into the western towns a lot more productive and effective. We think, as a council, we are well placed to be able to help and find some guidance where the money should be spent in our own communities.

**Mr LEWIS:** But that has got nothing to do with reviewing the local council. It should have been a separate issue altogether.

**Mr DAVID SHOEBRIDGE:** It is, "Watch my hand" territory, is it not? "Watch what is happening over here" and "Watch what is happening over here."

**Mr LEWIS:** The question should have been that local government get involved with whatever they call it and State and Federal governments and non-government organisations and Aboriginal people being on the committee to work out how that money should be spent locally, rather than Canberra or Sydney saying how that money should be spent. The NGOs are coming in, creaming money off the top and it is not getting spent, but it should have nothing to do with this Fit for the Future. That is where these eight western councils have been so confused with the whole issue because they are trying to put two issues into one.

**The Hon. BEN FRANKLIN:** I thank particularly the four of you but also the representatives of your communities for all the work that you do. I am well aware of the extraordinary commitment that you have to put in in respect of representing such a vast area. I know that I speak as one for the entire community when I say we appreciate what you do as public servants for your communities. I am a little bit less cynical than my honourable friend. I think the Far Western initiative potentially has been an opportunity to recast how things could be done out here. I think that you raise, incredibly articulately, some of the unique challenges that you have in this part of the world, but before I go to my other questions, I want to pick up on Mr Shoebridge's questions. Are there other things that you want to talk about that you think should be included in this initiative?

This Government is trying to say that these eight councils are unique. I understand your concern about process, but if there is a working group and there is going to be an options paper developed that will report back and so on, now is the time to say, "These are the things we need." If you would like to take this on notice, that would be fine as well, but I think this is an ideal opportunity for the west to have their say about how we can genuinely change things for the better. The mayor should not be out picking up cans. I admire you for doing that. It is a servant style of leadership and I think it is incredible but I am interested in your views.

**Ms BRADY:** We just need more money.

**The Hon. BEN FRANKLIN:** Yes.

**Mr EARL:** One thing is when it was first mooted it was going to be the Western Regional Authority. The connotation was that there would be another tier and certainly the councils in the west were not keen on that idea. It is retaining their individuality as we are at the moment and allowing some initial funding to allow councils to be able to control their own destiny. We basically go from 200 kilometres west of Dubbo to the north and south of the State. It is a huge area. As an initiative, having an authority to cover that area—within each of those communities there are unique issues. The issues that Wentworth has are different issues to perhaps that Walgett has, given the area of distance between those two places as well. Wentworth is aligned a fair bit to Victoria. We have to establish what initiatives each of the councils who are members of the Far West Initiative will undertake.

**Mr LEWIS:** As I was saying, if it involves social issues rather than operation of council issues, it could be a winner. But if you are trying to get another tier of government dictating to each council how they should do their operations, it is not going to work.

**The Hon. BEN FRANKLIN:** What sort of social issues?

**Mr LEWIS:** Crime, unemployment, all those Aboriginal issues that are involved—all those western river towns have high unemployment, high Aboriginal issues and a high criminal element in them. If you can

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get better outcomes for all this money that comes into these western towns and reduce the criminal activity, unemployment, get more jobs, we would see that as a benefit, but keep the operational issues of each council out of that.

**The Hon. BEN FRANKLIN:** In respect of regional collaboration in the far west and between councils, can you tell me a bit about the history of that? Do you think that is working well and what benefits have been provided for the area?

**Ms BRADY:** I have been on council nearly 40 years and we have had the Western Division of the Shire Association of NSW, which is probably one of the most powerful groups in the State. I was the first female president of the Western Division. It was a bit hard going with a lot of women, but it was great.

**CHAIR:** You are up to it, Lilly.

**Ms BRADY:** The Premiers would always come to our western divisions and we could always meet the Premiers. We are involved also in Orana Regional Organisation of Councils, and that is a wonderful organisation. We pay out for both of these. We are unique and we help each other. If Nyngan gets in trouble or Bourke gets in trouble, I am the first one on the phone and you are to me. So we are altogether. We do not need any Fit for the Future to put us together. We are together.

**Mr WOODMAN:** The Orana Regional Organisation of Councils will expand in a great way in the next session. However, with the 15 or so years that OROC has been involved, there has been massive savings—in the millions of dollars—contractually in procurement, electricity, bitumen sealing. We continually do it, particularly with electricity. All the general managers are getting together, all the mayors are getting together, all the technical staff are getting together on such things. We are also involved in the Lower Macquarie Water Utilities Alliance, which is set up in lights as one of the examples where a whole heap of councils are actually improving the professionalism of water and sewer staff across all the organisations. We think the very small amount of dollars that each council pays is paid back 10- or 20-fold.

**The Hon. BEN FRANKLIN:** That is great. Thank you.

**Mr LEWIS:** The cost savings the shire is going to get—people say I should share graders, but usually when one shire wants a grader another one wants it because it has been raining or something. Certainly with internet technology and all that, there would be some savings between councils. We are trying to work with Brewarrina and Walgett. The general manager could probably expand on how this shires alliance is going, but it is in the infancy stage. There are things we can share but a lot of things, like graders—we have got five or six. When it rains, we want to get in and get our roads done and Brewarrina wants to do the same thing, so it is a bit hard to share those but there are a lot of other things we can share to try to save money. Do you want to expand on that?

**Mr EARL:** We have formed what we call Outback Shires Alliance, which is Walgett, Bourke and Brewarrina. It is sharing of staff, sharing resources as we can. It is early days yet. We have done some minor work but we would like to expand on it because we are in relatively close proximity as opposed to some of the other councils, which are a little bit further away. I suppose there is a lot of community interest in those three councils. We are perhaps looking at sharing some staff. We are looking at eventually bulk buying and other things as well. As I say, we have not got a professional engineer at this stage, but if we need to buy that expertise, we can look at the potential of buying them off one of the other councils who have a professional engineer and get the work locally and make sure we keep the professionals in our area.

**Mr LEWIS:** As the general manager said, we are in close proximity. There is 236 kilometres between Walgett and Bourke, so if you call that close, that is close.

**The Hon. BEN FRANKLIN:** It is all relative.

**The Hon. CATHERINE CUSACK:** Thank you, councillors. I totally endorse your comments that people do not understand this part of the State. I am quite passionate about this area being one of the best holiday destinations there is in September in Australia. Our family has holidayed out here about four or six times. When we came into Bourke, there was a little bit of rain and all of a sudden the unsealed roads closed, so we had to go to plan B. For the benefit of other members of the Committee, could you explain the impact of two

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millimetres of rain on your unsealed roads and the impact it has on connectivity so that people understand this problem of unsealed roads?

**Mr EARL:** As I have said, it depends on whereabouts it is and the soil, but certainly we could not handle much more than 10 millimetres. The roads simply get dangerous. Certainly with 10 or 15 millimetres a lot of our roads become impassable and we discourage people going over the roads because they do a huge amount of damage. People think it is a great idea to bring out their new 4-wheel drive vehicles and do 100 kilometres on the dirt road, but it does irreparable damage. We talk about having minimal budgets to be able to repair those roads and it cuts heavily into our budgets. Certainly it closes the place down. When we go to Wanaaring, which is 200 kilometres away, it is roughly 150 kilometres of dirt, and when you have very dry weather as we have had of late—it is a lot of bull dust—and when it gets wet it turns to mud and is impassable. So if one wants to get to a hospital in a hurry, it makes it extremely difficult. It basically isolates you.

**The Hon. CATHERINE CUSACK:** You have to close the roads. From a tourism point of view, no tourism operator is going to organise tours when key routes can be closed with no notice.

**Mr EARL:** No. It is the same in Bourke and Cobar. As soon as there is a bit of rain, the people who would normally take the river roads do not and you see a lot more caravans, et cetera, in town. It mucks up a lot of the tour operators.

**Mr LEWIS:** Or if they are in Nyngan and hear our roads are shut and they have planned to come to Bourke, they turn around and go somewhere else.

**The Hon. CATHERINE CUSACK:** Yes, they will keep on going.

**Mr LEWIS:** Some might stay a bit longer, others just do not come.

**Ms BRADY:** It has a different effect too. A lot of our school buses cannot run, kids cannot go to school. If your dog gets sick and you are out on a property, you cannot get in. I know what it is like, so this is the other side.

**The Hon. CATHERINE CUSACK:** It occurs to me that the cost of road construction here is a lot lower. You must look at the billions being spent on motorways and compare that with your spending. What is the approximate cost per kilometre?

**Mr LEWIS:** Just to tar or gravel?

**CHAIR:** Both.

**The Hon. CATHERINE CUSACK:** Tar, ideally.

**Mr WOODMAN:** It is \$180,000 a kilometre, plus some costs for the pipes under the road.

**The Hon. CATHERINE CUSACK:** To tar, \$180,000 per kilometre?

**Mr WOODMAN:** Yes.

**Mr EARL:** Yes, plus.

**Mr WOODMAN:** It is certainly not State highway level but normal regional roads and local roads.

**The Hon. CATHERINE CUSACK:** And not to have to close with a couple of millimetres of rain.

**Mr WOODMAN:** We are at the stage with our budgets that we are attempting to make sure that our existing sealed road network remains. That means trying to put it back into bitumen patching and bitumen reseals instead of extending our networks.

**The Hon. CATHERINE CUSACK:** You talked in your submission about the regional roads submission. I understand that there was not good interaction between the State Government and the plan that the councils have come up with. Can you tell us about that?



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**Mr WOODMAN:** The 1995 transfer to local government of the regional road network was the ultimate cost shift. A good example is that we have a budget of approximately \$1.6 million per year to maintain our regional roads. The depreciation of our regional roads would be \$3 million per year.

**CHAIR:** And what is the length of your regional roads?

**Mr WOODMAN:** It is 620 kilometres—it is about 300 kilometres of sealed roads and 320 kilometres of unsealed roads. The depreciation for that 620 kilometres is twice as much as the amount we actually receive in financial assistance from the State Government. So the figures do not add up when you have a bottom line. We keep getting told that we are financially unsustainable, but that is the largest cost shift. It says, "Thank you very much; you are not covering the depreciation of your regional network; your bottom line is no good."

**The Hon. CATHERINE CUSACK:** In your submission you say:

One example that springs to mind is the development of the regional transport plan. A draft of the plan was presented to OROC for information. At no time prior to this had the department approached the ROC. They had held meetings in Orange and Broken Hill but nowhere in between. This is a 900km stretch of state highways where the state government has not consulted with communities on the regional transport plan.

So that was the plan I was referring to. I am keen to find out if we can come up with some good ideas on how to make this work because I think it will open up the community, I think it will be good for the local economies and I think the rest of the State would benefit from spending more time out in this part of the world.

**Ms BRADY:** If the Government would only take back the roads, we would all be happy.

**The Hon. CATHERINE CUSACK:** Do you mean the regional roads?

**Ms BRADY:** Yes.

**Mr WOODMAN:** NSW Transport certainly knew that it had not had a very good level of consultation when there was one meeting in Orange and the other meeting in Broken Hill. In between they did no investigation or consultation with anybody. So they were told that their transport plan for the region was not up to scratch. However, fortunately, through the RMS, the majority of the different councils in the region look after them as contractors in the Road Maintenance Council Contracts [RMCC] program. We help with what levels of improvement and maintenance are required.

**The Hon. CATHERINE CUSACK:** And that must help with your bottom line. Does the NSW National Parks and Wildlife Service do the same thing?

**Mr WOODMAN:** No.

**The Hon. CATHERINE CUSACK:** Because I have been to so many national parks and seen huge road building machinery in a shed not being used. I scratch my head and wonder why we are not contracting the councils to do that work.

**Mr WOODMAN:** I have an example. We have 6,000 cubic metres of gravel sitting in a pit in a park that we are not allowed to take any more because the area was turned into a national park—that is 6,000 cubic metres of our gravel sitting there which we are not able to remove.

**The Hon. CATHERINE CUSACK:** Where is that?

**Mr WOODMAN:** It is the Yathong Nature Reserve. That is a good example. We have to maintain the road that goes through the park but we are not allowed to access that particular gravel pit any more.

**The Hon. CATHERINE CUSACK:** Is there anyone in the NSW National Parks and Wildlife Service who you can talk to about roads?

**Mr WOODMAN:** On this particular issue we have been going through the local member for the last couple of years to try to sort it out.

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**Mr DAVID SHOEBRIDGE:** I have one quick question about this spreadsheet. Are these accumulated depreciations over a number of years or is it for the 2012 financial year?

**Mr EARL:** This is not depreciation. This is one year.

**Mr LEWIS:** This is not depreciation.

**Mr DAVID SHOEBRIDGE:** So this is cost shifting for one year?

**Mr EARL:** Yes

**The Hon. PAUL GREEN:** It says 2012 at the top.

**Mr DAVID SHOEBRIDGE:** But is it for the financial year 2012 or for the calendar year 2012?

**Mr EARL:** It is for the financial year.

**The Hon. CATHERINE CUSACK:** Could you tell us more about the Companion Animals Act? That is an amazing loss of money. It screams out from the page.

**Mr DAVID SHOEBRIDGE:** It is because it is a set fee and there is a cost to doing the service. The State sets the fee

**Mr WOODMAN:** Income does not equal expenses.

**Mr DAVID SHOEBRIDGE:** I just have one more question. The total listed income for Brewarrina Shire Council is \$12,619 and \$23,859 for Walgett Shire Council before grants. How is that?

**Mr EARL:** That is obviously a typo.

**Mr DAVID SHOEBRIDGE:** Could we please get that corrected?

**Mr EARL:** Yes, we will fix that.

**CHAIR:** We would like you to take a couple of questions on notice, and that is one. I think Mr Shoebridge also asked if you could update us with the new cost shifting figures for 2014-15?

