



**RESPONSE TO INDEPENDENT LOCAL
GOVERNMENT REVIEW PANEL
DISCUSSION PAPER:
FUTURE DIRECTIONS FOR NSW LOCAL
GOVERNMENT TWENTY ESSENTIAL STEPS**

JUNE 2013

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EXECUTIVE SUMMARY

This response to the Independent Local Government Review Panel's Discussion Paper – Future Directions for NSW Local Government Twenty Essential Steps April 2013 will be framed around four key questions. Those questions and Council's response which forms the basis of this report are as follows:

- 1) Can the system of Local Government within Rural New South Wales be improved?

Council's Response: Yes

- 2) Do we want Local Government or local bureaucracy?

Council's Response: Local Government is essential. It provides control over decision making, budgets, employment and future direction.

- 3) Do we want thriving country towns and a strong Regional Centre or do we want a stronger Regional Centre and declining country towns leading to ghost towns?

Council's Response: New South Wales as a broad community needs vibrant strong country towns that do support strong Regional Centres.

- 4) Do we want a policy of decentralisation or do we want centralisation to Regional Centres?

Council's Response: Council wants its country towns to have employment, educational and commercial opportunities.

Council believes strongly in the existence of a regional model of developing Independent Local Government Councils with a regional focus – but questions the County Council model proposed as being too expensive and cumbersome and in fact an argument to reduce local government units.

Council's submission recognises the need to change and improve. It provides a regional focus whilst maintaining independence.

Council does not wish to make comment on the Metropolitan System of Local Government nor will it comment on issues affecting the western area of the State.

Council is in reality somewhat disappointed with the report from the Panel. Council is of the view that the Panel had the opportunity to determine a new Model for Local Government, it had the opportunity to address the issues that impact on Local Government and to address the perception that the media and public at large have of the system of Local Government. Yet at the end of the day all that has occurred is that the Panel has gone back into history and relied on the Barnett Report and merely proposes the moving of lines on a map. Local Government in 2013 and indeed society in 2013 is different to what existed in the 1970's.

Issues were raised in the report and not addressed. Whilst the problems were acknowledged the only solution is the movement of boundaries and the elimination of Councils.

Early reports suggested that the Panel showed a clear understanding of the value of Rural Communities and the relationship between thriving communities and the existence of a Local Government Authority. The latest report however, belies that theory.

INTRODUCTION

Council's Submission will deal firstly with the Summary of Key Proposals and Options as outlined in the Independent Panel's Report. Commentary will be provided on each of those particular issues. Council would then like to provide commentary on the report.

An expanded commentary will be provided on the current role of Riverina Eastern Regional Organisation of Councils as opposed to the structure of the new County Council Model.

Council will then delve into specific issues in relation to judgements being made on Coolamon Shire Council and the conclusions reached concerning those judgements.

COMMENTARY ON SUMMARY OF KEY PROPOSALS AND OPTIONS

Sustainability and Finance

- **Develop a standard set of sustainability benchmarks; require all Councils to appoint a qualified Chief Financial Officer; strengthen the guidelines for Councils' 4-year Delivery programs; and place Local Government audits under the oversight of the Auditor General.**

Commentary

All Councils should have a standard set of benchmarks so comparisons are being made amongst equals. This is a difficult exercise and one that the Grants Commission has had problems with for many years. The Grants Commission applies a disability factor that allows all Councils to be then compared on an equal basis. The idea is applaudable but may be difficult to implement.

The current use of financial data to compare Councils is questionable. Each Council has different Accounting practices as regards reserve provisions, utilization of loan finance, depreciation, rates and Asset Valuations. Yet T-Corp is able to make an assessment of Councils and compare Councils based on inconsistent Accounting Practices. Whilst the Accounting requirements are consistent the ability to work within those Accounting requirements leads to different Councils having different policies and practices.

As regards a qualified Financial Officer, I note that Coolamon has an Executive Manager, Corporate & Community Services and a Finance Manager, both of whom have financial qualifications at degree level.

As regards the auditing requirement, the Auditor General, this practice was implemented in respect of the Electricity County Councils and the Auditor General then contracts it out. Council has no issue with this requirement.

- **Improve the rating system and streamline rate-pegging to enable Councils to generate essential additional revenue.**

Commentary

Council has not had an issue with ratepegging. It can agree to the streamlining of the ratepegging process to enable Councils to apply additional rates, however, the issue that Council has is that the community must have the capacity to pay.

Council believes that Local Government however, should be the master of its own destiny subject to accountability to ratepayers. Once the appropriate mechanisms have been put in place and ratepayers have agreed to the removal of ratepegging for a

particular purpose, then Council is of the view that the sovereign right of Councils to establish its rates should be maintained.

- **Progressively re-distribute grant funding to provide greater assistance to rural-remote Councils with limited rating potential.**

Commentary

Council welcomes the proposal to redistribute grant funding to provide greater assistance to rural and remote Councils. The definition of what constitutes a Rural and Remote Council possibly needs to be clarified.

The Financial Assistance Grant when it was first introduced in the mid 70's was related to Personal Income Tax. At that point around 1.5% of Personal Income Tax was distributed to Local Government. This was raised to 2.0% and since that point in time it has gradually eroded to where it is somewhere around 0.5-0.7%. Local Government in 2013 is substantially different to what it was in 1975 with additional responsibilities and workloads. It is suggested that Metropolitan Local Government is also substantially different during that period. Those Councils have access to Section 94 Contributions as well as other revenue via parking meters etc., that are quite substantial. The Metropolitan Council's reliance on Financial Assistance Grants is certainly not as relevant as it was in the 70's and the Panel should have fortitude to recommend redistribution.

