

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE NO. 6

**PUBLIC FORUM INTO LOCAL GOVERNMENT IN
NEW SOUTH WALES**

At Armidale on Tuesday 18 August 2015

The Committee met at 3.40 p.m.

PRESENT

The Hon. P. Green (Chair)

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

CHAIR: I will commence by outlining some procedural matters. Speakers were required to register for today's forum. Those of you who have registered to speak will have five minutes to address the Committee. A timer will ring at four minutes to let you know that you are nearing the end of your time. Another timer will ring at five minutes, at which point you must finish your comments. In order to be fair to other speakers, the Committee will be strict in enforcing the five-minute time limit. If a speaker is unable to finish his or her speech the speaker can request to incorporate the remainder of his or her speech into the transcript of proceedings, assuming that the speaker has a written statement, and the part that has not been read will be included in the record of tonight's proceedings.

What is said today is being recorded. That recording will be later transcribed and will become part of a public record. The transcript will be made publicly available and will be posted on the Committee's website. I remind speakers that the freedom afforded to witnesses by parliamentary privilege is not intended to provide an opportunity to make adverse reflections about specific individuals or organisations. Speakers are asked to avoid making critical comments about specific individuals or organisations. Instead, speakers should speak about the general issues of concern and how it affects him or her. I request that members of the audience refrain from making any comments or excessive noise during the proceedings. Interruptions from the audience are not recorded in the transcript and make it difficult for speakers to communicate with the Committee. Whether you agree or disagree, I ask the audience to pay respect to the speakers and let them be heard in silence.

CAMERON WAY, having been sworn: I am a ratepayer. I was interested in the Fit for the Future [FFF] process, as a ratepayer and I think I am probably, out of all ratepayers on the Tablelands, the person who has probably taken the most interest. I have read through probably all the past research. My history is, I grew up in Sydney, moved to Armidale in 1988. I have lived in Armidale, done things in Armidale. I now live in Guyra shire, in a small regional village of Ben Lomond. I shop in Glen Innes. I am hoping to get a \$5 million project in Uralla, so I have talked to lots of councils. I have been active in rejuvenating Ben Lomond, I am one of the key players that has rejuvenated Ben Lomond and turned it around from a dying, small village, to a very successful proactive village. In fact, some of the councillors have been a bit embarrassed when I have been ahead of the curve on laws and planning changes and they have had to catch up with us.

Unfortunately, I have a disability where sometimes I cannot write for three or four months. It comes and goes. So I really wanted to put all of my stuff, having read all the work, to try and support government to make their decisions. So that is where I am at. I just want to make one comment too. I just came in and heard you mention about the social infrastructure in regional Australia. I just want to reaffirm that point. I agree, we are having a lot of big agricultural industry taking up properties. The families are the ones who provided the social infrastructure, so you are looking at a problem like fly-in fly-out workers in regional Australia and I am very concerned about it.

Now, with the overall process with the FFF, I am really disappointed because, up in the Northern Tablelands it has degenerated into basically another amalgamation move. And that completely misses a lot of the real opportunities for rural reform in all the FFF work and all the research that goes behind it. When I travel around I speak to ratepayers just on the street everywhere—so I do my own little polling, if you like. And I have yet to meet a ratepayer on the street, in any of the shires other than Guyra, when I mention FFF and they go, "Oh right, I know what is happening". They just eventually go, "Oh, you are talking about the amalgamation thing?" and I go, "Right". There has been, partly because of the rush, a complete lack of opportunity for ratepayers to really be informed and, on one sense, the reform is meant to be about people like me and us.

My head is a bit blurry today, so I am going to have to just collect my thoughts. The first point is, I am very frustrated that the full benefits of the FFF are not going to be realised if we just boil it down to an amalgamation. What I would like to see happen and what I think, without summarising my reasons for it, parochialism in local councils, like State Governments, one government to another, is a strong factor. Some of it is unhealthy but some of it is for a very good reason. I am getting nervous and losing my thoughts—give me a second. So the way I think that the good reform can happen over the Tablelands is to evolve towards a regional council over ten or 20 years and to focus on what, in the background research—

[Interruption to sound recording.]

CHAIR: We will restart the clock.

Mr WAY: Basically, what I want to say is, I think the way for the Northern Tablelands is to work towards inter-council agreements. For example, when your plant and equipment gets hired from Tamworth, it is

brought to Guyra; it gets taken back and then Armidale goes down to hire it. I have all the details of that. I also find, looking at efficiency, some of the metrics are missing. For example, if you review all the councils, you can easily get a nice timetable of their community consultation program. I know in this process Guyra, I think, really has consulted, partly because we drove them as a small community and said, "Go out and talk to the councils; this is what we want".