**Mr EARL:** Yes.

**CHAIR:** Thank you, that would be helpful. There being no further questions, that concludes this session. Thank you once again for the immense work you do out here. There was a comment made in our inquiry the other day that rural areas are the poor cousins of Sydney but the people out here are probably the most generous in our State. We thank you for all that you do and all that your communities do. Our State is so much the better for the contribution that you and your communities make right across the far West. I thank you for your time. It is nice to be out here at Cobar. We were all very excited to come out here. We could have gone anywhere in New South Wales but we wanted to be right here with Councillor Lilliane Brady from the Cobar Shire Council.

**Ms BRADY:** You had no option!

**Mr LEWIS:** You should have gone to Bourke.

**CHAIR:** Bourke will be on my hit list over the next four years. You have 21 days to answer those questions you have taken on notice, and there may be follow-up questions from the Committee. The secretariat will be glad to provide any assistance you need with those. Once again, thank you for your time and your commitment to New South Wales and the far West.

**Ms BRADY:** On behalf of Cobar Shire Council, thank you very much for coming and speaking with us. I still say that we are right as we are.

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**Mr DAVID SHOEBRIDGE:** Thank you. Next time we will go to Burke.

**CHAIR:** Thank you. That concludes the first part of this hearing.

**(The witnesses withdrew)**

# CORRECTED

**REX WILSON**, OAM, Mayor, Warren Shire Council, and, board member, Orana Regional Organisation of Councils,

**BILL MCANALLY**, Mayor, Narromine Shire Council, and, Chair, Orana Regional Organisation of Councils,

**DEREK FRANCIS**, General Manager, Bogan Shire Council,

**JIM HAMPSTEAD**, OAM, Deputy Mayor, Bogan Shire Council, and

**THERESE MANNS**, General Manager, Broken Hill City Council, sworn and examined:

**CHAIR:** I welcome all the witnesses here. I note apologies from Councillor Wincen Cuy, from Broken Hill. The Committee sends him our best wishes and hope that he gets well soon. We know that he is a tireless worker for Broken Hill and have heard from him at other Committee hearings. He is very passionate. Please take back to him the best wishes of the Committee. I invite you to make opening statements.

**Mr WILSON:** Thank you, I appreciate the opportunity to come along and present some thoughts to the Committee. I would like to emphasise from the start that my remarks hopefully will be relevant to large-area, low-population councils such as Warren Shire Council and should not be construed in any way as making judgements about metro councils or other councils. We have had difficulty with this process from day one and have yet to see what we believe is credible information to suggest that having a high population is a prerequisite for effective, efficient local government. I draw your attention to the first lot of statistics that came out of TCorp at the beginning of this process which listed all 152 councils in New South Wales by population. The top three were Blacktown, Sutherland and Wollongong. All achieved exactly the same sustainability rating and outlook as Warren Shire Council, with 2,800 people. I think that is yet to be qualified in any way and so I rest my position a lot on those initial statistics.

If high population was a prerequisite for good local government, one would think that the biggest council in our area, Dubbo City Council, would statistically outperform us and that the only council in our area subject to amalgamation back into 2004, Warrumbungle Shire Council—which formed from the amalgamation of Coolah Shire Council and Coonabarabran Shire Council—would statistically outperform us. That does not happen. So I think that is a given. I personally have to be careful because I have found the last four years to have been particularly stressful and unsatisfactory in local government. Having put a large amount of my working life into it, I need to be careful to make sure that I stick to the facts rather than getting involved in the emotional side of things.

It is concerning when statements come from the Government such as those on 10 September last year that there is \$1 billion for metro councils and, on the same day, that there is \$1 billion for rural councils. I think if Coles or Woolworths said something like that, the Australian Competition and Consumer Commission [ACCC] would be particularly interested and there would be full page retractions very quickly. Those sort of things do cause us some concern about whether we are being fairly looked at. In a similar vein, another statement which is of concern is that “doing nothing” is not an option. That really is almost offensive to those of us in local government because we have been doing a great deal, which is easily quantifiable. In our case, we have handouts here concerning the 18 areas where we have been resource sharing for years. I table those now. This was all well and truly before the destination 2036 statement and the current reform process. So when those sorts of statements are made it makes it a bit difficult to have constructive dialogue with the people who are making those statements. I do appreciate the opportunity to appear before the Committee today and am happy to answer any questions.

**Mr HAMPSTEAD:** Bogan Shire Council covers an area of 14,610 square kilometres and services a thriving community located around Nyngan in central New South Wales. The shire was created in 1971 from the former Nyngan Municipal Council and the surrounding Bogan Shire Council. It has a proud record of financial sustainability and service delivery to our community over many years, including periods of severe flooding and drought. Over the last several months our staff have been preparing a Fit for the Future submission. I think they have proved that we are sustainable and fit for the future. I have to say that to read what I read in the paper yesterday was disgraceful. Why are doing all this if no-one denies that this is something that might happen in the future?

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**CHAIR:** Can you just clarify what you read in the paper.

**Mr HAMPSTEAD:** I read in the paper that perhaps all councils were going to be sacked. They are elected by the community so I do not know how they can be sacked if they have done nothing wrong. It is distressing. In a small community like ours I think that councils of people were approached at all times about various things. What was in the paper yesterday—I have not heard that it was denied—

**CHAIR:** I would encourage you not to go down that line right now because that is hearsay. This inquiry has a term of reference so it might be best if you focus on what you are here to tell us. You have just put it on record. We have it on record that you would have great concerns if it is true. Please continue with your opening statement.

**Mr HAMPSTEAD:** Righto.

**Mr DAVID SHOEBRIDGE:** We will have the Minister before the Committee at 3.30 p.m. in Wagga.

**CHAIR:** We may ask him.

**Mr DAVID SHOEBRIDGE:** We might put that to him.

**Mr HAMPSTEAD:** I hope you do.

**Mr DAVID SHOEBRIDGE:** I think you can guarantee it.

**Mr HAMPSTEAD:** In a remote rural community the shire is an important and integral part of the community, which generally interacts with councillors and staff more often. I know I should not say it again but last night there was concern in the community about that. There is a sense of ownership in the shire, and many council staff, councillors and their families contribute towards leadership and other important roles in the community.

Local government needs to be close to the people it serves. An indication of Bogan Shire and community feeling regarding the panel's view of what a rural council should become is that in a Fit for the Future survey 98 percent of respondents answered no to a question asking if they would support Boga Shire becoming a rural council if this meant handing over local decision-making and control to a Joint Organisation of Councils based in the Dubbo. I think that might have stopped it at this stage—I do not know. That is all I want to say.

**CHAIR:** Ms Manns do you wish to say anything?

**Ms MANNS:** Broken Hill is an iconic Australian mining city. Broken Hill has, for some years, suffered from population decline as a result of productivity improvements introduced to mining operations and as the mines move towards the end-of-mine life. Decline has been, in part, slowed by a strong focus on economic diversification through tourism. Despite this, our community, which was once home to over 30,000 people, is now home to approximately 19,000 people. This demographic change provides a challenge for Broken Hill City Council. The impact is on our asset management function and our financial sustainability. We said in our submission that we were one of the five councils considered very weak in the TCorp assessments.

This is not an issue just for local government but for all levels of government. Broken Hill was recently added to the National Heritage List as the first whole city to enjoy such status in Australia. It now sits alongside the Sydney Opera House and the Great Barrier Reef. Diversifying our economy and improving our socio-economic status is the responsibility of all levels of government. The local government reform process has acknowledged these unique challenges in exploring the possibility of a more whole-of-government approach to service delivery and infrastructure provision through the Far West Initiative. Whilst this process has not, to date, produced options to be explored, our council will take a proactive approach to involvement in exploring the benefits of all options to ensure that Broken Hill continues to be celebrated by this generation and the next.

**Mr FRANCIS:** Bogan Shire Council did not make a submission previously but we do have a document that we would like to table now.

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**CHAIR:** We are quite happy to receive that tabled document. Do you want to make any further comment?

**Mr HAMPSTEAD:** Not at this stage.

**CHAIR:** You sat in the public gallery listening to the previous witnesses. Do you have a comment about how much regional roads you have and the impact of servicing those roads? Would you rather see the maintenance and care of those roads returned to the State?

**Mr FRANCIS:** Bogan Shire has around 240 kilometres of regional roads—less than most of the distances you heard about earlier. It is certainly true to say that over the next two years we believe our road infrastructure backlog will be eliminated, partly as a result of council making some decisions on reallocation of funding and partly from the increase in the Roads to Recovery grants that have been given. It is ironic that at the end of that period the roads that are still likely to be on the backlog list are regional roads, because it seems to us that the funding that we get from the State Government to look after those roads this insufficient to keep them from falling into that lower category.

**CHAIR:** Can you give us a snapshot because not all of us are aware of the background to that comment. Is it because of the dollar cost per kilometre or because raw materials are costing more and to get them out here is costly? Can you make it a bit more real to us what that comment means?

**Mr FRANCIS:** The cost of maintenance and the cost of depreciation outweigh the amount of money we get from the State Government to look after those roads.

**Mr DAVID SHOEBRIDGE:** The Chair's question was: If you gave responsibly back to the State Government would that be a good partial solution?

**Mr FRANCIS:** I think there are probably two different things. The local council is probably well placed to do the work because we are there that we have the staff—

**CHAIR:** But the State Government could sponsor that.

**Mr FRANCIS:** —and it is beneficial for the councils to have the work for those people to do and the utilisation of our plant and machinery. That is a separate from the financial responsibility.

**CHAIR:** My question is how far short is the funding that the State gives you to look after those roads? Is it 25 per cent short or five per cent short?

**Mr FRANCIS:** To answer that question accurately I would have to take it on notice. It would be roughly 10 to 15 per cent short.

**Mr DAVID SHOEBRIDGE:** Is that across the board, here?

**Mr McANALLY:** Certainly it is in most areas. At the end of the day, even if we do give the roads back to the State Government, unless they are funded properly there will be an issue. We have been through a discussion on rural roads—the last ones we talked about—with Kevin Humphries and others. All the councils in our OROC area had skin in the game and put money into it. I think it works out to be about \$900 million from Roads of Regional Significance and connectivity between our areas. That is a lot of money.

**Mr HAMPSTEAD:** I think that is what we would be most worried about if they were handed back—that they would be properly maintained.

**CHAIR:** You have the same situation: If they are not funded, they are not funded—full stop. The difference is that you either keep the State Government accountable or council gets a whack. At the moment you get whacked.

**Mr HAMPSTEAD:** That is right.

**The Hon. CATHERINE CUSACK:** Councils are contracted to do the work. I understand the point but it is about the financial responsibility reverting back to the State in a transparent way.

## CORRECTED

**Mr HAMPSTEAD:** We contract now to do things like main roads. We do not do the ones we want to do in our area; we are told which ones to do.

**Mr DAVID SHOEBRIDGE:** Would you rather keep responsibility but have adequate funding?

**Mr HAMPSTEAD:** We need more money.

**Mr DAVID SHOEBRIDGE:** You know better than the State Government where to patch and mend.

**Mr HAMPSTEAD:** I would say that we certainly do. I include main roads, too.

**CHAIR:** Can I just get a clarification? Your priority for regional roads is put out in your management plan—that is, how you are going to manage those assets and the maintenance.

**Mr WILSON:** The community is not really interested in whether it is a State Government responsibility or the council responsibility. They see our crew working on the road and when they ring up to suggest you have the priority wrong they are not interested in who is responsible; they just want the outcome.

**CHAIR:** I understand that. Is it in your management plan that this year you have, for example, five roads that are regional roads and they are listed? Do you say, "The council roads are over here; these are our priorities this year in terms of grading." Is that put in the management plan or is it not? Is it just a pool of roads and a pool of funds? "We are going to do 15 kilometres this year."

**Mr DAVID SHOEBRIDGE:** Do you mean the operational plan?

**CHAIR:** Yes, the operational plan. Sorry.

**Mr WILSON:** Our local five-year rolling works programs are there to be reviewed continuously. As circumstances change you might alter them. It is very interesting that if you have a road in the program as a priority 3 and circumstances change, people suggest that the road should still be priority 3. But that is by the by. As far as regional roads planning goes, you have to put in a figure that you expect to get, and then manage the best way you can in response to how damage has occurred or how traffic alters. You do not lock yourself in; you have a degree of flexibility.

**The Hon. PETER PRIMROSE:** I asked these questions of the previous witnesses. How have you been affected by the freezing of the indexation of financial assistance grants? Tied into that is the issue of cost shifting. What sorts of things do you do that would not normally be the responsibility of local government but you are obliged to do by your local communities?

**Mr HAMPSTEAD:** We supply houses and surgeries for both our doctors and a dentist. That ties up houses that we would rather have staff in. We have to do these sorts of things to encourage those professional people to come into our communities. The previous witnesses mentioned an RTA shed. We also had to build an RTA shed. Otherwise our people would have had to go elsewhere with their trucks. Trucks are a big thing in our country towns because there is no railway now. Everyone has to have a truck to do anything.

**Mr FRANCIS:** We are also in the process of constructing a long day-care centre.

**Mr WILSON:** In relation to the FAG freeze question, the impact will not be felt for a little while yet. But the cumulative effect of the fund being frozen will be hard for ever and day. It will never catch up. The initial impact has also been slightly modified by the fact that R to R has been doubled in the short term. So to answer your question directly, the impact has not been felt yet but obviously it will happen. As for the cost shift, the handout that went around shows that it is \$615,000 for us. That is purely in our recurrent costing. It does not take account of the half million dollars that we have put into our family medical centre, which a bigger council in a metropolitan area would not have to touch.

**Ms MANNS:** At Broken Hill the financial assistance grants freeze sets us back around \$500,000 over three years. That is not including the cumulative effect, as Mr Wilson has said.