- **Establish a State-wide Local Government Finance Agency to bring down interest costs and assist Councils make better use of borrowings.**

Commentary

The opportunity for Councils to have access to cheaper finance in respect of borrowings would be a welcome addition to Council's financing options. As regards this matter however, there needs to be some Accounting Policies in place that establish consistent debt service ratios across Councils. This would then provide for a consistent level of Capital Expenditure and eliminate the risk of "monument building" by Councils to enhance their image.

Infrastructure

- **Maintain the Local Infrastructure Renewal Scheme (LIRS) for at least 5 years, with a focus on Councils facing the most severe problems.**

Commentary

Local Government access to cheaper finance for infrastructure renewal works would be welcome. Providing Councils with loan finance however, is not the solution given that in Rural Councils a diversion of funds to loan repayments means less funds available for day to day operations.

- **Create a Strategic Projects Fund for roads and bridges to help reduce the infrastructure backlog.**
- **Investigate the Queensland model of Regional Roads Groups, as well as options for cost savings through strategic procurement initiatives.**
- **Require asset and financial management assessments of Councils seeking special assistance.**

Commentary

It is noted that REROc is currently well underway with strategic planning of transport issues including roads, bridges and other road obstacles throughout the region. It is recognised at REROc that significant finance will be needed to ensure this becomes a sustainable regional project and any improvements that can be made to access to finance is welcome. REROc is currently in the process of presenting its current collection of data to RAMROc with the intention of developing a Riverina Transport Strategy that will remove all obstacles in terms of Council's policy, deficiency in Networks, Bridge Evaluation etc., to transport within the Riverina Region.

Council would express the desire that any strategic project fund that was established was done so with new money rather than a reduction in what is currently available to Councils.

Productivity and Improvement

- **Introduce a requirement for regular 'best value' service reviews.**
- **Develop a consistent data collection and performance measurement system for NSW Councils, and strengthen internal and performance audit processes.**

Commentary

An ability to gain understanding of the performance of staff and Council by measurement against best value is welcome. The criteria however, that these reviews are undertaken needs to be properly determined by persons with a practical outlook on life and an understanding of Rural Councils.

- **Commission a review by IPART of the regulatory and compliance burden on NSW Local Government.**

Commentary

Councils are often subject to criticism for the imposition of regulatory and compliance requirements upon developers and others seeking approval through Councils. It should be made quite clear that a great proportion of the compliance burden that Council places on people emanates out of State Government Legislation. Again in many of the

smaller Councils rules can be bent and are more flexible than under greater bureaucratic structures.

Better Governance

- **Mandate ongoing professional development for Councillors**

Commentary

The question to be asked as to why Local Government needs the mandating of professional development as opposed to State and Federal Politicians. Whilst the availability of professional development for Councillors who chose to do so is welcome, the question of why this needs to be compulsory is certainly open to discussion.

- **Strengthen the authority and responsibilities of Mayors and require popular election of Mayors in all Councils with a population of 20,000 or more.**

Commentary

Strengthening the authority and responsibility of Mayors will need careful consideration. Quite obviously there can be a stretching of responsibilities between the Mayor and the General Manager and the current system seems to work quite well where there is a clear understanding of each other's roles. Council is somewhat perplexed about the arbitrary assignment of population figures to various options and proposals that form this discussion paper including the 20,000 figure for the popular election of Mayor.

- **Provide additional governance options for larger Councils, including a mix of ward and 'at large' Councillors and a 'civic cabinet' model.**

Commentary

These matters relate to the larger Councils although the problem with wards has been the population distribution which has made it difficult for some Rural Councils where they are quite distinct separate communities. If the population distribution was removed it would provide ability for Rural Councils to have representation from distinct communities.

- **Take steps to improve Council-Mayor-General Manager relations.**

Commentary

It is agreed that in some Councils the relationships between Council-Mayor-General Manager needs improving. All persons involved need a clear understanding of each other's role and where they sit in the Local Government equation. Problems in the Council-Mayor-General Manager relations can usually be attributed to the personalities and the egos of individuals and unfortunately the noisy minority of bad examples outweigh the many efficient instances.

Structural Reform

- **Establish a network of around 20 ‘new look’, multi-purpose County Councils to undertake regional-level functions outside the Sydney Metropolitan area.**

Commentary

Council does not favour the introduction of a new tier of government. Contrary to what is said there is no doubt that an imposition of 20 multi-purpose Councils would create a further regional level of government. Council is of the view that the current ROC's system perhaps needs tightening in accordance with Council and the REROC Submission, however, it is achievable and capable of performing. REROC currently runs on a budget of between \$200,000-300,000 per annum on operating costs and there is no doubt that any new County Council will cost considerably more which means of course less funds to service level operations. It is accepted that in some parts of the State, ROCs do not have the best of reputations for achievement. If the terminology is a problem, then perhaps the naming needs to be changed, together with some form of mandation and this should be capable of being done within the current system.

- **Introduce the option of Local boards to service small communities and to ensure local identify and representation in very large urban Councils.**

Commentary

Council cannot see the need to introduce local Boards with current Council system operating quite well. Regional activities can be undertaken through REROC and local Boards with undefined responsibilities and limited power and accountability back to the County Council would leave the elected representatives with little authority and is in essence amalgamations by stealth.

Local Boards will essentially mean that the Council Officers are relocated to the larger centre and Rural Communities will essentially have a front office, counter type situation and maybe a Works Depot. This transfer of skilled staff then extends to their families whereby the families move to the Regional Centre due to the distances between smaller communities and the Regional Centres involved. The relocation of families affects all facets of the community including schools and small business. Country Councils are usually the largest employer and engager of local contractors within a community. If the Country Council becomes a Local Board and in effect a remote office to the large urban Council the economic connection to the community may be lost.

- **Encourage voluntary amalgamations of smaller Rural Councils to improve their sustainability, and convert small (in population) Councils (generally less than 5,000) to local Boards.**

Commentary

Council raises the question as to why 5,000 persons is considered to be a crucial number. Surely it is more effective to gauge the Council on its performance and outcomes, rather than an obligatory number denoting when efficiencies and management skills become enhanced or reduced.