But the metric you need to look for, for example, to relook at small council efficiency, is things like when it comes to community consultation, does a ratepayer feel it is worthwhile turning up in the first place? Do they feel, if they turn up, that it is worth them putting an input? I know, for Guyra, we have developed a very good relationship. Through Ben Lomond, we educated our local people on the realities of local government, what they can and cannot do, so we got rid of the council-bashing element and we educated and started to develop a good, positive relationship and we have gone ahead ever since.

CHAIR: If you can conclude your summarising statement.

Mr WAY: Also too, another metric you need to look at is, when a business comes, how accessible is the council to actually make it worthwhile to keep engaging and not go through six months of paper work? Sometimes small councils are very, very efficient. So I just want to say that you cannot judge the performance of a council currently on its current economic performance. Shires like Guyra were locked into very low rates when rate-pegging came in. Now, I have had councils that have acknowledged that rate-pegging has forced better efficiency in local government, but it is time to end. The point is, you cannot judge that.

MARGARET O'CONNOR, having been sworn: I am a councillor on the Armidale Dumaresq Council. I thank the Committee for hearing us in public. You will note that there are more women in front of you today in the public forum and two elected women in front of you, whereas there were only two in the whole of all your previous sessions. I think you should take note of the fact that there is a problem with the representation and the diversity. There are no Aboriginal people, there are no young people before you and there are no people of other races, of whom we have many in Armidale. I am sorry, except for Honey, who might claim that, but he has been a local so long it does not matter. But I really want you to note that because there is an underlying problem here.

Now I am going to mention the unmentionable which is what I call volunteerism on steroids, when you talk about local government and locally elected councillors. This report, "Revitalising Local Government" is redolent with terms about "professionalising", "transforming relationships", "more respect", "partnership", "correlation between state plans and local plans", and the high degree of respect that the community has towards their elected councillors. But I say that there is one thing that creates respect and that is money. I know it is considered a terribly self-serving thing to talk about remuneration but, in fact, the Sansom Report does talk about remuneration and it makes one comment only, which is that the remuneration for councillors should be increased, if they go and do some professional development programs. I do not know the status of that recommendation, but I know it was howled down in Tamworth when it was put to local councillors there on a regional basis.

So I am not speaking for other councillors, I am speaking on my own behalf but also, I believe as a business person, someone who has never not paid an employee when they do work. The amount of work that we do, I would like to point out that I sit on about 12 committees that relate to the services that a regional hub city like Armidale Dumaresq has to provide. The services we provide are: A large regional airport holding a national heritage collection; we have the sewer treatment works; the water supply dam and three other privately owned dams which has brought us into conflict with the Dam Safety Committee. We have a land fill that we manage and we are building a new one; we have 600 kilometres, approximately, of sealed roads and 1,200 of unsealed and we have just taken on the Kempsey Road, as you have heard.

We have a regional tourism campaign; we are a university town with a visiting student population and overseas students who bring their own difficulties. We have got refugee populations here; and a large diversity of people from other countries on a permanent and temporary basis; we do substantial resettlement; we are members of the Evocities group; we have economic development responsibilities; and we have just, almost successfully, managed the first national roll-out for a mainland city of the NBN and we are now tasked with digitally educating our businesses and we are successful in doing that. Part of that is an additional committee that I sit on, which is the Digital Economy Implementation group. You know that we all have iPads—I will go on with the things that we do.

We are trying to attract decentralisation, because our population has been stagnant until the last few years, at one per cent minus or plus growth. We are now up to plus two per cent growth per annum, which is a huge achievement for us. We have doubled our growth in the last three years but that has been by dint of a huge amount of hard work. We have just recently hosted a delegation from the Australian Pesticides and Veterinary Medicines Authority [APVMA], to try and attract our first decentralisation, which is 180 jobs. Now, for all this, I am paid \$5 an hour. This is not an easy job. I have calculated the hours that I spent in the last weeks doing all the things that professor Sansom recommends we do. You cannot not pay us for the work we do. That does not include reading—all the preliminary reading and all the communication.

So I would also, before I finish, hand up a list which my General Manager handed to me about the shared services that we undertake with Uralla Council, so that the Committee has them. We also have 231 full-time employees which I think was a matter of some query before. Five minutes is not enough time to explain the partnership expectations that this report has. I totally support joint organisations [JOs], I support the idea of modernising local government, but you cannot ask elected people, who share the respect of the community, to do it at \$5 an hour. It is not fair.

Document, list re shared services with Uralla Council, tabled.