**Mr McANALLY:** We have had about \$2.9 million taken out of our roads, over a 10-year period. That affects everybody. The cost-shifting I have indicated is for 2011-12. I am sorry; it takes a long time to put that together. That is a snap shot of what OROC did. I think we have the figures for 2013-14 now. In our OROC region an investment of \$27 million in healthcare infrastructure contributes to in excess of \$1.65 million per year to operate these facilities. That is not including Dubbo. That is what they do out here. If the doctor leaves, the community is knocking on your door to get another doctor. It does not happen in big regional centres and it does not happen in Sydney because there is another doctor just down the road, but if council does not supply those things you lose the doctor from town and you lose your chemist. If the chemist goes you lose jobs.

If you lose four or five people from your community it affects your school and the school gets downgraded. With respect to the Murray-Darling Basin buy-back we lost \$300 million from one farm in the Warren and Trangie area. They thought that would be great for re-investment back into the area. None of it was invested back in the area; it went overseas. We lost 40-odd jobs from that farm. Those sorts of things really cruel the towns. That is the big picture we are looking at in the OROC area. If something is taken out of your community it really affects you. Local councils put their hands up to take these jobs on because no-one else will.

With respect to transport, there is no rail left out here. The trucks are bigger. Farmers have got smarter. The production is there. Our area put \$1.8 billion into the coffers of the New South Wales and Federal governments. What we get out of here in the road system is what we have to rely on. We have gone from 10-tonne trucks to 60-tonne trucks, with B triples, AB triples and all that. They have taken it all off the railway. They have let that infrastructure go, which is criminal. It has cost a lot of money to get it back. We don't want that to happen to our road system. Our local government areas cannot keep up with the funding of that.

**The Hon. PETER PRIMROSE:** The Committee heard from the previous witnesses that the issue of abolishing rate pegging may not assist with their revenue streams. Can you comment on that?

**Mr HAMPSTEAD:** I would absolutely agree with that. You cannot get blood out of a stone; a rural community has not got a lot of money. It is the same thing with the price of land. The shire owns a lot of blocks—the people just do not pay the rates so now we own them—but you can't sell them because no-one wants them. I do not think the rate pegging makes a big difference, not to us.

**Ms MANNS:** At Broken Hill we are low socio-economic so affordability is certainly an issue for us, although probably the biggest issue that we have is our reliance on the two mining companies for rates and as they move towards the end of mine life we are working towards a strategy, which was just adopted this year, in regard to progressive apportionment of that income stream from the mining industry to residential. So already our residential category of rates will face a 1 per cent increase on top of rate peg. Whilst it is within our rate peg limits, the shifting of resource of income is happening to our community and we are low socio-economic.

To suggest that our community could afford further rating increases is questionable. Certainly in addressing our long-term financial sustainability we have included in our long-term financial plan an above rate peg increase for a period of five years to get us into a sustainable or break-even position. That is something we are hoping we will not have to implement, through cost savings and working towards strategies to become more efficient, but certainly other sources of revenue are required for our council to keep on track and maintain sustainability rather than increases in rates.

**Mr WILSON:** In our case out of every \$10 in general funds almost \$9 comes from rural ratepayers and plenty of them would have a rate bill in excess of \$10,000. So obviously an increase above the cap is of consequence to them rather than a few hundred dollars, or a greater consequence than to an urban ratepayer who might only have a rate of a few hundred dollars.

**Mr HAMPSTEAD:** I would particularly endorse Councillor Wilson's statement about the rural ratepayers because I think that they bear the brunt in most outback shires for the rates, and if there is a drought on they just have not got the money—that is all there is to it.

**Mr McANALLY:** At the end of the day with the rate pegging in a lot of these councils here if they are making \$2 ½ million from rate income they could put that up 100 per cent but you are still not going to run your council on your rates. You would then get a hell of a lot more people not paying their rates. At the end of the day there has got to be a better way of funding, especially with councils out here. There is only so much you can do. We almost seem to look at population to be the way you fund things; let's look at production for a while and see what we actually produce out here. Mayor Brady was telling us about how much is taken out of here in



mining tax. We nearly all have got a mine in there and a lot of areas are very highly productive agricultural areas, which contribute highly to our Government's bottom line. Let's have a look at that for the money back into the areas.

**Mr FRANCIS:** If I can just follow on from that? One of Professor Sansom's submissions to the Committee questions whether ever increasing grant funding is a wise and sustainable use of taxpayers' funds. We did a calculation—just the four councils within our OROC region classified as rural councils by the panel contributed \$517 million to the gross regional product in 2012 and received \$4.6 million in the local roads component of tax grants. So \$517 million versus \$4.6 million I think is a wise investment of funds.

**The Hon. PETER PRIMROSE:** This may not be directly relevant to you, but if there were to be mergers or amalgamations of councils do you support the maintenance of the existing boundaries commission process that is available under the Local Government Act? So there would be a boundaries commission process where councils and local communities would have their say prior to any boundaries or mergers taking place?

**Mr HAMPSTEAD:** I would say, as the other previous shire said, we absolutely oppose amalgamations because I think it is the death of small rural towns if they lose their shire. There is no need for it because I think we have proved that we are sustainable, but if that has to happen we would certainly welcome anything that might stop it. Can I put it that way?

**The Hon. PETER PRIMROSE:** Anyone else?

**Mr WILSON:** Could I respond with a question? If amalgamations become a reality, will that be achieved by regulation or will it have to be legislation?

**CHAIR:** There are a couple of things. If it is embraced amalgamation, nothing needs to change; if it is forced amalgamation, there would need to be a legislation change.

**Mr DAVID SHOEBRIDGE:** There are two processes under the statute at the moment. One is for a hearing process through the boundaries commission, which nobody has ever heard of before—it is a statutory commission that gets populated for this purpose. They would have public hearings in the local areas and you would have a public consultation process. They would give a recommendation to the Minister and the Minister could do what he or she likes with the recommendation. Another one is to go through a process with the Office of Local Government, which also has a public consultation and a public process—not quite as robust but a reasonable public consultation process. Again, it goes to the Minister and then the Minister can do what he or she likes with the recommendation. But there is another proposal floating around, which is what I think the deputy mayor was referring to, in the paper yesterday—

**The Hon. CATHERINE CUSACK:** Mr Chair—

**Mr DAVID SHOEBRIDGE:** —which was to change the law to allow the Minister to do it more rapidly. That is what we are talking about.

**CHAIR:** Is the member taking a point of order?

**The Hon. CATHERINE CUSACK:** Yes. Well—

**CHAIR:** If it is, I need to take it that way; if it is a comment, then you can make a comment if you think there is another avenue the witness is asking about.

**Mr McANALLY:** A point of order on that amalgamation? In going through this process there was a lot of good stuff came out of what we done and the recommendations—and we have taken all of that on board—but out of that TCorp the vast majority of those councils that amalgamated beforehand were weak and negative. So we have got to look at how they do it, if they want to do it, and it has got to be done properly if they do it, but certainly in the area we are talking about out here, tyranny of distance, low population, taking local out of local government, the best people to run the State out here is the local council. They have just got to be recognised in that and they have got to be funded properly to be able to do it.

**The Hon. SHAOQUETT MOSELMANE:** I have two questions. I was going to ask Ms Manns to elaborate on the impact of demographic change on Broken Hill. I was also going to ask Mr Francis a question about a point I noted in the conclusion of a document: Does a bigger council not deliver democratic structures?

**Ms MANNs:** Just in relation to demographic change at Broken Hill and moving from a population size of 30,000 plus to 19,000. From a local government perspective what we have to manage from an asset management perspective is an infrastructure that is fit for a purpose greater than our population perhaps. When you look at the census statistics on unoccupied houses it suggests that we have 1,500 unoccupied houses within the Broken Hill city LGA. We would have road going past all of those properties and, in many cases, footpaths, and the water utility would also have sewer and water pipes. In addition to that, not only local government but also State Government has a number of public assets within the city. Certainly to maintain or to consolidate those assets is a challenge for us.

Perhaps the bigger challenge to demographic change is turning that demographic change around and actually diversifying our economy and stabilising that population shift, if not increasing it. That is where we need the support of other levels of government through infrastructure investment. Certainly we have been successful just recently in the Resources for Regions program with our civic centre upgrade, which will help us in our bid to double tourism by 2020 and try and introduce more of a meetings, incentives, conventions and exhibitions [MICE] market into the area. So it is two pronged: How do we best manage our assets and how do we afford those assets? At the same time, how do we increase or at least stabilise our population? They are two very large challenges we are faced with in local government but also more of a whole of government.

**The Hon. SHAOQUETT MOSELMANE:** Mr Francis, the concern about that?

**Mr FRANCIS:** The concern is more about the term "rural council" and how that has been used by the panel. In developments over the past six months or so with rural councils, the Government has now come out and said in its Fit for the Future newsletter No. 12 that a single legislated model for a new type of council is not the best solution, a legislated model for a rural council is no longer being pursued, and there will be no change to the way that councils are named or mandated changes to operations. The point I was trying to make is that in a small community like ours the councillors, as the deputy mayor mentioned earlier, are well-known to just about everyone in the community.

They get stopped in the street and spoken to about all sorts of things, businesses and other government business, as one of the other previous witnesses has said. Being as close to the community as those councillors are is what counts for us. The alternative, which appeared to be proposed by the panel, in their words was that those rural councils would have reduced responsibilities and fewer councillors. The concern is taking those councillors, management and leadership positions out of those smaller towns and centralising them in a joint organisation is counterproductive. If anything, the smaller regional and rural areas need more representation to overcome the disadvantage.

**The Hon. ROBERT BORSAK:** For the record what are the local government employment numbers of your councils?

**Mr HAMPSTEAD:** I would have to ask Derek.

**Mr FRANCIS:** Ours is 80.

**Mr WILSON:** Seventy-three.

**Mr McANALLY:** Eighty-two.

**Mr HAMPSTEAD:** If I could just answer that a bit further? In a small town like Nyngan and our community—we have only got a couple of villages—probably not many people earn more than \$100,000 a year. To take those engineers and general managers and stuff out of our community really would have an impact because then we might lose another teacher or teachers, then the schools get downgraded so the principal gets less money; it is an ongoing, festering thing.

**The Hon. ROBERT BORSAK:** We have asked questions about that this of previous councils. Do you employ professional engineers?

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**Mr HAMPSTEAD:** Yes.

**Mr FRANCIS:** We do have a professional engineer. Probably out of those 80 staff we have probably got around 50 in the engineering departments, and certainly I would make the same comments as previous witnesses to say that the economies of scale in having water and other engineering operations allow us to do that.

**The Hon. ROBERT BORSAK:** And the same would apply to your councils?

**Mr WILSON:** Yes, certainly.

**The Hon. ROBERT BORSAK:** Do you have a professional engineer?

**Mr McANALLY:** Yes.

**Mr DAVID SHOEBRIDGE:** You are saying that it is not only a significant proportion of your employees in the area but that they are also on good wages and conditions, which is extremely important in your areas? Is that correct?

**Mr HAMPSTEAD:** It is.

**Mr McANALLY:** I think if you look at most of the local government areas around here they are probably one of the biggest employees in town, if not the biggest.

**The Hon. ROBERT BORSAK:** It is true to say in a lot of cases in the bush, especially in the western division, councils are the largest employers—even if you have got large mines.

**Mr McANALLY:** Yes.

**The Hon. ROBERT BORSAK:** So if you took more than 200 or 300 employees between two shires and here you have got—three multiplied by eight gives you 24—nearly 250 over three shires.

**Mr HAMPSTEAD:** We do have a mine that is probably our biggest employer now.

**The Hon. ROBERT BORSAK:** That leads me to my next question. One of the submissions I have read talked about the size of the economic contribution of mines but that they are not also commensurate with the responsibility of councils to maintain the roads and other services to those mines—the councils are not getting a fair shake. Is it true to say that?

**Mr HAMPSTEAD:** When the mine was first developing, the shire lent money to the mine to build the road to the mine; otherwise, it would not have gone ahead. They have paid that money back now with the interest. But now we have a facility that is really good for the town but it would not have happened if the shire had not lent them that money in the first place. That is a very good example of what happens.

**The Hon. ROBERT BORSAK:** That is right. It is really the shire taking the lead as far as community interest is concerned, not just community services. That is what you are saying.

**Mr HAMPSTEAD:** Yes.

**The Hon. ROBERT BORSAK:** Does the concept of royalties for regions work for you guys?

**Mr HAMPSTEAD:** I would have to defer to the general manager, but I have not seen any money come from it.

**The Hon. ROBERT BORSAK:** No, you will not. I am asking about the concept of it. The Government will not be breaking its back to give you a share of the royalties.

**Mr McANALLY:** No, certainly not. I like concept of it, certainly. I know in our shire we negotiated a voluntary planning agreement with that mine before it opened up. The biggest problem there was that it was four

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years through the planning process to get it open. It must be a very frustrating time to do all that. There always pros and cons of mining but at the end of the day we need employment out here, and that is employment.

**Mr DAVID SHOEBRIDGE:** I would address this question to Broken Hill. With mining, there are times when it is surging and you have good employment, but then it is also subject to international pressures and market prices, and then it drops off. How have you managed that rise and fall in mining?

**Ms MANNS:** From a council perspective and looking at council's finances itself, possibly the largest impact we have had—and we are still facing at the moment one of our mining companies currently appealing a decision—is in relation to land values associated with the mining companies. That is probably where we are impacted—where an objection goes in in relation to the value of land and council has already made the rate for that land. Certainly there is a possibility that council will be in a position where we have to pay back overpaid rates.

**Mr DAVID SHOEBRIDGE:** There is no way of fixing that under the current system because you have made your rate for the year and you cannot go back and retrospectively fix it. Is that right?

**Ms MANNS:** That is right. In 2013 or 2014—I am sorry, I cannot remember the date—there was a decision made by the courts that one of our mining companies' land value, which was valued at just over \$20 million, should have been valued at \$4.9 million, which effectively in one decision resulted in council owing \$6.8 million in rates to the mining company.