- **Promote a series of voluntary amalgamations in the Lower Hunter and Central Coast regions, including Newcastle-Lake Macquarie and Gosford-Wyong.**
- **Seek to reduce the number of Councils in the Sydney basin to around 15, and create major new cities of Sydney, Parramatta and Liverpool, each with populations of 600-800,000.**

Commentary

Not relevant to Coolamon Shire.

- **Introduce a package of incentives for voluntary mergers that offers a higher level of support to 'early movers'.**

Commentary

Council does not favour the provision of "bribes" at a future cost to its community.

Western NSW

- **Establish a Western Region Authority to provide a new governance and service delivery system for the far west of NSW, based on a partnership between local, State and Federal governments and Aboriginal communities.**

Commentary

Council does not see it appropriate to make comment on other Local Government Authorities in Western NSW.

Implementation

- **Appoint a Local Government Development Board for a maximum period of 4 years with a brief to drive and support a concerted program of reform.**

Commentary

Council has no issues with the appointment of a Local Government Development Board subject to that Board not having the statutory power to submit Councils to forced amalgamations. Council is more than happy to continue to work on a pattern of reform subject to maintaining its own existence.

- **Build on the new State-Local Government agreement to secure increased collaboration and joint planning between Councils and State Agencies.**

Commentary

Council is of the view that REROC has been working on this for some time and commentary in respect of this matter has been included in the past two Submissions that Council made to the Panel. Currently planning is done through the Regional Development Authorities and it works on a top/down approach. Council for some time has had the view that local planning should be the commencement point for the development of regional issues to be included in the State Plan. There needs to be a closer liaison between Councils, the current ROC as it exists and the Regional Development Bodies. Whilst there is consultation of a sort that takes place at the moment between Local Government and these state regional bodies, it is generally a one day Seminar with thoughts being imposed from above rather than generated from below.

- **Strengthen recognition of elected Local Government in the NSW Constitution.**

Commentary

Council was not aware of the limitations in the recognition of and protection of democratic local Government within the NSW Constitution and this has not previously been pursued by the sector.

- **Focus Local Government NSW (the new single association of Councils) and the Division of Local Government on sector improvement.**

Commentary

Council is of the view that the new single association for Councils is now in place and that organisation can work on Local Government Policy. However, it must be realised that the Local Government NSW is a member based organisation and should be working in the interests of its members and Local Government within those communities. This may mean that the Division and Local Government NSW have different points of view..

GENERAL COMMENTARY ON THE REPORT

Council was disappointed that the Panel is missing the opportunity to implement significant change and though raising a number of points has allowed the discussion to be taken over by an amalgamation debate. In making the following comments I again reiterate my earlier disclaimer that Council is only commenting on Rural Local Government and not the Metropolitan Councils nor the Western Division Councils.

Following the release of the last report the general discussion in all Local Government Forums has been on amalgamations and boundary changes. The means whereby the system of Local Government can be improved have not been explored. This is an opportunity that the Panel has had and with due respect should recover that ground as quickly as possible.

The Panel has made judgement calls on Councils based on operating results resulting from inconsistent financial data between Councils. It has made judgements on population without any rationale behind those calls. There has been no attempt at determining the effectiveness of a Council as opposed to size nor has there been any attempt at determining financial sustainability based on realistic accounting standards. It is noted that the Chairman at the Panel Meeting at Junee indicated that depreciation was not a factor for discussion. It is respectively suggested that depreciation is and should be a factor for discussion. This is relevant on two counts:

- 1) The actual existence of depreciation on roads; and
- 2) The inconsistency between Councils of the depreciation figure.

The Panel, T-Corp and the general public have determined the financial sustainability of Councils based on financial results. Those financial results quite obviously affected by the depreciation factor. Coolamon Shire Council in the past year has expended some \$3 Million on roads, yet was required to depreciate roads by a further \$2 Million as a non cash expense. This has led to a lower financial operating result that in reality has no relationship or bearing on the financial stability of Council. Surely the Panel in pursuing its task has the right to make a recommendation that the accounting standards being applied by Local Government should reflect the true position of Local Government and enable a comparison to be made between Local Government entities that are based on a uniform standard across the industry. This is most relevant in the application of rates for the depreciation of roads which in this region can range from 2.47% to 0.9%.

If judgements are being made on Councils, they should be consistent judgements. Furthermore, if the Panel wishes to increase the perception of Local Government in the public view, then it should ensure that there is a consistent financial sustainability check in place that allows those comparisons to be made.

As regards the judgement calls being made on Councils in respect of population, there is little to be said. Size is not relevant and has no bearing on effectiveness. Some of the most inefficient and ineffective bureaucracies in Councils are those that are larger. Smaller Councils are more effective generally because of the needs and necessity of the situation.

The one size fits all approach is not a good way of judging Councils. The Panel have had the opportunity to determine a new model of judging Councils. They have had the opportunity to determine a model that allows the broader community to determine if their Council is effective, yet this opportunity appears to be lost.

The report makes significant commentary on the Councillor, Mayor, General Manager Relationships. Again it is of concern that the Panel may well be making judgement calls in relation to the lowest common denominator. It is accepted that in some Councils these relationships are not as they should be. Nevertheless, in a lot of Councils these relationships work well, the various incumbents respect the roles of each of the parties and work within those roles. Perhaps there needs to be an approach as to why the roles in some Councils work well. A top down approach and a re-education of those at the bottom may well be a better way to go.

RIVERINA EASTERN REGIONAL ORGANISATION OF COUNCILS vs COUNTY COUNCIL MODEL

Coolamon Shire Council strongly believes in the need for and expansion of a model whereby Councils work together with a regional focus and increase their capacity by pooling resources, but this has to be balanced with a maintenance of the individuality for each participating Council.