MARIA HITCHCOCK, having been sworn: It is said that if something isn't broken, don't fix it. As chairman of the Armidale Dumaresq Ratepayers Association, I believe that the system of local government in New South Wales is broken and needs urgent reform. Amalgamation is not the answer. Over the past few years we have seen councils being required to act as businesses, to generate sufficient revenue for their operating costs, to attract the appropriate grants and to conduct themselves as fully professional, competitive organisations. The roles of councils and their requirements are becoming more and more complex. As they strive to service the needs of residents, the expectations of councils are very high.

Businesses that want to operate successfully in the 21st century employ highly qualified graduates and trainees with the ability to manage their jobs confidently. Employees who do not shape up soon see themselves being sacked; not so for councils. While the New South Wales Government expects councils to act as competent and competitive businesses, the reality, especially in regional areas, is often the opposite. For here the Peter principle reigns supreme. Because of the nature of council employment regulations, employees gradually rise to the top of their departments—based on seniority, not on merit—in other words, the Public Service model. There is no motivation to do the best job they can because their jobs are safe, regardless of what kind of shoddy decisions they make. They also pay lip service to the concept of community consultation and councillors are seen to be doing the bidding of senior officers, rather than councillors being representatives of the people and having a vision for their local government area.

In small regional communities, the council is often the major employer in the area and contracts with the local council are sought after as a secure income-generating exercise. Businesses are therefore slow to criticise the council for fear of having that patronage withdrawn. This adds to council staff being able to escape the net of accountability. Poorly performing council officers can do a lot of damage in a small community but it is almost impossible to terminate their employment. If corruption can be proven, then there is an outlet through ICAC but incompetence is almost impossible to prove. This needs to change. Internal performance reviews cannot be relied upon. It should be much easier for a community to request a public inquiry into the competence of a council.

Our ratepayers association, formed last year, has recently taken a vote of no confidence in Armidale Dumaresq Council [ADC]. We did not take this vote lightly. It came about as the result of what we consider to be an incompetent and unprofessional change from a solely ad valorem system of assessing rates to a base rate system in line with other councils in New South Wales. The methodology used in the changeover resulted in a chaotic rating structure. Unlike other councils which have a low base rate, ADC set their base rates at 43 to 49 per cent of the average rate for each category. In the business category, the base rate set was \$1,722.30. For industrial land it was set at \$1,967.40. This has been devastating for local small businesses.

There are many empty shops in the Armidale central business district. It has always been difficult to attract industries into the town as we are competing with a progressive Tamworth council. In Tamworth, the business base rate is \$155, which is less than one-tenth of the new Armidale business base rate. One would think that Armidale Dumaresq Council would be doing their level best to encourage business and industry. Instead we have seen small businesses suffer with rate increases of 100 per cent and more because of the incomprehensibly high base rates. Amalgamation would see this hapless system spread across a much wider area.

ADC failed to inform the ratepayers of what was to happen—no information sheets, no public meetings, no guides to the new rates, not even an advice sheet was posted out with the rate notices. There was no thorough impact assessment. In fact, council officers admitted they did not realise the impact the new system would have. Little or no attempt was made to research base rates used by other councils in New South Wales. Our organisation has asked for a complete overhaul of the rating system so that it is fair and equitable for 2016-17. We have also asked for a proper and honest community consultation before the new system is published. We are not confident that ADC is capable of this task and we do not think they are fit for the future.

PROFESSOR HANI SOLIMAN, having been sworn: Thank you very much for all of these activities and inviting us. There have been a lot of talks from different people and all sorts of ideas. But, as an academic, I want to draw your attention to the idea of the general systems theory—there is a book written on this by a friend of mine when both of us were working at the University of Alberta in Canada—on one hand. On the other hand, I would also like to draw your attention to something called the tyranny of small decision-making—that is when you look at bits and pieces, not the whole picture. I would also like to emphasise the point that each city or council is a system and you have to look at it as a system, not bits and pieces. We need to define and understand the input, the output, and the processes from input to output within such systems.

It is also very important to understand that for any two councils to amalgamate, each has to recognise that there will be a benefit for each organisation. Actually, there is a book in the library on this—for any amalgamation, if you do not have the commitment of anybody, you will lose, and that is no good. Such a regional amalgamation should also lead to better value being added, including to our primary products and assets. This includes, say, agriculture, wood, even recycling, such as of glass bottles—and a lot of other things that can be done with the recycling of this kind of waste. We could also go to the extent of having Aussie food in regional areas like this—you know, not McDonald's.

Population distribution, too, is very important. A viable regional centre like the New England area or the Armidale Dumaresq Council will help create a better population distribution, rather than concentration of population in major cities like Sydney and Brisbane. We also talked about the highways between cities and the quality and all of these kinds of things. There is also cooperation. It is really important that we think about cooperation. For example, around here we have the credit union and it is working in the whole area—and that is very important. We also have to think about the process and the management. The process starts with blueprints of where we are—what is happening—and a lot of us talked about this.