**Mr DAVID SHOEBRIDGE:** It chopped three-quarters of the rates.

**Ms MANNS:** That was overturned. It is currently go back through the processes of court, but as a council we certainly cannot sustain those types of risks to our financial position.

**Mr DAVID SHOEBRIDGE:** If the Government was looking at one obvious thing to do in terms of Fit for the Future agenda and finances, it would provide you with some remedial powers in those circumstances, would it not?

**Ms MANNS:** Certainly.

**Mr DAVID SHOEBRIDGE:** So that you did not face that enormous uncertainty from one court case.

**Ms MANNS:** Certainly there needs to be some security in relation to an income stream. It is a rate pegged. We are allowed to one bucket of money and once that is raised, if it is changed in the future by changes to land values, it puts us in the position that we are unable to meet.

**Mr DAVID SHOEBRIDGE:** Could I ask any of you to respond on the Far West initiative—what, if any, contact you have had and what you understand the Far West initiative to be achieving in terms of local government reform?

**Mr HAMPSTEAD:** I am probably one of the few people who has lived at Wentworth, Broken Hill and Nyngan for some considerable period of time. Those councils need to remain by themselves; otherwise, the towns are just going to die. There is no use saying anything else. I have been to Brewarrina a lot of times and if they take the shire out of Brewarrina—like at Brewarrina, the shire even runs the hairdressing salon. So if there is no shire—

**Mr DAVID SHOEBRIDGE:** It will be the last one out turns off the lights.

**Mr HAMPSTEAD:** That is exactly right.

**Ms MANNS:** Broken Hill certainly is part of the eight councils that are in the Far West initiative. To date we have had a workshop hearing at Cobar late last year with all local government mayors and general managers [GMs] from those eight councils. Early this year there was a State agencies workshop in Dubbo to explore the concept with the State agencies. I believe in June there was a workshop with non-government organisations.

**Mr DAVID SHOEBRIDGE:** What has been achieved?

**Ms MANNS:** Certainly from my perspective, I think it is premature to give a position on the western initiative. They are going through an evidence-based approach to determine whether a whole-of-government approach can be useful local government. That is not to say that local governments themselves and the eight councils will not stand alone as they do now. It may mean that we undertake additional roles on behalf of the State Government but at this stage it is very premature to say what the options will be. We have been given an indication that an options paper should be due early next year. As mentioned before, there was a teleconference on Friday. An indication was given that a steering committee would be established, which I think is certainly a step in the right direction. Hopefully with that steering committee there can be I guess a little more momentum and feedback from all the agencies as we move towards, I believe, a summit later this year, which is to be held for the eight council areas.

As I mentioned in my opening remarks, we are very optimistic about looking at this approach. We talk about asset management and I talk about asset management. I look at areas where State Government and local government could be working together to provide better services on the ground and how we could be better using our combined infrastructure. I also look at State Government. In some respects, and certainly what has been mentioned through the regional leaders group, is the cost of having something as simple as a house repair at a State-agency-owned property in Broken Hill. The cost of such a repair before a tradesperson turns up at the door is astronomical in comparison with the total expense. The State agencies procurement contracts mean an electrical contractor that may be required in Broken Hill is sent from Newcastle.

These are examples of conversations that have occurred at an across-government regional leaders group forum and are all examples of how some sort of whole-of-government approach may result in better value for money on the ground for our communities and a more place-based approach to our quality of life in the Far West area. While we have not got to a position where there are options on the table, I think it is something, as noted earlier by Cobar's mayor, that we are all looking at and hoping that we will provide value to our communities. We are all facing similar challenges.

**CHAIR:** We will move to a quick answer and then we will move to the Government.

**Mr WILSON:** Local government is certainly far from perfect, but we are under a great deal of scrutiny from our community. They know your partners, your children and what you did on the weekend. I put it to this Committee that there would not have been quite the issues with pink batts if it had been administered by local government.

**Mr DAVID SHOEBRIDGE:** If you had called an electrician in from Newcastle, you would be thrown out of office, and rightly.

**CHAIR:** We will move to Government questions.

**The Hon. LOU AMATO:** You mentioned that the life of the mines is running out. Do you know what the time frame would be and what would be the implications for Broken Hill?

**Ms MANNS:** There certainly have been indications of a 10-year life, but certainly that is something I would have to have confirmed by the estimates from the mining companies themselves. What would end-of-mine-life mean to Broken Hill? Mining is our major employer and certainly the flow-on impact that has to our local economy and businesses is astronomical.

**The Hon. LOU AMATO:** You said there are already 1,500 homes unoccupied.

**Ms MANNS:** There are 1,500 homes unoccupied as per the census.

**The Hon. LOU AMATO:** Is that from the downturn of the mines from the global financial crisis [GFC] period?

**Ms MANNS:** I would assume, only, that it is from the downturn of the mines. Many years ago when the mines had 7,500 jobs in the mines, we now have about 7,500 jobs in Broken Hill. Certainly when we look at accommodation in housing, most certainly it would be attributable to mining.

**The Hon. LOU AMATO:** Other houses today privately owned, or are they company-owned houses?

**Ms MANNS:** Some of those would be mining-owned houses and others would be privately owned houses. But what we recognise in Broken Hill is that while it represents a challenge, it also represents an opportunity for us if we can diversify our economy and if we can have a better place-based approach, if you like, to our community. We may be able to think outside the box and see how we can accommodate. Certainly film is one of those areas that recognises while we are many miles from anywhere, we do have the capacity to provide accommodation. We do have the capacity to provide for populations outside of our current population. There is an opportunity there, not just for us as a local government but for a State Government and also the Federal Government. Possibly part of the shift that we have noticed over the years is also potentially centralisation, whether that is to Sydney or Dubbo, of our State agencies. There certainly was more State agency employment in Broken Hill in past years than there is now.

**The Hon. LOU AMATO:** This is question for all councils. Are there any other challenges that you see facing the Far West and the communities out there?

**Mr McANALLY:** Government regulation is the biggest challenge.

**The Hon. LOU AMATO:** How?

**Mr McANALLY:** A lot of us in councils our size do not have the capacity to be able to keep up with the legislation sometimes so we always have to seek outside help to do that. If you are a State Government and you want this to work out here, we need a bit of help in that area to make it a little bit easier for us to be able to get that legislation in, or change the legislation, God forbid, to make it a bit easier out here for us to work with it.

**Mr DAVID SHOEBRIDGE:** Or pass fewer balls.

**Mr McANALLY:** Yes.

**Mr HAMPSTEAD:** If I might say one thing: We need the State Government—no matter what political persuasion it is—to stop taking resources from a small communities. This is about taking someone away. Can I say that?

**CHAIR:** You just did. You can reflect on your experience. That is not a problem.

**Mr HAMPSTEAD:** At the present time they are thinking of closing the courthouses—the registrar of the courthouses at Cobar, Warren and Nyngan—on a trial, which is three jobs. They say they are no longer necessary. The shire completely disagrees with that. Statistically they might not be necessary, but they are the places where people go for and advice and assistance for all sorts of things. Those people are not going to be there anymore. They will only be there on court days and that is just not fair. But apart from that, we are losing three jobs. That is three jobs that are just gone.

**Ms MANNS:** I suggest a challenge for many councils in regional areas is the planning population projections. We look at our populations and we are faced with a declining population and then we have planning projections that show our populations are going to nosedive, based on what they need which is certainty surrounding what developments may occur in the city or around the city. When you are in a mining area where there can be boom and they can be bust, the last thing we need in regional and rural areas is a lack of confidence. Certainly when we look at planning population projections, in many areas once the census has been done they have not proved true. If anything we should be, as governments, all looking at how we can address some of those population projections rather than just estimate a downturn and manage towards that. We should be looking at a proactive approach to our populations.

**Mr HAMPSTEAD:** Our shire would definitely agree with what has just been said.

**The Hon. CATHERINE CUSACK:** Can I ask for clarification about the mine land valuation issue? Which mine was that?

**Ms MANNS:** Perilya Limited.

**The Hon. CATHERINE CUSACK:** Was it a Valuer General valuation that was challenged?

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**Ms MANNS:** That is right.

**The Hon. CATHERINE CUSACK:** Was the State Government the defendant in the court case?

**Ms MANNS:** It was the Valuer General.

**The Hon. CATHERINE CUSACK:** So the Valuer General, who is a State agent, has made an error that the council now has to foot the bill for?

**Mr DAVID SHOEBRIDGE:** That is still in dispute in the courts.

**Ms MANNS:** At this point in time it is still in dispute.

**The Hon. CATHERINE CUSACK:** I understand that, but, hypothetically, if the case is lost, that rebate in rates will not be underwritten by the State Government, even though it was a State Government agent that made the error.

**Ms MANNS:** We will have to explore that in the future. We certainly see that as a large financial risk.

**The Hon. CATHERINE CUSACK:** I understand that. You are powerless in the process, aren't you, in that you did not do the valuation in the first place and you are not in the court.

**Ms MANNS:** That is right. We are watching from the sidelines.

**The Hon. CATHERINE CUSACK:** But you are potentially going to foot the bill for the outcome.

**Ms MANNS:** That is right.

**The Hon. CATHERINE CUSACK:** It seems perverse that that cost is not being underwritten. The Valuer General is all care and no financial liability.

**Ms MANNS:** At this point we are hoping that the Valuer General is successful in its case.

**The Hon. CATHERINE CUSACK:** I think of Broken Hill as the regional capital of the far west. Central Darling Shire Council is in administration at the moment. I am very new to this issue. I cannot understand why Broken Hill is not working with the Central Darling communities, all of whom are linked to Broken Hill, to amalgamate with that shire.

**Ms MANNS:** I cannot speak on behalf of Central Darling Shire Council, but Broken Hill and Central Darling have been working together. We are providing accountancy services to Central Darling Shire at the moment and we have been exploring ways to work together. We are progressing that.

**The Hon. CATHERINE CUSACK:** Why not put the two together?

**Ms MANNS:** I cannot comment or give an opinion on that.

**The Hon. CATHERINE CUSACK:** Take Menindee, Wilcannia and Ivanhoe. Menindee is closer to Broken Hill than Wilcannia is, but there is a desperate need to link those communities, particularly to take advantage of the tourism potential that you spoke about.

**Ms MANNS:** Like all discussions surrounding reform in all council areas, it is really up to those communities to determine which path they would like to go down. Broken Hill would not like to force that on anyone.

**The Hon. CATHERINE CUSACK:** Unfortunately, Central Darling Shire Council was unable to accept our invitation today. It would have been great to hear from them today. Is a conversation about amalgamation going on?

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**Ms MANNS:** Conversations on shared services are taking place. Broken Hill City Council is in a poor financial condition. We have been working towards correcting that in the last two years. I am not sure if everyone really appreciates the magnitude of responsibility that Central Darling has. It covers a large area, with a large road network. That would not be corrected by joining Broken Hill.

**Mr DAVID SHOEBRIDGE:** It would cripple Broken Hill.

**The Hon. CATHERINE CUSACK:** I understand that. Does the Central Darling area include Corner Country?

**Mr HAMPSTEAD:** No. A lot of that is unincorporated land.

**Ms MANNS:** No. Broken Hill City Council has responsibility for the land surrounding the city itself. Outside that is unincorporated area. So the area between Broken Hill and Central Darling is unincorporated.

**Mr DAVID SHOEBRIDGE:** If you are not careful, the State Government will give you responsibility for it.

**The Hon. CATHERINE CUSACK:** Can we try to work towards finding positive solutions? From what I hear, councils fear that the challenges they face are not being addressed in this reform framework. You are managing a different set of challenges from those being managed by councils in Sydney. Where they are managing for growth in greenfield sites, Broken Hill is trying to be sustainable—for example, through decommissioning parks. You have been doing that in a positive way, haven't you?

**Ms MANNS:** That is one of the issues facing not just Broken Hill but other far west areas. If you decide to decommission a park in Queanbeyan you can subdivide that property and sell it off. In Broken Hill, where there is not the same demand for residential or industrial property, when decommissioning a park you need to consider what you will do with that land. The last thing we want is abandoned land throughout our city. That is not a progressive approach. That is one of our challenges. They are large challenges. It comes down to how we can diversify our economy and stabilise our population so that we do not have to go down that path.

**The Hon. CATHERINE CUSACK:** Broken Hill is well connected to Adelaide and South Australia. Many of the mines your town services are not within the local government area. Does that include some of the South Australian mines? I am thinking of the Olympic Dam mine.

**Ms MANNS:** There are two mines within our local government area, but there are other mines within the vicinity.

**The Hon. CATHERINE CUSACK:** They are linked to your economy.

**Ms MANNS:** That is right.

**CHAIR:** Mr Franklin, would you like to put some questions on notice or do you have one requiring a quick answer?

**The Hon. BEN FRANKLIN:** I have just one question. You mentioned a number of times the potential implementation of a whole-of-government approach. I am interested to know the views of all of you on that. The challenges facing the far west are clearly unique, and we need to look at interesting and innovative solutions. If you have any ideas about the implementation of a whole-of-government approach, the potential benefits of that, what resources it would utilise and what it would mean, could you consider providing them on notice. Thank you.

**Ms MANNS:** Yes.

**CHAIR:** Thank you for coming to Cobar to give evidence and to fight for your communities. I reiterate what I said to Councillor Lilliane Brady: You play an important role in promoting tourism for New South Wales. I know you have taken time out of your day to give evidence. I hope that the Committee can assist the State Government to implement its plan to make New South Wales function better and reach its full potential. There is no doubt that you play an important part in that. The Government recognises the unique situation in the far west, and the job that you do. It is not the same as the situation on the other side of the Great Dividing



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Range. You can be assured that your interests have been registered with the Committee and will be reflected in its recommendations.