The question is as to what model is the best to choose:

- Continuation with the Regional Organisation of Councils model with more formality, substance and independence, or
- The County Council model proposed by the Panel

Council is aware that in some parts of the State, Local Government and the ROC's have not had successful relationships and some ROC's have not performed as expected. Coolamon Shire Council is of the view that a judgement should be made on Riverina Eastern ROC on the basis of its performance and the willingness of the Councils to participate rather than a broad judgemental opinion on the lowest common denominator.

RIVERINA EASTERN REGIONAL ORGANISATION OF COUNCILS (REROC)

Council has been a member of the Riverina Eastern Regional Organisation of Councils (REROC) since 1993 and has supported the organisation wholeheartedly in all its activities since that point.

Coolamon Shire Council has undertaken the role of Treasurer since that time and its worthy of noting that Council has never charged REROC a fee for this service. Council has taken the attitude that if ROC's are to be successful then all Councils need to make a contribution towards their operations.

Current Structure of REROC

REROC comprises the following Local Governments, Bland, Coolamon, Cootamundra, Corowa, Greater Hume, Gundagai, Junee, Lockhart, Temora, Tumbarumba, Tumut, Urana, Wagga Wagga and the two local Water County Councils of Goldenfields Water and Riverina Water.

Whilst Coolamon Shire Council opposed the admission of Corowa Shire, it bowed to the majority.

Each Authority in its own right delegates the Mayor and General Manager to the Board of REROC and the Executive of the Board is put to a vote on an annual basis. REROC engages the services of an external independent firm to provide the Executive Services to the organisation. Coolamon Shire Council believes that this model of Membership and Executive is the most appropriate.

Currently Council's contribute to the organisation on an annual basis using a formula that combines a base rate contribution with a per capita contribution. For the two water county councils, their contribution is one half of the base rate contribution. The base rate contribution raises two thirds of the total contribution. The yearly increase in the contribution rate has been linked to the rate pegging limit as set by the State Government.

For the 2012/2013 financial year the total contributions made to the organisation by the member councils equates to \$222,700. This contribution is utilised to engage the external firm to undertake the Executive Services of REROC and to fund the advocacy and lobbying role undertaken by REROC.

In addition to the annual contribution, member Council's may be asked to contribute for a specific project that has been approved by the Board.

REROC has been a very successful organisation over its time which has been demonstrated in many independent reports and accolades that have been bestowed upon it.

REROC Operations

REROC has always had an involvement in advocacy/lobbying and sharing of grants and/or services. In more recent times the Board has recognised the need to improve the manner in which Local Government operates and how it approaches issues on a regional basis. Approximately twelve months back the Board endorsed a new approach to Local Government and this approach was entitled "Local Government Without Borders".

The Board endorsed the current operating model based on a three tier approach. It is an endeavour to more formalize the operations and to improve local government on a regional basis

- Advocacy/Lobbying
- Regional Planning
- Regional Shared Services

Advocacy & Lobbying

REROC has always held as a primary function the role of advocacy and lobbying and the board of REROC recognize the importance of the collective voice.

Regional Planning

Recently titled "Local Government without Borders" REROC has established a number of regional planning groups focusing on the following functions of Councils:

- Transport & Infrastructure
- Workforce Development
- Community Planning and Culture
- Environment, and

- Economic Development

By working together, identifying and acknowledging the similarities between Councils and the pressures on each individual Council, regional plans are being devised that will support the advocacy and lobbying and aid in the resource sharing between Councils.

Council notes that the panel identified the Queensland “Regional Roads Group” as a proposal that should be considered in NSW in page 21 of the discussion paper. REROc under the Transport & Infrastructure Group have been working on collating infrastructure information for the councils on a regional basis. This work has involved industry partners, ie the President of the National Transport Owners Association and the Regional Manager of NSW Roads and Maritime Services and has resulted in the mapping and ranking of roads and road priorities on a regional basis, mapping of rail infrastructure, mapping of modal points and some limited information relating to mobile phone blackspots.

REROc Infrastructure Model

The map currently consists of the following layers

- Shires
 - Boundaries
 - Roads
- Railways
 - Closed Lines
 - Operational Lines
 - Stations
 - Vehicle Crossings
- Regional Roads (Supplied by RMS)
- Motorway (Hume)
- National Routes
 - Goldfields Way
 - Newell Highway
 - Olympic Highway
 - Sturt Highway
- State Routes
 - Burley Griffin Way
 - Mid Western Highway
 - Riverina Highway
 - Snowy Mountains Highway
- Trucking Industry
 - Modal Points
 - Truck parking areas
 - VISY
 - Material Sourcing routes supplied from VISY
- Vehicle Routes
 - B Double Routes (interpolated off RMS Website mapped by Coolamon Shire)
 - High Vehicle Routes (interpolated off RMS Website mapped by Coolamon Shire)

- Strategic Routes
 - All councils have provided this information
- Route Constraints
 - Bland
 - Coolamon
 - Cootamundra
 - Corowa
 - Greater Hume
 - Gundagai
 - Junee
 - Lockhart
 - Temora
 - Tumbarumba
 - Tumut
 - Urana
 - Wagga
- Traffic Count Data
 - Mapped by Coolamon Shire for region based on 2003 figures off RMS website
- Bridges HML Rating
 - Bland
 - Coolamon
 - Cootamundra
 - Corowa
 - Greater Hume
 - Gundagai
 - Junee
 - Lockhart
 - Temora
 - Tumbarumba
 - Tumut
 - Urana
 - Wagga

Regional Shared Services

The final tier of the REROC model is Regional Shared Services. REROC has in the past been very successful in implementing programs and services to its members based on a total REROC area/member participation and also in smaller clusters of Councils. Individual councils have also grouped together on many occasions when a need has arisen and the most appropriate course of action has been for a service or program to be delivered to a group of Councils as opposed to each Council undertaking it on an individual basis.