The second point is: Have a vision and a plan as to where we want to be or to go. Some people talked about this too. The third point is how this could be achieved—in one single step or in different stages? Number four is the cost-benefit analysis. I am mentioning bits and pieces, but I am trying to bring things together. The cost-benefit analysis looks at what is good within each of the existing systems and councils and how this could be integrated with the related system and then what is not good and could be eliminated, changed or improved within each council. The last point is the timescale within and among the proposed new structures. I could talk more about each of these points, but I am trying to give you an overall blueprint as to how to put the pieces together and what we do with them.

ISABEL STRUTT, having been sworn: I thank the Committee for coming and conducting hearings. It is also good to know that these submissions and all of the discussion today is recorded in *Hansard* and therefore will not just disappear into the ether somewhere. It has been my experience over the years that within the community there is a high level of cynicism and also, I would say, a high level of distrust of consultation and particularly of government decisions. So often I hear the comment within the community that says, "It's not worth going. The decision is already made. It's just a token activity." So I do thank the Committee for coming.

I would like to pick up on one of the comments that was made in a previous session about the necessity for having an accurate and truthfully based business case for proposed amalgamations and also social impact statements and the assessment of the social impact. There are huge effects which happen. I think voluntary amalgamations are a very different kettle of fish from a forced amalgamation. Forced amalgamations can be very destructive indeed.

In relation to Uralla Shire Council, we asked the general manager in our council to give some costings, figures and analysis on what would happen in the different scenarios of mergers that may be suggested for Uralla. He did that. Also, in our criteria results for Fit for the Future, Uralla Shire Council met six out of the seven criteria. The one that we did not meet was the operating performance ratio. But we are also confident as a

council that we are able to address that shortfall and that we will be able to do it with the indicated support from our community. The council did consult with its community by way of survey, by way of information in council newsletters and also by way of a public meeting, and clearly told the community and showed to them the analyses that our general manager had provided on the different mergers that may be provided and what the outcome of that would be.

I make the point that the money on offer for the mergers from the State Government is a one-off. That is not funding that will assist in the ongoing financial sustainability of a merged council. It is a one-off and a lot of that money will be taken up in actually establishing the merged council's administration. The community position in Uralla is that the shire community does not want and will not be supportive of a forced amalgamation or a merger or whatever the current term is that is being used.

This is my eleventh year on council. For the past 11 years Uralla Shire Council has had major additional workloads and cost loads imposed on it by the State Government. These additional work and cost loads are over and above the various traditional shifting of operation responsibilities with attendant costs which have been gifted to local government from time to time from the State Government. And the workloads and costs have come from analyses, from submissions, from reports and from implementing new reporting systems—I think the integrated planning and reporting [IP&R] system is extremely good. I think that is great, because it does tie things in. But I would guess the cost in terms of workload on staff and the cost in terms of financial cost, if it is totalled up over those 11 years, would certainly be within tens to hundreds of thousands of dollars.

My experience of our shire council has been total commitment by both councillors and staff to the National Economic and Social Advisory Council [NESAC] and then to standing autonomously again. I make the point that Uralla Shire Council did not withdraw from NESAC; it chose not to renew its membership of the alliance, and those are two different things. The council spent six to eight months doing really in-depth analysis to ensure that we could stand independently if we chose. The decision was made that it was not particularly financially beneficial to the shire to continue within the NESAC alliance.

In spite of all of this, Uralla Shire Council has managed the costs—it has absorbed the costs. It continues to be proactive. It works and plans for the future. It works collaboratively with neighbouring councils and continues to look for avenues to be able to do that. The mayor and the general manager alluded to some of these beforehand, but Uralla Shire Council is also a member of Northern Inland Regional Waste, of the northern regional library, its tourism is a regional output, and Namoi councils has been very beneficial for Uralla Shire Council. We continue to be an associate member, I believe with great benefit to our shire. I appreciate the Committee coming and listening. I believe that there needs to be great care in the decisions that are made. If IPART is basing some of its decisions on the TCorp financial analysis, that is by now well out of date and I believe is not an acceptable document to be making Fit for the Future financial decisions on.

CHAIR: That concludes the hearing. I thank you. While ever the community has people like you, they are in good hands, because people like you are the backbone and the voice of the community. Local government is all about having a local voice. With local councillors, as long as we have those councils, we have a local voice, and that is very important for the whole State's future and prosperity. Thank you for what you do and for giving your side of the story. For your information, we will probably table the report around late October.

(The witnesses withdrew)

The Committee adjourned at 4.14 p.m.