If you have undertaken to answer questions on notice, you have 21 days to provide your response. The Committee Secretariat will be glad to assist. The Committee may provide additional questions on notice, based on your evidence today. Thank you very much for appearing today. Please pass on the Committee's regards to Councillor Wincen Cuy, who was unable to attend.

**(The witnesses withdrew)**

**(Short adjournment)**

**CHAIR:** Good afternoon, ladies and gentlemen, it is great to be in Wagga Wagga. I welcome you to the second hearing of the inquiry of General Purpose Standing Committee No. 6 into local government in New South Wales. The inquiry is examining the Government's Fit for the Future reform agenda for local government in this State. Before I commence I would like to acknowledge the Wiradjuri people, who are the traditional custodians of this land. I also pay my respects to the elders past and present and any Aboriginal people who may be here with us today or who may be following this inquiry.

Today is the fourth of six hearings we plan to hold for this inquiry. Today we will hear from the Minister for Local Government, and I thank him for his time and for making time available for this inquiry. We will also hear from the two organisations of councils as well as a number of local councils. Before we commence I will make some brief comments about procedures for today's hearings. Today's hearing is open to the public and is being recorded by Hansard. A transcript of today's hearing will be placed on the Committee's website when it becomes available.

In terms of broadcasting, in accordance with the broadcasting guidelines, all members of the media may film or record members and witnesses. People in the public gallery should not be the primary focus of filming or photography. I also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of evidence given at this hearing. I urge all witnesses to be careful about any comments you make to the media or to others after you complete your evidence as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that witnesses could only answer if they had some more time or if they had documents with them at hand. In those circumstances witnesses are advised that they can take the question on notice and provide an answer within 21 days. The delivery of messages and documents to witnesses or members of the Committee should be done through the Committee staff. I ask everyone to turn off their mobile phones or turn them to silent. I welcome our first witnesses. I remind the Minister for Local Government that he does not need to be sworn as he has already sworn an oath of office to the Parliament of New South Wales. I note that the Minister has advised us that Ms Corin Moffat, who is a special adviser on local government, will be joining us.

**CORIN ELIZABETH MOFFAT**, Special Adviser to the Minister for Local Government, sworn and examined:

**CHAIR:** Would either of you like to make an opening statement for a couple of minutes?

**Mr PAUL TOOLE:** Thank you, Mr Chair and Committee members. I thank you for the opportunity to be invited here today and appear at the upper House inquiry into local government. I am very pleased to be able to speak about the future of local government in New South Wales. As the inquiry would be aware, we are standing on the threshold of the widest range of reforms into local government that this State has ever seen. Into local government we are making the largest investment that has ever been seen for this sector. The New South Wales Government is committed to long-term, meaningful local government reform. The New South Wales Government has committed to tackling the longstanding issues that have been put in the too-hard basket for far too long.

This program will take local government to the next level. It will increase its capacity to deliver and strengthen its voice to represent local communities. We are investing not just for now or for this generation but for the future. We are investing for the next 20, 50, 100 years. What are all these changes about? Firstly, they are not all about mergers. Councils coming together to strengthen their strategic capacity to undertake major projects, to strengthen their revenue base and access their best skills is just one part of the wider picture of reform of local government in New South Wales. It is an important part but it is not the only focus of reform.

There has been a lot of wild speculation about merger winners and merger losers in the past few months. Much of it is misleading and counterproductive and a lot of it is driven out of self-interest. We need to work together to bring meaningful reform. This has been a genuine partnership with councils over the past four years and I repeat what the sector has been saying now for the past years: No change is not an option for local government in New South Wales. It is what we identified at Destination 2036 back in Dubbo: a vision for long-term change supported by every council in this State. Each of the 152 councils in this State all supported the need for change. It is what the Independent Local Government Review panel, the TCorp analysis and the infrastructure audit all told us and it is what the Fit for the Future process has shown us through councils taking a long, hard look at their performance and how they will continue to deliver services back to their communities.

There are councils across this State that are struggling, some with financial sustainability, some with pressures of growth, some with community decline. All of them need something to change. In Sydney we have got a multitude of councils, all with different rules and regulations. There are different rules for all kinds of local businesses—for fitness trainers, ice-cream vendors, mobile cafes—all of them face multiple fees and inspections the moment they cross an invisible council boundary. Over the next 20 years Sydney will become home to an extra two million people. We need to be in a position where we can effectively plan for the jobs, the housing and the transport needed for Sydney into the future.

In regional areas we need councils that are financially sustainable and councils that are strong and able to continue to serve their communities into the future. We need a modern, connected system of local government—one that reflects the way we live and one that will thrive into the future. Councils of the future will need to look beyond their own boundaries to understand their role in regional leadership. We cannot continue the situation where neighbouring councils are competing for funding to build the same parks, the same playgrounds or the same swimming pools only streets away from each other. Neither can we build sound, broad-based regional economies when councils continue to be in competition over who will be the regional centre, who will have the airport, the art gallery or the intermodal transport hub.

The New South Wales Government will continue to work across a broad range of reforms to ensure that this State has local government ready to meet the challenges of the twenty-first century. We will continue to strengthen councils' finances and to support real improvements to performance. We will also play our part in building a new connected vision for local government and supporting councils in their important role of helping to rebuild New South Wales. Together, both the State and local government can deliver meaningful long-term change that will benefit communities across this State. I thank you for the opportunity to appear at this inquiry today and I look forward to seeing your report at the end on behalf of the Committee.

**CHAIR:** Minister, are you going to sack every council in New South Wales?

**Mr PAUL TOOLE:** Can I make it very clear: The Government has no such plan. What we are committed to here in New South Wales is meaningful reform in local government. As I have said before, there is an independent tribunal. An independent tribunal is asked to assess all the submissions that have been put forward by the councils across the State of New South Wales. We have 144 submissions that are currently being looked at by the independent tribunal. We know that a report will be coming back to the Government in October of this year. I can say as the Minister responsible for local government that I look forward to seeing that report, as do the councils and the communities across this State.

**Mr DAVID SHOEBRIDGE:** So you will amalgamate the councils IPART tell you to.

**CHAIR:** Order! This is my time for questions. In terms of the report, do we have a date in October when that will be—the IPART report?

**Mr PAUL TOOLE:** That will be 16 October. The report from IPART will come back on 16 October. That will be presented to the Government at that point.

**CHAIR:** Will that be Premier and Cabinet in confidence?

**Mr PAUL TOOLE:** The IPART terms of reference make it very clear that they will provide the Minister for Local Government and the Premier with a final report by 16 October identifying whether or not each council is fit for the future and the reasons for this assessment, and it is to be publicly released following Cabinet approval.

**CHAIR:** This inquiry is taking time to get across New South Wales and hear the feedback from many of the councils, and we certainly have through submissions. I think it is in the best interests that this inquiry somehow knows what is in that report by its deliberative date so as to incorporate all suggestions and be fully informed before making our recommendations. So I would encourage the Minister to have that. I will quote one earlier witness that they have a total loss of confidence given the comments that local government is losing \$1 million a day. It seems that many of them feel totally tarred by one brush. Do you have a comment for all those councils that have been tarred with that one brush?

**Mr PAUL TOOLE:** I think it is something that came out of the TCorp analysis. There are a couple of parts to it. If we go back to TCorp, we know that from Dubbo when we saw the independent panel go out and do some work—and this is what all councils ask for—we saw TCorp go out and do some further analysis of councils financially. As a part of that particular report it indicated back in 2012 that a third of the councils in New South Wales were in a weak or very weak position. They actually indicated that if nothing was to change, then within three years 50 per cent of councils would be in a weak or very weak position.

My concern as the Minister is the fact that we have got councils out there that communities expect to continue to deliver services on their behalf. However, councils that are struggling to meet the needs of their communities are winding back services. The issue with the \$1 million a day, it says in TCorp's report of 2013-14 that the audited financial statements show that the net operating deficit for the sector was \$359.4 million. That equates to approximately \$1 million a day. If we have a look at the TCorp report for 2014, the total deficit in councils for 2012-13 was \$400 million, and that also indicates close to more than \$1 million a day. So it further highlights, on top of the TCorp report, that where councils are in a weak or very weak position they are losing, in total, \$1 million a day.

What I have said before is that it highlights the fact that it is not sustainable and I think this is further highlighted by the fact that as a part of it too we are seeing that some councils have had to go out and increase rates on their communities and I think this is a very concerning factor, especially when we look at the number of councils in the past two years that have had to apply special rate variations just to, first, remain financially sustainable; and, secondly, to provide really no further infrastructure or services back into their communities.

**CHAIR:** Minister, a final thing, once again another offensive thought from one of the witnesses who said to do nothing is not an option. Many councils out there are doing their best with very little resource and highly demanding asset maintenance issues. How do you say doing nothing is not an option, given the fact that most of them are pedalling at twice the speed probably of the State Government?

**Mr PAUL TOOLE:** I need to make it clear that this is what came out of Destination 2036. I know that you, as a mayor at the time, and so was I, when we were there that is what came out of the long-term vision

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for New South Wales and for councils across this State. So, to do nothing is not an option in this State. If we sit back and watch councils continue in the way in which they are we are going to see councils that are financially unsustainable. We are going to see councils that cannot build the infrastructure in their communities that they need. We know communities need the footpaths, the bridges, the parks and playgrounds—all important infrastructure that is needed.

But most importantly, communities need and deserve those services, so they need to have confidence as well that they have a council that can continue to do that. Let me make it clear on the record as well: As I travel the State—and I applaud the Committee for getting out to some of the areas in the State and talking to some of the councils—there is some great work taking place by many of our councils across New South Wales.

**CHAIR:** Absolutely.

**Mr PAUL TOOLE:** And when I talk to them, they are very clear to me in saying, "Minister, this process has ensured that we have actually had a good look at our operations and we have made changes that have been needed, as a part of becoming more efficient, getting rid of some of that waste and living within our means". And I think, in the long run, when we have seen that leadership and seen self-interest taken out of the process, we are seeing those communities that can have confidence in their council into the future.

**CHAIR:** Thank you, Minister.

**The Hon. PETER PRIMROSE:** Thank you, Minister. Just taking up a couple of the questions that were raised by the Chair: Do you seriously still stand by your argument that local government is losing a million dollars a day?

**Mr PAUL TOOLE:** I will repeat it—I am not sure that you actually probably heard what I just said. But in a letter to the Office of Local Government in September of 2014 New South Wales Treasury Corporation stated that the total operating results for councils in deficit in 2012-13 was an aggregate deficit in excess of \$400 million. The 2013-14 audited financial statements of councils showed total operating income for all councils in the 2013-14 year was \$9.7 billion, and total expenditure was \$10 billion, translating into a net operating deficit for the sector of \$359 million or approximately \$1 million dollars a day.

**The Hon. PETER PRIMROSE:** Thank you, Minister. How is depreciation taken account of in that calculation?

**Mr PAUL TOOLE:** Depreciation is considered. I have to point out that, when we have rural councils, that is a real issue they raise. The fact that they have large road networks, they have also asked for this to be considered as part of the reporting process that has been put forward to IPART. And I know that as a part of some of those changes during that consultation process, we actually saw that some of the rural councils were talking about looking at increasing the length of their financial benchmarks from five to 10 years. This was a request from that consultation that came out of that process—

**The Hon. PETER PRIMROSE:** So what are you going to do about those accounting fictions that lead you to claim \$1 million a day?

**Mr PAUL TOOLE:** I think it is very clear—and let me point out that, as you would read from the Independent Local Government Review Panel, and as you would see, there were 65 recommendations. One of the recommendations that came out of it, which is strongly supported by councils across the State here in New South Wales, is the fact that we have different reporting mechanisms or different reporting systems that have been put in by councils. Councils tell me that it is not fair how councils are reporting in total. And that is why we have committed to ensuring that the Auditor-General is going to be responsible for auditing councils right across New South Wales, so it is a—

**The Hon. PETER PRIMROSE:** So that is a fiction.

**Mr PAUL TOOLE:** —so it is a fair playing field. And as you would be aware, if you read the Independent Local Government Review Panel's report, that is something that is being addressed as a part of the new Local Government Act and, as you know, we are doing work on that with our ministerial advisory group for that area.

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**The Hon. PETER PRIMROSE:** You would agree then that this \$1 million, as you claim, per day is actually a consequence of an accounting measure that has been claimed to be suspect by local government?

**Mr PAUL TOOLE:** That is a measure that is there as a benchmark and I will repeat it for you. As I said, in a letter to the Office of Local Government and this is—

**The Hon. PETER PRIMROSE:** You have read it out twice, Minister. If you are not going to answer—

**Mr PAUL TOOLE:** I am making it clear to you, because I am not sure that—

**The Hon. PETER PRIMROSE:** I understand, okay—

**Mr PAUL TOOLE:** It is also available on councils—

**The Hon. PETER PRIMROSE:** Can I ask you, Minister, why—

**The Hon. CATHERINE CUSACK:** Point of order—

**CHAIR:** Order! Stop the clock for a moment.

**The Hon. CATHERINE CUSACK:** I ask that the witness be allowed to answer the question.

**The Hon. PETER PRIMROSE:** The Minister has read this out three times.

**CHAIR:** Order! Just this once I will say it: We have a Minister in front of us; we all want time with him. If you are going to mess it up, it is not going to be helpful. Stick to the question. Give the Minister and his adviser the opportunity and respect to give an answer if he feels that is appropriate, then that is the way it is. Then if you want to cut your answer short, indicate that to the Minister. Start the clock.

**The Hon. PETER PRIMROSE:** The Minister has said it three times already.

**Mr PAUL TOOLE:** It will be less than 10 seconds. Let me just say that that is the data that is provided by councils and that information is available in the Rural Council Report on the Office of Local Government's website.