The areas that have currently been identified include:

- Engineering
- Administration and Finance
- Planning,
- Environment
- Community Services
- Arts, Culture and Recreation, and
- Governance

It is envisaged that by recognizing available capacity amongst member Councils and identifying opportunities where the grouping of Council's can work together to provide services that may be cost prohibitive on an individual basis, will not only build the strategic capacity of the entire group but will also extend services both supporting the member councils on an organisational level as well as increasing services provided to the communities.

Problems with current RERO model

One of the problems with RERO is in fact one of its greatest strengths, (ie. voluntary membership and participation). RERO is run by Councils for the Councils. Of the nature of participation means that it is at times a frustrating exercise gaining Council's participation. Some form of mandation may be needed to ensure future participation.

The current voluntary nature of membership allows for member councils to participate on "issued based" requirements, however it is recognised that for broad based local government services, mandatory membership should be required.

Along with the mandation mentioned above, perhaps there needs to be more direction given as to the functions that RERO should exercise which would in turn ensure that Councils participate in a more fuller and franker manner.

COUNTY COUNCIL MODEL

The panel has proposed that the new multi-purpose bodies would have a set of core functions including:

- Strategic regional and sub-regional planning
- Regional advocacy, inter-government relations and promoting collaboration with State and federal agencies in infrastructure and service provision
- Management of, or technical support for, water utilities
- Road network planning and major projects
- Waste and environmental management
- Regional economic development
- Library services
- 'high level' corporate services

The proposed membership would be that of the mayors of the member councils and chairs of the local boards with the Mayor of the Regional centre normally being the chair for the County Council and the General Manager of the Regional Centre taking on a dual role as General Manager for the County Council as well. The administrative support and secretariat of the County Council is proposed to be provided by the regional centre Council.

Problems with proposed Multi-purpose County Council model

Coolamon Shire Council is somewhat sceptical of the independence and capacity of a County Council based on this model.

Coolamon Shire Council is also concerned as to the cost of the proposed model. A new organisation with new administrative and governance requirements on a much larger scale than the current arrangements relating to ROCS.

Independence/Capacity

The current membership of REROC is the Mayor and General Manager of each of the Councils. Those persons are delegates from their own particular Council and they represent the views of that Council in dealing with issues raised at the REROC table. County Council memberships are not delegates of a particular Council. They represent the Council itself and therefore are not representative of the Member Council. This then creates a decision making authority that is in no way accountable back to its Member Council. Furthermore the fact that the Mayor and General Manager of the Regional Council are proposed as the Chairman and General Manager of the County Council dissipates its independence. The logic behind this appointment is somewhat of a mystery, however, it begs the question that the County Council and the Regional Council will become synonymous in their thinking to the benefit of the larger organisation and to the detriment of other communities.

Costs

Currently REROC operates on total contributions from member Councils in the order of \$225,000. Other contributions are made depending on the programmes that are being conducted or the grants that are obtained.

The operating overheads of the major Council within this region are significantly higher than any other Council. This is a fact of life and reference can be made to the operating costs of the Riverina Regional Library for confirmation. In addition, the proposed County Council system would need staffing. It would be logical to suggest that this would be attained for a sum that was significantly higher to the amount under which REROC currently operates. It would be a separate legal organisation that requires all the operating and administrative costs normally associated with such a body. I refer to administration, overheads, office expenses, insurances, Councillor fees etc. Once staff have been brought into it then the cost factor goes up exponentially. Currently REROC undertakes Resource Sharing and Regional Planning Projects with staff from within their current Councils. I also note the earlier comment concerning Coolamon Shire Council undertaking the Treasury function at no cost.

The ability of Councils to provide staff on this “no charge” situation would I am sure, deteriorate under the proposed formality of the County Council model.

Proposed Functions

1) Strategic Regional and Sub Regional Planning

Council has no issue with the allocation of Strategic Regional Planning to a proposed new body. It is of the view however, that sub regional planning is better undertaken at the local level and should remain with the current Councils.

2) Regional advocacy, inter government relations etc.

Council agrees with the advocacy and inter government relations etc., being conducted by the Regional Organisation. In essence this occurs at the current time.

3) Management of or Technical Support for Water Utilities

Coolamon Shire Council is of the view that water and sewerage activities should remain with their current Councils and that the existing membership of Goldenfields Water County Council should remain. Incorporation of Best Practice Principles into all Councils and the Water County Councils is seen as criteria to aspire to.

4) Road Network Planning and Major Projects

Council believes that strategic route planning and the pursuit of funding for removal of individual Council policies that create obstacles should be a function of the Regional Organisation. The management of local roads and main roads within individual Council areas should remain with those Councils and the Roads & Maritime Services should continue to deal with individual Councils.

5) Waste and Environmental Management

Council believes that the Regional body should have responsibility for the preparation of the State of the Environment Report covering the entire region and that the Waste Network Forum currently undertaken by REROC should continue with an emphasis being placed on regional waste management.

6) Regional Economic Development

Whilst there is obviously some benefit in regional economic development being done by REROC, this can lead to parochialism and a concentration of development in one area. There is certainly evidence that if this was left with one Council then that Council would be the beneficiary of significant development. It is considered that Councils are best left to undertake economic development within their own right.

7) Library Services

Library Services and Tourism are matters that are currently being carried out by Regional Organisations and these both may well be matters that could be dealt with by REROC.