**The Hon. PETER PRIMROSE:** Yes, as required by the Office of Local Government—I understand that and the faulty mechanism there. You do not mention financial assistance grants and the implications of what has happened in relation to freezing in any of your statements. What are you proposing to do? What representations have you made to the Commonwealth Government to unfreeze those financial assistance grants, Minister?

**Mr PAUL TOOLE:** Undoubtedly, this is the approaches that local councils are under and I make no bounds about it, that these councils are struggling when we do seek changes that are made by the Federal Government. And the Federal assistance grants, which are so critical, especially for councils in relation to regional and rural parts of New South Wales, it goes a long way for their roads and their bridges that they have earmarked into the future. We have raised this issue with the Federal Government and—

**The Hon. PETER PRIMROSE:** What have they told you?

**Mr PAUL TOOLE:** —we will continue to raise this. On the other side, I have to say, Roads to Recovery—we have seen the Federal Government come out with their Roads to Recovery over the past couple of months and we have seen an increase in the Roads to Recovery. So, in relation to the financial assistance grants being set back, there has also been an increase in the funding significantly for councils through the Roads to Recovery program. And what we will do, as a part of it, we have said that we want to review the FAGS review, we want to review the way in which rating and compliance and burden happens here in New South Wales for our councils.

**The Hon. PETER PRIMROSE:** Will you table for the Committee copies of the representations you have made to the Commonwealth Government relating to the financial assistance grants?

**Mr PAUL TOOLE:** We continually talk to them all the time.

**The Hon. PETER PRIMROSE:** Have you written to them?

**Mr PAUL TOOLE:** We have raised it directly with them as well.

**The Hon. PETER PRIMROSE:** Will you table those?

**Mr PAUL TOOLE:** We have raised it verbally as well.

**The Hon. PETER PRIMROSE:** Will you table those documents?

**Mr PAUL TOOLE:** We can have a look and, if it is there, we will send it but I tell you—

**The Hon. PETER PRIMROSE:** I presume it is there—you have just said you have written to them.

**Mr PAUL TOOLE:** And I am also a believer that raising it directly with the persons in one-on-one meetings is more effective than sometimes just writing it on a piece of paper—

**The Hon. PETER PRIMROSE:** It has not had a lot of effect so far.

**Mr PAUL TOOLE:** Well, we will continue to raise it and, as I travel the state and talk to councils, we will continue to work with them through this process.

**The Hon. PETER PRIMROSE:** So will you agree to table those representations and the responses?

**Mr PAUL TOOLE:** If I can drag the appropriate Minister, Warren Truss, in here as well, I will see. I don't know if I am going to be able to table him completely.

**The Hon. PETER PRIMROSE:** Will you table your representations that you have indicated you have made?

**Mr PAUL TOOLE:** Well, I am on the record.

**The Hon. PETER PRIMROSE:** Yes or no?

**Mr PAUL TOOLE:** I am on the record all the time, going around raising it with council.

**The Hon. PETER PRIMROSE:** Is that a no?

**The Hon. CATHERINE CUSACK:** Point of order—

**The Hon. PETER PRIMROSE:** I am just asking for a yes or a no.

**CHAIR:** A point of order has been taken.

**The Hon. CATHERINE CUSACK:** The Minister has answered the question repeatedly.

**CHAIR:** I am going to explain, basically we are not here to badger the witness. The witness has given an answer. If you want to waste your time badgering the witness for tabling a document, you can do that, or you can move on to another question.

**The Hon. PETER PRIMROSE:** I take it the Minister is refusing to table it.

**CHAIR:** The Minister has made it very clear, he has made his answers very clear. His answer is on the record.

**Mr PAUL TOOLE:** Can I just make the point: There are things that are outside the control of State government. But I can make the point that we will continue to lobby on behalf of the councils in this state. As a

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part of our reform we have also said that we are considering other opportunities to direct financial assistance grants to communities that are in greatest need.

**The Hon. PETER PRIMROSE:** Thank you—so that is a no. You have mentioned in the media, you have been quoted, relating to proposing to amend the Boundaries Commission process. Could you tell us what you are proposing to do?

**Mr PAUL TOOLE:** I will make it very clear and I do not think it is anything that is going to be brand new presented here because the Independent Local Government Review Panel findings were handed down. I am not sure you have actually read it but I can make the point that, as a part of it, it was recommendation 32, and the Government makes no secrets about it because when I released the report in September of last year, one of the things I did as the Minister was to make sure that all 65 recommendations were responded to and I made sure, as the Minister, we were very clear about each of the responses that were given in relation to that particular report. The Boundaries Commission, as I said, was recommendation 32 and as it says:

The Government is committed to ensuring transparency and public confidence in any boundary review process. The Government will consider the suggestions made by the panel in preparing a new Local Government Act to identify opportunities to streamline the process whilst ensuring robust and transparent decision-making. In the meantime, the Government will make it easier for councils wishing to merge voluntarily.

And the next steps will be informed by the IPART report.

**The Hon. PETER PRIMROSE:** So let us get this clear: What you are proposing to do is, you have indicated, amend the Local Government Act—and we know you are proposing to bring those amendments in some time early in 2016. Is that correct?

**Mr PAUL TOOLE:** We are talking about introducing them from the September 2016, March 10 election.

**The Hon. PETER PRIMROSE:** So early 2016 amendment. What are you proposing to do prior to that in relation to any legislation relating to the Boundaries Commission?

**Mr PAUL TOOLE:** I make it very clear that I have a ministerial advisory group. As a part of it there is the Local Government Act which we said we would look at reviewing. As a part of that, we have said that that will speak with the key stakeholders in that particular group. In that group, we have Local Government NSW. Local Government NSW represents all councils across New South Wales. We have the United Services Union that is also a part of that group. And we also have Local Government Professionals Australia. So we will continue to work with those bodies, those key stakeholders, to ensure that, through that process, we consult and continue to work with them about what changes are being made.

**Mr DAVID SHOEBRIDGE:** They all say you ignore them, they all say you ignore them, Minister. What do you say to that? Every one of them.

**The Hon. BEN FRANKLIN:** Point of order—

**The Hon. PETER PRIMROSE:** I understood. It is my time—can I please—

**The Hon. BEN FRANKLIN:** Point of order—

**CHAIR:** Order! Interjections are disorderly at all times.

**The Hon. PETER PRIMROSE:** Can I please ask you Minister, and I do not wish to badger you on this, I am just trying to understand: Are you proposing any amendments to the Local Government Act in this current session, relating to the Boundaries Commission report?

**Mr PAUL TOOLE:** You are asking me if I am going to pre-empt an IPART report that is going to be handed down in October of this year. I am not going to pre-empt what is going to come out of IPART in a process. Let us wait and see what the findings are from that process. I look forward to seeing what those recommendations are going to be handed down and then we will look at all options available.



## CORRECTED

**The Hon. PETER PRIMROSE:** Minister, with due respect, the IPART is assessing the various councils' submissions. My question to you is in terms of an existing section of the Local Government Act. Are you proposing to change it?

**Mr PAUL TOOLE:** As I said to you, it is part of our Local Government Act and we have a ministerial advisory group and changes that are made will be discussed with that particular group. And if you want me to read out the Government's response again to that particular recommendation, I am very happy to do so.

**The Hon. PETER PRIMROSE:** Are you proposing to amend the Boundaries Commission provisions in the current Local Government Act for this calendar year?

**The Hon. BEN FRANKLIN:** Point of order: The Minister has been asked the same question three times. He has given his answer three times. I just do not know that there is any value in him being asked a fourth.

**The Hon. PETER PRIMROSE:** Well, it is my time.

**CHAIR:** It is your time, the Hon. Peter Primrose, but it is also meeting process that you cannot badger the witness. If the witness gives an answer, and it is an answer that he is continuing to give—

**The Hon. PETER PRIMROSE:** With respect, Mr Chair, I am simply trying to ask the Minister for a yes or a no.

**CHAIR:** This will be the Minister's third occasion to give you another answer—and I will allow this one. After that you need to move on to other questions.

**The Hon. PETER PRIMROSE:** If he will not give me a yes or a no then there is no point in continuing.

**Mr PAUL TOOLE:** The Government is committed to transparency and public confidence. As I have said before, the Government is committed to ensuring that that process is going to continue. I am happy to read it again if you want me to read out our response.

**The Hon. PETER PRIMROSE:** Minister, you talk about transparency. You will not even tell us if you are proposing to introduce legislation in this session in relation to the Boundaries Commission. That is not good process. Do you believe that bigger is better in local government?

**Mr PAUL TOOLE:** In New South Wales if we have a look at councils there are proposals that have been put forward that show that there could be a significant benefit to communities. In some of those proposals and in some cases where I have seen mergers in the past I would have to say that bigger is better. I will use my example. I was a councillor for 18 years. I was a mayor, a deputy mayor and a councillor. We went through a merger in 2004. I was part of a rural council that had a population of around 5,000 people. It merged with a larger entity and we saw it grow to about 40,000. Significant benefits came out of that.

We had a village fund. On the rural council there was a village fund of \$5,000 a year, and we had seven villages. If a village was given \$500 to run their annual event and promote it through the local community, they were very pleased about that. But it went from \$5,000 to a quarter of a million dollars. So the merged entity pushed it up to a quarter of a million dollars. This meant that those communities were actually building playgrounds and putting extensions into their halls. It saw infrastructure that could not be dealt with in the past being dealt with for the first time. This ensured that that local identity was enhanced. Look at Tamworth—there were big projects there around their water situation.

**The Hon. PETER PRIMROSE:** Thank you, Minister.

**Mr PAUL TOOLE:** It gave them the capacity to do larger—

**The Hon. PETER PRIMROSE:** I have got—

**Mr PAUL TOOLE:** You asked me to speak about it; now you don't want to hear.

## CORRECTED

**The Hon. PETER PRIMROSE:** No, I appreciate it. We have got limited time.

**Mr PAUL TOOLE:** You know, so the capacity to do larger projects was also very—

**The Hon. PETER PRIMROSE:** I appreciate your time and your enthusiasm for bigger councils.

**Mr PAUL TOOLE:** —very important as well. We can talk to other councils.

**The Hon. PETER PRIMROSE:** May I ask you one final question, Minister, because my time is just about out. That is: Why doesn't the Government allow the option of joint organisations for the Sydney metropolitan area?

**Mr PAUL TOOLE:** Joint organisations are a great proposal. When we look at joint organisations, the Government made it very clear that there is not a one size fits all. As a part of our joint organisations they are targeted for regional and rural communities.

**The Hon. PETER PRIMROSE:** Why?

**Mr PAUL TOOLE:** The reason is this: Because in regional and rural communities there are hundreds of kilometres in some cases between towns. In some of our city areas, you only have to walk a couple of streets and you are into another council area. So when they are looking at regional collaboration—

**The Hon. PETER PRIMROSE:** Cooperation?

**Mr PAUL TOOLE:** —when they are looking at putting in work across boundaries, it is important that they identify regional projects that are significant to them.

**The Hon. PETER PRIMROSE:** And you are a Minister.

**Mr PAUL TOOLE:** And I can say that I applaud the five pilots that are happening in the State right now. We have one in central New South Wales, we have one in the Hunter, we have one in the Illawarra, we have one in the Riverina—

**The Hon. PETER PRIMROSE:** I have never heard—

**Mr PAUL TOOLE:** We have one in Namoi, and they are all doing fantastic regional collaboration across boundaries.

**CHAIR:** Thank you, Minister. Mr David Shoebridge.

**Mr DAVID SHOEBRIDGE:** Why don't we have one in Sydney, Minister?

**Mr PAUL TOOLE:** I made it very clear. If you look at the priorities that are identified in some of these regional areas, their priorities are quite different. They are priorities around transport. They are priorities around water.

**Mr DAVID SHOEBRIDGE:** Are you saying there are no priorities around transport in Sydney? Is that seriously your evidence?

**Mr PAUL TOOLE:** No, what I am saying is that what we are seeing in regional areas is the fact that these are some of the regional collab—

**Mr DAVID SHOEBRIDGE:** But I asked you about Sydney.

**Mr PAUL TOOLE:** If I could just finish.

**Mr DAVID SHOEBRIDGE:** Sydney.

**Mr PAUL TOOLE:** Let me say, in Sydney the panel made it very clear that mergers were preferred in Sydney. The Independent Local Government Review Panel indicated that mergers were the preferred option in

## CORRECTED

Sydney. The New South Wales Government also made a record investment of \$5.3 million for joint organisations to occur in regional communities across New South Wales. That is why, as well, a significant financial package of a billion dollars—\$258 million on the table for mergers—was put there to support councils with the changes that they needed.

**Mr DAVID SHOEBRIDGE:** You know there has never, ever been a rational reason put forward to not have joint organisations in Sydney? Simply repeating the mantra from the Independent Local Government Review Panel does not answer it. What is the rational reason you are going to put before this Committee to say that there should not be joint organisational models in Sydney?

**Mr PAUL TOOLE:** Well, I will ask you the question—

**Mr DAVID SHOEBRIDGE:** No. Answer the question. You do not ask the question.

**Mr PAUL TOOLE:** No, I will ask you. In Sydney there are 41 councils. The independent panel indicated there are far too many councils in Sydney. This is not the first time we have seen a report like this. We have seen it from the royal commission of 1940, the Barnett report, the Stokes inquiry, and the independent panel all said that there are too many councils. We also know that if you go down the Parramatta Road there are 10 councils. We also know that if you go through the city—

**Mr DAVID SHOEBRIDGE:** Could you answer my question about joint organisations, Minister?

**Mr PAUL TOOLE:** Have a look at the Sydney Airport. Sydney Airport is split by three council areas. You go and tell the communities. We can travel, what, 20 kilometres and we can nearly go through 35 local government areas.