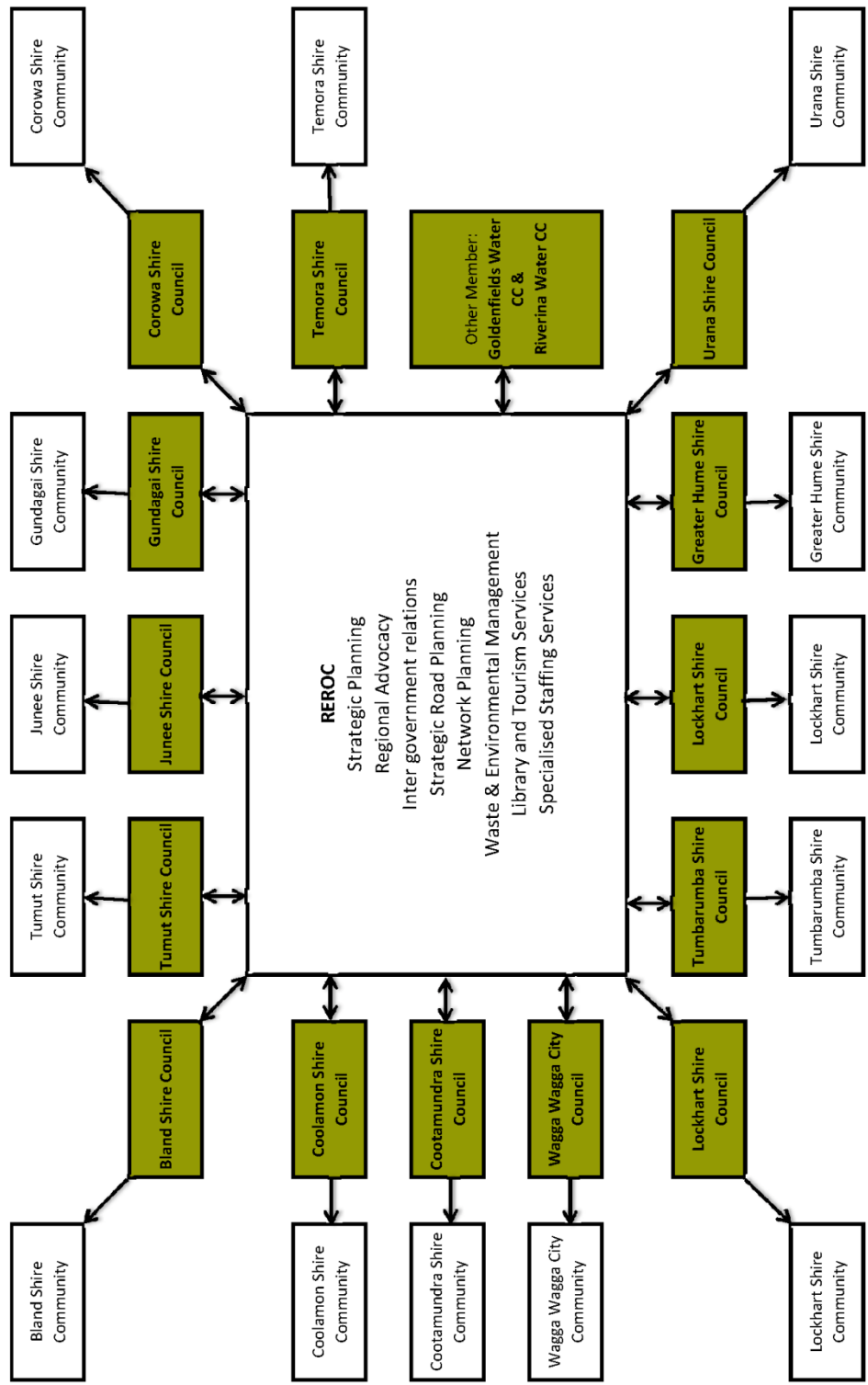
8) High Level Corporate Services

Council does not agree with this proposal. The concentration of high level Corporate Services in one centre is amalgamation by stealth. This would lead to each of the Councils being turned into nothing more than Service Centres with direction coming from the Regional Centre. It must be understood that it is the passion of the Senior Management at individual Councils that leads to their development and the provision of advice and suggestions to their Councils.

In terms of specialised staff that may be utilised across the region, (ie. Design Engineers, IT, Grants, Events Co-Ordinators etc) there is certainly a role for these to be engaged by the Regional body.

Decentralisation -v- Centralisation

The creation of County Councils centralised in the Regional Centre is in essence the opposite of a decentralised approach. It will lead to the demise of country towns and ultimately the centralisation of activities within that Regional Centre. It must be remembered that Local Government is the greatest decentralised Industry within the State of New South Wales. It must not be allowed to decline to the point where only Regional Centres provide Local Government employment. Country towns are already experiencing a loss of services and have been doing so for many years. The centralisation of Local Government will be the death knell. The Regional Organisation should be subject to the direction of individual Councils, not the converse. It should be seen as an Advisory Regional Planning body and working with Councils as opposed to giving direction and telling. The following diagram depicts how Coolamon Shire sees the Regional Organisation operating:



COOLAMON SHIRE COUNCIL SPECIFIC

INFRASTRUCTURE MANAGEMENT & ACCOUNTING

Coolamon Shire Council has undergone an “Infrastructure Audit” commissioned by the Division of Local Government and has been advised that Council’s infrastructure management has been assessed as “Very Weak”.

Council in no way agrees with this statement as it believes it has been based on the fact that Council has not adopted formal computerised asset management systems that crunch all the numbers and can be resource hungry for people, time, the initial software purchase and licensing costs and result in no better management of the assets concerned – in fact Council would contend that for an organisation the size of the Coolamon Shire Council, the implementation of a computerised asset management system actually reduces the dollars available that could be spent on managing assets.

Coolamon Shire Council manages a diverse range of asset classes including:

- Plant and Equipment
- Land
- Buildings
- Other Structures
- Infrastructure – Roads, Bridges and Footpaths
- Infrastructure – Stormwater Drainage
- Infrastructure – Sewerage Network

To support Council’s disagreement with the assessment of “Very Weak” the following comments are presented.