**The Hon. PETER PRIMROSE:** He just does not know.

**The Hon. SHAOQUETT MOSELMANE:** He does not answer the question.

**Mr PAUL TOOLE:** It is.

**Mr DAVID SHOEBRIDGE:** Do you know what joint organisations are?

**Mr PAUL TOOLE:** I know exactly what they are.

**Mr DAVID SHOEBRIDGE:** All right. Could you answer my question, Minister?

**Mr PAUL TOOLE:** I can say to you—

**Mr DAVID SHOEBRIDGE:** Answer my question.

**Mr PAUL TOOLE:** —that as a part of it I am really pleased with the work that has been undertaken by communities across this State. Let me point out, though—

**Mr DAVID SHOEBRIDGE:** So why not give them a statutory framework where they can operate in Sydney?

**The Hon. BEN FRANKLIN:** Point of order: I understand what Mr Shoebridge is trying to do.

**Mr DAVID SHOEBRIDGE:** Get an answer.

**The Hon. BEN FRANKLIN:** But I think he is going to be much more successful if he does not ask a question every five seconds.

**CHAIR:** I remind the member that time is very short on this occasion, if you would rather go to another question—or the Minister may continue to answer the question.

**The Hon. PETER PRIMROSE:** He does not know.

**Mr DAVID SHOEBRIDGE:** Why won't you let joint organisations be a model for Sydney?

**Mr PAUL TOOLE:** I point out as well, we do see that there is a proposal for a joint regional authority. There is one that is being put forward by Ryde, Hunters Hill and Lane Cove. As a part of that process, IPART will also be assessing that proposal that is being put forward. It will be assessed and I look forward to seeing that report come back in October of this year to deem whether that council is fit or unfit. And I know that that proposal has been put in as a part of it. We also know that, if you have a look at it, people are telling me there is duplication. They are telling me that it is overgoverned and there is lots of bureaucracy. They tell me they do not want another layer of government in the Sydney councils.

**Mr DAVID SHOEBRIDGE:** Minister, you said, "Bigger is better." By number of residents, what is the biggest council in New South Wales?

**Mr PAUL TOOLE:** Well, we have got Blacktown—

**Mr DAVID SHOEBRIDGE:** A simple question.

**Mr PAUL TOOLE:** Blacktown.

**Mr DAVID SHOEBRIDGE:** So if bigger is better, you will no doubt tell me that Blacktown is operating on a surplus. Is that your evidence?

**Mr PAUL TOOLE:** What I will say is: I applaud the work that the councillors of Blacktown do on behalf of their community.

**Mr DAVID SHOEBRIDGE:** Is it operating on a surplus or a deficit?

**Mr PAUL TOOLE:** And I hear from that community that they are pleased with what their council is doing, and they are pleased with the services they are being provided with. But we will not rest upon those laurels and ensure that councils are not going to be continually supported.

**Mr DAVID SHOEBRIDGE:** Is it operating on a surplus or a deficit?

**Mr PAUL TOOLE:** I will say to you, you are talking about scale and capacity now for councils—

**Mr DAVID SHOEBRIDGE:** No, I am asking about the operating surplus or deficit of the biggest council. You said, "Bigger is better." Blacktown is the biggest. Is it in deficit or surplus?

**Mr PAUL TOOLE:** Look, I am going to point out—

**Mr DAVID SHOEBRIDGE:** Do you not know?

**Mr PAUL TOOLE:** There are 152 councils in New South Wales.

**Mr DAVID SHOEBRIDGE:** I am asking you about the biggest.

**Mr PAUL TOOLE:** I will ask you about each of them.

**Mr DAVID SHOEBRIDGE:** I am asking you about the biggest. You do not know.

**The Hon. BEN FRANKLIN:** Point of order: Mr Shoebridge has asked a question. The Minister is trying to answer it—

**The Hon. SHAOQUETT MOSELMANE:** No, he is not.

**The Hon. PETER PRIMROSE:** No, he is not.

**The Hon. BEN FRANKLIN:** —but failing because Mr Shoebridge keeps yelling at him.

**The Hon. PETER PRIMROSE:** He is treating the Committee with contempt.

## CORRECTED

**CHAIR:** I do not uphold the point of order. I think Mr Shoebridge is asking a relevant, reasonable question. Minister, if you do not know the answer, you can take it on notice, but if you do know the answer it might be wise to give it.

**Mr PAUL TOOLE:** Mr Shoebridge, there is no one size fits all.

**Mr DAVID SHOEBRIDGE:** No. How long have you been Minister?

**Mr PAUL TOOLE:** As I say to you, it is not about population size; it is not about budget—

**Mr DAVID SHOEBRIDGE:** What is the point of bringing a special adviser if you cannot even get that answer out of them?

**Mr PAUL TOOLE:** —it is not about geographical area. The panel looked at the unique characteristics of each of the areas that are being proposed.

**Mr DAVID SHOEBRIDGE:** I will let you know, Minister, that it is in deficit. It is in deficit.

**Mr PAUL TOOLE:** It is about—

**Mr DAVID SHOEBRIDGE:** The biggest council is in deficit, so your argument about "bigger is better" for financial is just false.

**Mr PAUL TOOLE:** —having councils that have the revenue, the skills, the leadership—

**The Hon. BEN FRANKLIN:** Point of order—

**Mr DAVID SHOEBRIDGE:** You know it is false and all this verbiage takes you nowhere.

**Mr PAUL TOOLE:** —and the planning to deliver better services, more infrastructure and value for money—

**CHAIR:** Order! There is a point of order.

**The Hon. BEN FRANKLIN:** I thought that I heard a timer go off, meaning that the questioner's time has expired.

**CHAIR:** Time has expired. I remind members that interjections are disorderly at all times.

**Mr DAVID SHOEBRIDGE:** So is that nonsense from the Minister. He is embarrassing the office.

**CHAIR:** Whether you like it or not, the witness has a right to answer the question as they see fit. If you do not like the answers, you can pursue that at another time and I would suggest budget estimates might be an appropriate forum.

**Mr DAVID SHOEBRIDGE:** With all due respect, Mr Chair, the Minister has an obligation to answer one question—just one question.

**The Hon. CATHERINE CUSACK:** Point of order—

**CHAIR:** You will be taking up the Hon. Robert Borsak's time. Start the clock.

**The Hon. ROBERT BORSAK:** I have not been interjecting. Minister, you talk about scale being very important. I just heard you say something interesting—that you did not want another layer of bureaucracy inflicted on councils. What then is going to be the future role for the Greater Sydney Commission? How is that going to fit in? This thing has been thrown out there. You are saying at the same time you are not interested in having regional organisations of councils [ROCs] for the city of Sydney, yet here we have something that is just hanging out there in the ether. What is its role going to be?

## CORRECTED

**Mr PAUL TOOLE:** The Greater Sydney Commission and the reform of local government do work hand in hand. When you are looking at Sydney, there are 41 councils. The independent panel says that there are far too many councils when it comes to dealing with the housing, the jobs and the transport across Sydney. Over the next 20 years we are going to see Sydney grow by an additional two million people.

**The Hon. ROBERT BORSAK:** I understand that, but what is the role? I mean, is it another layer of bureaucracy? What is the Government's intention for that organisation?

**Mr PAUL TOOLE:** It is still yet to be identified clearly as to the role of the Greater Sydney Commission, but it is about planning across regions when it comes to transport networks and providing housing and jobs into the future. As I said, we have to be aware that Sydney is going to grow by two million people over the next 20 years. We have to be in a position to be able to accommodate that growth and those pressures that are going to be placed on a global city like Sydney.

**The Hon. ROBERT BORSAK:** Okay. So the Government has not really fleshed out its primary role and how it is going to relate to local government, whether councils are amalgamated or not.

**Mr DAVID SHOEBRIDGE:** It is as likely to be foot in mouth as hand in hand.

**Mr PAUL TOOLE:** The Greater Sydney Commission is going to help plan for the city's future. We will have to await the details, but you cannot plan when there are 41 councils around the table with different proposals being put forward.

**The Hon. ROBERT BORSAK:** You were asked some questions about the financial situation in all the councils. I have seen the local government reporting in other countries—in France, for example—and I have had a look at some of the financial statements of various councils around the State. Everyone is throwing their hands up at changed accounting standards and all that sort of stuff. Would it not be the simplest thing in the world to put a stock standard reporting format in place for local government and have them report to it?

You are talking about the Government auditor coming in to audit them all now. That is good, but that is really getting in at the tail end of the exercise. What you should be doing is putting a standard reporting format in for every council so everyone clearly understands what accounting standards they have to meet and what goes in each hole, should you not? It makes it very easy then to aggregate all the numbers so there will not be any confusion—whether it is a million dollars a day lost or whatever. Why would the Government not do something like that?

**Mr PAUL TOOLE:** It is very important that, as you said, we do need the Auditor-General to come in. Councils are telling me that how they report is quite different to how their neighbour might be reporting, so this is going to standardise that process. It is going to see auditing of special schedule 7. It is going to ensure that we are going to see auditing taking place evenly across the board. I hear people telling me, "Let's fix council's financial position." And what do they tell me? In some areas the councils tell me that the way to do this—the easy way out—is to raise rates. They say the easy way to do this is raise rates—remove the rate capping that is put on councils in the State. I have to say that, if you are doing hard reform and you are doing real reform, that is not the way to go about it. That is the easy way out. What concerns me is that we have to make sure that communities can afford to pay increases in rates, and that is not the answer to councils' finances here in New South Wales.

**The Hon. ROBERT BORSAK:** With respect, Minister, that is not where I was going. I was talking about boring old accounting standards—if you just keep things on a single line item; if it says "depreciation", it is depreciation. And you set the rate of depreciation—it does not matter whether it is a dirt road, a local pool or whatever. That is just it. Then, from a reporting point of view, one size does fit all. On the issue of Fit for the Future, where did the Fit for the Future solvency criteria come from? I listened to and talked to a lot of councillors during the last election campaign, and there seems to be solid confusion out there as to not only the appropriateness of those criteria but also the timeliness of them.

**Mr PAUL TOOLE:** The New South Wales Government released a set of criteria and benchmarks to help council determine if they can continue to be able to meet the needs and expectations of their communities into the future. The criteria were developed to reflect our four key strategic directions for local government reform: scale and capacity, sustainability, ability to deliver services, infrastructure and efficiency. These criteria were developed with reference to the findings of the Independent Local Government Review Panel, Local

## CORRECTED

Government Infrastructure Audit, the TCorp sustainability report and the accounting code. They provide a consistent, fair and transparent way to judge councils' progress using the best data available to all councils.

**The Hon. BEN FRANKLIN:** Thank you for being with us today, Minister. We have obviously travelled this morning from Cobar where we heard some evidence from Far West councils. There has been a lot of focus on the Sydney councils in this debate but I am interested in your views about how you believe the Fit for the Future model actually benefits regional communities.

**Mr PAUL TOOLE:** Can I just say very importantly as well that here in New South Wales when the Government announced its Fit for the Future reform package it was a \$1 billion investment into the State of New South Wales to support local councils. As a part of it the Government said that there is no one size fits all. It recognised the unique differences between the metropolitan councils, the difference in regional and rural councils and those councils in the Far West. As a part of it I need to point out that we are looking at joint organisations being established around the State of New South Wales. Those five pilot joint organisations are seeing some regional collaboration occurring. There are large projects across the region that are taking place in relation to water and in relation to transport and I think it clearly identifies that it does not end at a council boundary. These projects that we are seeing take place now are in central New South Wales, they are in the Hunter and they are in the Illawarra, Riverina and Namoi areas.

As a part of it the councils in the Far West of the State do not have to actually put in a submission. So they were excluded. The reason they were excluded is the fact that they are recognised as being quite unique. Where they are, they cover large geographical areas and they have got declining populations. They have also got a large Aboriginal community to deal with as well. So we have said that more work needs to be done in relation to those communities in the Far West. Only last week I rang those mayors and general managers and actually told them about an advisory committee that is to be established in the very near future. That advisory committee is going to work alongside of State agencies, Federal agencies and non-government organisations to ensure that we can look at a better governance model and a better level of service delivery for those communities in the Far West.

We can all talk about financial sustainability but have a look at one of those councils in the Far West. I mean, Central Darling is so unique in the fact that 93 per cent of its income actually comes from grants. You have got 7 per cent that they collect from rates. So we have to have a different model for those councils in the Far West. As a part of that as well and for rural councils across New South Wales we have got our \$4 million innovation fund. As I am moving around I am hearing councils now telling me about some great initiatives that they are going to put in. They can apply for projects up to \$150,000. If they are doing it in collaboration with other councils across the State they can put in for a project up to \$400,000. When I spoke to the councils on the phone the other day in the Far West one of the projects that they are talking about, which I really applaud and congratulate them on, is the fact that they are talking about tele or video conferencing so they can actually communicate with one another. What a great way if we are actually going to take a step forward and support those communities in that particular area.

As a part of it we have committed as well to a State financing authority. One of the big programs in the past that was valued by councils across New South Wales was the fact that we had our Local Infrastructure Renewal Scheme. This was where councils were able to borrow at a lower interest rate and I think we saw \$120 million being borrowed out to councils. It actually equated to about \$1 billion worth of infrastructure occurring in New South Wales. As a part of that the council said, "This is a great program, Minister. We want this program to continue." I have got to say as the Minister we are looking at establishing a State financing authority. Our State financing authority is going to ensure that councils can borrow for infrastructure that is needed in their local areas. If we have a look at current borrowings now this could equate to \$600 million in savings to those councils.

But the other important fact is that when they took out the Local Infrastructure Renewal Scheme they were talking about it over only a 10-year period. We are now talking about extending this out for a period which takes in depreciation and it takes in considerations around paying back that loan and putting it out to 20 years. That is an important process and important work that is being done with Treasury and TCorp in ensuring that councils can benefit from that. As a part of it at the moment there is a document out there for all councils across the State for reviewing of their rates and their compliance and burden on them as well. It is an opportunity for councils to say which things they can change and which things that they would like to be put back in to ensure that they can do the job effectively on behalf of the communities that they represent. We have said after the

# CORRECTED

Independent Pricing and Regulatory Tribunal [IPART] report later in the year the rating review will go out as well. This will be an opportunity for councils to review the rating system in this State.