Plant and Equipment

Council currently has in place a detailed Five Year Replacement Schedule for its plant and equipment in addition to detailed Plant Replacement Policy. The Five Year Replacement Schedule is presented to Council on an annual basis for incorporation into Council’s Operational Plan, Delivery Program and Long Term Financial Plan. Council’s plant assets are uniquely identified within both the Asset Module and Plant modules of Council’s integrated local government software solution (Practical Plus). All of Council’s Plant and Equipment is purchased outright with no external financing or leasing.

Land, Buildings & Other Structures

Council staff present to Council on an annual basis detailed plans for both its Community and Operational Land. These reports, compiled after a physical inspection, identify not only the land but also the capital improvements on that land relating to buildings and other structures. Both reports identify maintenance requirements for inclusion in Council’s Operational Plan together with more long term requirements that are referred to Council’s Delivery Program and Long Term Financial Plan. Council has utilised the services of external

valuers to undertake the revaluation process for these classes of assets. Council's land, buildings and other structure assets are uniquely identified in the Asset Module of Practical Plus. Council's financial system captures maintenance, operational and fixed costs for the majority of Council's Land, Building and Other Structure Assets on an individual basis whilst for a small number of assets this information is aggregated but can be separated if required.

Infrastructure – Roads, Bridges & Footpaths & Stormwater Drainage

Council staff undertook the 2005 revaluation process of the Roads, Bridges, Footpaths and Stormwater Drainage. Council's previous Executive Manager, Engineering & Technical Services (Manager, Strategic Planning) with in excess of 37 years experience with Coolamon Shire Council as an engineer, led this project. This process resulted in very detailed spreadsheets that componentised each asset, utilised condition rates and rates of construction. Council has aggregated this data for inclusion in the Asset Module of Practical Plus as opposed to inputting thousands of individual components that have been identified in the spreadsheets.

Council has detailed hierarchical policies for its road network and has developed 25 year strategic plans for the urban development within the shire relating to roads, footpaths and drainage. The rural road network has been developed on the premise that "no rural resident would be more than 6km from a bitumen road". Council has taken the opportunity to utilise the majority of the money received under the Roads to Recovery Program to maintain its sealed local rural road network with Council's funds diverted to unsealed local roads and urban roads. Council believed that it was not in its best interests to use the funds received under Roads to Recovery to expand its road network rather to consolidate what it has. Council has both a road and footpath inspection policy that is implemented and the results are recorded within a software solution with defined intervention periods imposed where asset condition has fallen below Council's accepted standards. Council's Roads, Bridges and Footpaths are all identified within Council's GIS records. Detailed capital expenditure records have been maintained extending back to the 1980s.

Infrastructure – Sewerage Network

Council engaged external specialised contractors to undertake the revaluation process of its sewerage network. As a result of this, Council has further engaged the specialised contractors to develop a new Strategic Business Plan for its sewerage operations to replace the plan written in 2004. This plan is expected to be completed in the second half of 2013. From the valuation project, detailed spreadsheets have been presented to Council with these valuations aggregated into the Asset Module of Practical Plus. Council's sewerage networks are identified in Council's GIS records. Council's financial system captures maintenance, operational and fixed costs for both schemes separately.

Council has been undertaking CCTV inspections of its sewerage network to identify the condition of the scheme. Council staff have recognised the limitations of the Sewerage Treatment Plant in relation to ETP and have programmed for an extensive upgrade to the plant to deal with current and anticipated increases to ETP for the Coolamon township. Council has a healthy reserve of cash to support the ongoing capital requirements relating

to its sewer network. Council's Long Term Financial Plan and Community Strategic Plan include the provision of sewerage to the township of Ardlethan. Council has recently reassessed the construction costs of the scheme and this coupled with the limited external funding opportunities will necessitate Council and the community to critically assess the ability for the scheme to be paid for with or without external grant funding and the capacity for the community to pay for both the capital costs and the ongoing operational costs once a scheme was actually commissioned.

SUMMARY

This Council is of the view that it has a satisfactory programme in place to manage current and future expenditure for all its assets. Knowledge of the condition of those assets is well known in Council's system and funds are in hand to manage the anticipated decline in their status. If the unexpected does happen and Council requires urgent funds to repair major assets, then contingency plans within Council's current financial structure are available.

Coolamon Shire Council has steadily built up its asset replacement reserves over the past 29 years by way of internal borrowing. The various plant and other asset purchases that were proposed during a year were financed from the reserve with an interest and principal repayment due back to the reserve over the financing period. This method of financing has built the General Fund reserves up to its current position of \$2.5 million with an additional \$1.4 million reserved for Sewerage and \$602,000 for Waste Management.

FINANCE

Revenue

Rates

Council has previously articulated to the Panel that it is of the belief that this Council has been able to work within the limitations of rate pegging whilst still providing a full range of services. Council does however, have the view that Local Government should be the master of its own destiny and that it should be answerable to the community for its rate increases. The special variation process should provide for accountability back to the community but once that condition has been achieved then Council should be able to manage its rates within its own policies.

The Panel has recognised by its statement concerning affordability that community's capacity to pay must be taken into account, yet the panel continues to judge Councils on the size of its rate base and opens up the opportunities for Councils to increase its revenue by increasing rates. The removal of ratepegging will not solve the financial issues facing Local Government. It might ease some Local Government pride in allowing it to adopt its own levels of income in terms of rates but at the end of the day the financial issues facing Local Government need to be addressed on a wider scale. Council is disappointed that the Panel did not pursue the affordability aspect further. Councils should not see their ratepayer base as a milking cow and they should be cognisant of the community's capacity to pay. In turn the community must be realistic in terms of the revenues available to Council to carry out the services. This limitation should be made quite clear to communities when the Strategic Plans are being developed.

The panel has identified that in relation to rates "*Affordability must remain a key objective*", Council is in total agreement with this statement in that a community's capacity to pay must always be considered. This Council has always been cognisant of its ratepayer's capacities. Council is primarily an agricultural based economy and our communities are still feeling the effects of a 10 year drought. The communities of this Shire cannot withstand a rate burden that would be in excess of ratepegging.