The other thing I want to point out is the fact that when we talk about regional communities, these communities do have unique challenges as well as a part of what they are looking for. I was saying before about my experience when I saw Bathurst and Evans merging at that particular time. Here the bigger council actually saw all villages in my particular area at that time—a commitment to actually seal roads to every village in that community. We saw timber bridges that could not be replaced, all of a sudden, because of the scale and capacity and the larger council, they were able to upgrade those bridges. I was saying before about Tamworth. There was \$27 million worth of water projects that took place there. Some of those projects allowed them to do large-scale projects, water supply projects into Narrabri and some of those other smaller communities which were neglected for a long period of time. It also allowed them to have a greater skills base when it came to seeking applications for future grants as needed as a part of that particular community.

There are many benefits there. I think too we sometimes talk about the mergers only when you can quite clearly see that the Government has been out there working with councils across New South Wales to ensure that it is more than mergers, it was about ensuring that councils have a strong voice because we need councils to be strong. Make no bones about it, we need councils to be strong because when councils are strong so are the communities that they represent. They are getting the services and they are getting the infrastructure that they both need and deserve.

**The Hon. BEN FRANKLIN:** Thank you very much for that answer. A number of the witnesses have raised questions about the process regarding Fit for the Future. I was wondering if we can hear from the horse's mouth what feedback you have had regarding the Fit for the Future process.

**Mr PAUL TOOLE:** I make it very clear that as we have been going around I have to say that I am disappointed. I am not going to sit here and say I am not disappointed that more councils have not put in for a merger proposal.

**Mr DAVID SHOEBRIDGE:** Four.

**Mr PAUL TOOLE:** I am not going to say that the Premier is not disappointed. He is on the record for saying that he is disappointed. I am also going to point out that the President of Local Government New South Wales also said in a meeting with the Premier last week that he is disappointed. He thought more councils would have come on board and supported this.

**Mr DAVID SHOEBRIDGE:** So you are verballing Keith Rhoades?

**Mr PAUL TOOLE:** I remember that through this process councils asked for financial incentives. That is a record amount of money that has been put on the table to support councils when it comes to mergers in this State.

**Mr DAVID SHOEBRIDGE:** They rejected you.

**Mr PAUL TOOLE:** I want to point out as well that councils are telling me that it has been a very positive process. I have got some letters here that I would like to put on the record as well as being very clear—

**CHAIR:** Do you want to table those?

**Mr PAUL TOOLE:** I will table them, Mr Chair. We have:

The Deniliquin Council wishes to acknowledge the significant opportunities which are made available for New South Wales Councils to become sustainable through the Fit for the Future Initiative.

Unfortunately it is very disappointing that most Councils have not taken the opportunity to acknowledge their current poor economic position and have ignored the predicted future economic environment for all government and not-for-profit industries.

We have one here from Temora:

Temora Shire Council would like to congratulate the State Government on the manner in which the Fit for the Future process has developed and been implemented. Change is not a comfortable process however the local government sector required reform to achieve long term sustainability.



# CORRECTED

We were particularly impressed by the rejection of a "one size fits all" approach to this process.

From Harden:

It is very clear that you have a mighty task ahead in dealing with many parochial, self-centred and narrow minded individuals, who put their personal interests ahead of the interests of their Communities. Most appear unable to project ahead and understand merging is not for now, it is for the future, hence FFTF.

Can I just point out too that these are not issues, as I have said before, that we are dealing with here today; these are longstanding issues that have been here for decades. As I said at the start of my opening statement, everyone has put it in the too-hard basket. Everyone has put it in the too-hard basket because they have not wanted to address the situation that we have got for councils in New South Wales. I applaud the councils that have shown leadership. I applaud those councils who want reform to happen. I think it is important though that when councils say that it has been poorly handled or there are no benefits to the community that is clearly not what this package has indicated as a part of this process. A billion dollars—if you have a look at what was put on the table with other States we saw Western Australia put \$15 million on the table. We saw Queensland with a package of about \$30 million. So there is a stark difference between \$1 billion and what those other States have put forward in the past.

I need to point out there is a very stark difference between what Labor did in 2004 to what we are seeing today. This has been a genuine partnership that began back in 2011. We have had 4½ years of consultation in this process. In 2004 what we saw from Labor at the time was there was a fax that went through the machine and it dismissed all those councils across the State of New South Wales. There were no financial incentives. There was no support for councils. What we have done is we have got a \$1 billion package on the table. We have also put up money so that transitional committees can be established and set up to go through this process. The money is there as well for regional joint organisations. But as a part of this process we have also had the Office of Local Government geared up and ready to offer support as well. We have had relationship managers that have been working with councils. We have continually held workshops across the State of New South Wales to ensure that councils have been given the correct information.

Whilst we are seeing these changes we are seeing facilitators working with councils across the State and there has been money put forward for councils to actually do business cases. Fifty per cent was supported by the Government to councils to actually put business cases on the table. Unfortunately, self-interest has gotten in the way—

**Mr DAVID SHOEBRIDGE:** Or they listened to their residents.

**Mr PAUL TOOLE:** —of a number of those proposals.

**Mr DAVID SHOEBRIDGE:** "Self-interest", that is an insult to local government, Minister.

**Mr PAUL TOOLE:** Self-interest has gotten in the way.

**Mr DAVID SHOEBRIDGE:** They listened to their residents.

**The Hon. BEN FRANKLIN:** Point of order—

**Mr DAVID SHOEBRIDGE:** You are grossly insulting local government, like you do time and time again. You should not be the Minister of a sector you insult.

**CHAIR:** Order! Mr Shoebridge, you are out of order. You cannot attack the Minister from the side. You had your time for questions. The Government has the same amount of time.

**Mr DAVID SHOEBRIDGE:** He is continually insulting the local government sector.

**Mr PAUL TOOLE:** What is disappointing is the fact that I remember on 14 September last year we had not even got through the announcement of the Fit for the Future package and there was Holroyd council with "Hands Off Holroyd" and running a campaign right from day one saying that they did not want to engage in the process. I hear The Greens member here yelling out at the moment, but I will tell you what his answer to

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councils across the State is. His answer is to remove rate pegging and to jack up rates for communities. You cannot use mums and dads and families and pensioners as an ATM.

**Mr DAVID SHOEBRIDGE:** Your answer is to amalgamate them into ever bigger, ever larger non-local government entities.

**Mr PAUL TOOLE:** You want to keep asking them to put their hand in their pocket and to keep digging deeply just to pay for the finances of councils.

**Mr DAVID SHOEBRIDGE:** I will have a fair debate with you one day when you have got time.

**The Hon. BEN FRANKLIN:** Point of order: Mr Chair, you have ruled on a number of occasions that interjections are disorderly but we keep hearing them. I would ask you once again to reinforce your ruling.

**CHAIR:** I acknowledge that this is a debate that is very passionate in people's hearts but we are meant to be honourable members. I ask you to respect the Minister and the office of the Minister and have that debate at another time. At this point in time it is the Government's time for questions.

**The Hon. BEN FRANKLIN:** I ask one final question. You talked about consultation and there has certainly been some concerns raised about the consultation process from some witnesses with us. I was wondering if you can please put on the record the consultation that has actually occurred with local government councillors and so forth as well as the community.

**Mr PAUL TOOLE:** Thanks, Ben. Since 2011, the New South Wales Government has been committed to working in partnership with councils and communities to deliver much-needed local government reform. Consultation began in Dubbo at Destination 2036, where all councils came together to identify the challenges facing this sector. All councils agreed that change is needed in the local government sector. Councils were consulted on the outcomes reported from this event and the subsequent action plan. Many were part of working groups that looked at key reform issues, such as models of service delivery and collaboration that informed the work of the independent panel. Over a two-year period the panel held face-to-face discussions across the State with councils, community organisations, businesses, and local ratepayers and residents about their councils. This involved three rounds of consultation, face-to-face discussions and hundreds of submissions. The New South Wales Government published the final report of the independent panel for public consultation. The Fit for the Future reform program was developed, taking into account extensive community consultation, undertaken by both the independent local review panel and Government.

The Government has asked councils to continue an open, honest dialogue with the community to ensure that the local government sector is well placed to meet their needs as residents and ratepayers in the future. We have asked councils to consult their local communities through a genuine process, which provides information on the cost and benefits of available options. For those councils that were considering a merger, a minimum 28-day exhibition period applied. This builds on existing processes. Councils consult their communities under integrated planning and reporting already and, as councils know, it is appropriate that consultation varies according to the history, geography and demography of each local government area. It is disappointing that some councils have undertaken push polling and provided the community with misinformation. The Hands-Off Holroyd council-ran campaign began at the same time as the Fit for the Future package was launched and talked about services such as libraries being cut, despite the fact that the neighbouring councils spent more per head. City of Canterbury council misrepresented the rates bill to imply that rates would go up significantly under a merger.

Interested members of local communities also had the opportunity to provide comment for the Independent Pricing and Regulatory Tribunal during the assessment process. A small number of residents and ratepayers have taken the opportunity to put forward their views. In many of the councils that argued to stand-alone based on their community's views, the number of responses was miniscule. Just five people from the City of Ryde currently running the Ryde say no campaign responded to IPART. Less than 10 residents responded to IPART in most councils where a merger was recommended by the independent panel. There has been considerable public and council consultation of four years. Many councils privately are now telling me to get on with the job. The number of responses to IPART would suggest this is not an issue that keeps people awake at night, despite what councils suggest. I make that point: As I meet with councils and mayors now, they tell me, "Minister, you need to get on with it. This is something that is overdue. We are sorry that we cannot actually put

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a submission in that is different to what you are seeing. One, because maybe our neighbours did not talk to us", and, two—

**Mr DAVID SHOEBRIDGE:** Which councils?

**The Hon. PETER PRIMROSE:** Name them.

**Mr DAVID SHOEBRIDGE:** Name them.

**Mr PAUL TOOLE:** —because they are saying that their council is not there.

**The Hon. PETER PRIMROSE:** Name them; you just verbalised Keith Rhoades.

**Mr PAUL TOOLE:** The Government remains committed to consultation and is planning to continue to consult the community on specific elements of its broader reforms to the whole local government sector.

**Mr DAVID SHOEBRIDGE:** Name these anonymous councils, Minister.

**Mr PAUL TOOLE:** This will include consultation on a new Local Government Act as well as upcoming IPART reviews. Mr Chair, can I point out that, as a part of it, I am here for the community at the end of the day—

**The Hon. SHAOQUETT MOSELMANE:** So are we.

**Mr PAUL TOOLE:** —because having been a councillor, having been in local government, I want to make sure that communities are represented. I am concerned how we have gone out over the past two years. There have been 52 councils that have applied for special rate variations. As I said, you cannot keep asking, mums, dads, pensioners and families to keep putting their hands deep in their pockets, using them like an automatic teller machine [ATM]—

**The Hon. PETER PRIMROSE:** What about financial assistance grants?

**Mr PAUL TOOLE:** —to keep getting money out of them.

**Mr DAVID SHOEBRIDGE:** You know we have the lowest rates in the country, or do you not know that?

**Mr PAUL TOOLE:** The problem I have—

**Mr DAVID SHOEBRIDGE:** The lowest rates in the country.

**Mr PAUL TOOLE:** It is all right for The Greens candidate. He might be able to say it is all right because I know when he sat on council he was the person who actually recommended a special rate variation of up to 30 per cent for his residents of Woollahra. It might be all right for the residents of Woollahra—

**Mr DAVID SHOEBRIDGE:** At least your special adviser has been busy.

**Mr PAUL TOOLE:** —to pay for the increases in rates but it certainly is not the case in other parts of New South Wales where those families and those communities are struggling to pay for those increases.

**The Hon. CATHERINE CUSACK:** Hear, hear!

**The Hon. PETER PRIMROSE:** You still will not table those letters to the Commonwealth Government about FAGs, will you?

**Mr PAUL TOOLE:** I make the point also that Local Government Professionals Australia, as part of your inquiry, see the solution—get rid of rate pegging. We have to ensure that there are protections out there for our communities. I hear that—

**Mr DAVID SHOEBRIDGE:** And refocus FAGs.

**The Hon. SHAOQUETT MOSELMANE:** Do you know that 85 per cent of people do not want an amalgamation?

**Mr PAUL TOOLE:** —they said it is all about financial economies, a financial basis. But what were the top three things that they actually turned around and said should happen? Get rid of rate pegging and get rid of the consultation process when we go out there, and do special rate variations.

**CHAIR:** Minister, you will need to conclude.

**Mr PAUL TOOLE:** We need to make sure that we protect our communities.

**CHAIR:** Minister, unfortunately our time is up. I think we would all like to go another round.

**The Hon. PETER PRIMROSE:** We will.

**CHAIR:** We appreciate the community is here to speak as well. Can I say briefly that as we have been travelling around, most councils have been happy to do a stocktake? All of them have said they do not mind taking a look at themselves. Secondly, I ask you table the letter from TCorp to the Office of Local Government about losing \$1 million a day. Thirdly, I ask you to take on notice how you explain the efficient assessment of 144 councils over 12 weeks in terms of the applications to IPART. If there are further questions, members can put them on notice in the next 24 hours. Outside that, you have 21 days to table any documents. The secretariat will be glad to help you with that. Once again, I thank you and Ms Moffatt for presenting today. It was very important for the credibility of your reform and this inquiry that you front up and I appreciate that you have. We look forward to round two at budget estimates. Until then, we will adjourn while we call the next witnesses.

**(The witness withdrew)**

**(Short adjournment)**