Financial Assistance Grants

Council notes that Local Government became the beneficiary of Federal Assistance Grants during the 70's. The initial grant was based on approximately 1.57% of the National Personal Income Tax. Currently that figure is down to around the 0.5-0.7%. Local Government in 1975 was completely different to what it is in 2013. Councils have taken on board additional responsibilities and generally manage these responsibilities quite well. Nevertheless funding problems are quite obvious. The report that recommended the Financial Assistance Grants to Council was based on sound information. Quite obviously Politicians of the day were of the view that Local Government needed its share of tax revenue to enable it to continue carrying out its activities. I note that reports since into Local Government finance, (ie. 1985 and 1990) have reinforced the need for Financial Assistance Grants to Councils. I note the following quotation from Professor Peter Self's

“National Inquiry into Local Government Finance 1985 from the Summary of Principle conclusions:

- a) *“We are satisfied that there is a degree of imbalance in the general finances of Local Government owing to the narrowness and regressiveness of the rate base into the growth of “human services” provided by Local Government. We see this latter development as likely to continue.*

- b) *There are considerable inequities between Local Councils in respect of revenue raising capacity in basic expenditure needs which weaken the effectiveness and the equity of the Local Government system as a whole. A principle objective of the general purpose assistance should be to strengthen Australian Local Government by achieving greater equality between the financial capacities of local Councils.”*

The Panel is quite correct in that there needs to be a redistribution of taxation sharing grants. Metropolitan Councils in 2013 are different to what they were in 1975 and the financial gap between Rural and Metropolitan has broadened. Metropolitan Councils now have access to significant Section 94 Contributions as well as traffic and parking income. This is certainly an area where the Panel needs further investigation and commentary.

The grants were introduced in the 70’s to correct the Horizontal Fiscal Imbalance that existed between Councils. It was meant to ensure that in an effort neutral situation all Councils have the capacity to provide a similar level of service. An examination of Councils in 1975 as opposed to 2013 indicates a totally different position. Earlier comment was made on the income position of Metropolitan Councils, it should be noted that in 2013 Rural Councils have a wider range of responsibilities than they did in 1975. Coolamon Shire Council in 1975 was not involved in Aged Care Centres, Community Centres, Multi Service Outlets, Meals on Wheels, Community Transport, Childcare Centres, Doctors Surgeries, Arts and Museum Programmes And Economic Development. In addition, legislation compliance costs, planning and environmental controls are significantly more than they were earlier. The analysis that was undertaken back in the 70’s to correct the Horizontal Fiscal Imbalance that existed between Metropolitan and Rural Councils needs to be reviewed. This review would solve a number of issues that are affecting Councils. Ratepegging and cost shifting could all be brought into the Review which would then solve a number of issues that are being raised by Councils.

Council is not seeking an increase in the size of the Financial Assistance Grant quantum, however, nice that would be but it is suggested that with the increase of responsibilities of Rural Councils and the increase in revenue opportunities to Metropolitan Councils that the Horizontal Fiscal Imbalance that was in place in 1970 is still an issue in 2013.

Council agrees with the Panels comments regarding the redistribution of the Financial Assistance Grants. An increase of 20% in Council’s financial assistance grant (2012 est. entitlement \$2,878,738) would equate to \$575,747.60. To achieve this same increase by applying for a special variation would require Council to increase rates by 27.8% (2012/2013 Notional General Income Yield \$2,068,190).

Other Revenue Sources

Rural Councils like the Coolamon Shire Council have limited capacity to raise other supplementary revenues. Coolamon Shire Council have undertaken asset rationalisation reviews in the past that have resulted in the sale of surplus assets and Council has proactively taken on other grant funded programs and services that enable small management fees to be charged as well as expanding the range of services offered by the Council. Unfortunately this latter has now come under scrutiny as Council's reliance on grant funding is distorted by some of the services that Council offers.

Grant Incomes

Council currently provides a number of on-going grant funded services to its communities that it believes distorts the income percentages that it achieves. All self-funded, the programs operate without the injection of general purpose revenues, in fact small management fees charged to the programs contribute to Council's general fund revenues. Examples of these programs include:

- Community Aged Care Packages funded by the Federal Government and client charges,
- Allawah Lodge Aged Persons Hostel funded by the Federal Government and resident fees,
- Ardlethan Preschool funded by the State Government and enrolments,
- Coolamon Shire MSO & Community Transport funded by Federal & State Governments and client charges and
- Coolamon Early Childhood Centre funded by Federal Government and enrolments.

The undertaking of these services by the Coolamon Shire Council overstates the income derived from operating grants and user charges and fees and conversely then understates the percentage of income that Council achieves from rates.

In addition to this, one off grant funding can also distort the percentages ie. Financial assistance grant pre-payments, natural disaster funding, one off capital grants.

Operating Surplus vs Operating Deficit vs Cash Balances

The panel have highlighted in the discussion paper the focus made by TCorp's sustainability assessments to the elimination of operating deficits.

Depreciation

Depreciation of infrastructure assets impacts greatly on the operating statement of Councils. In the case of the Coolamon Shire Council, depreciation relating to roads, bridge and footpath assets amounted to \$1,988,000 of a total depreciation expense of \$2,744,000. As a percentage of the depreciable asset value for that class of assets the depreciation expenses equates to 2.47%.

Below is a tabulated comparison of a number of regional councils comparing their reported 2011/12 roads, bridges and footpaths depreciation expense to the corresponding asset value.

	KM ROAD (LOCAL & REGIONAL)	2012 DEPRECIABLE ASSET VALUE \$,000	2012 REPORTED DEP'N EXPENSE \$,000	DEPN AS A PERCENTAGE OF ASSET VALUE
Coolamon Shire Council	1,421	80,480	1,988	2.47%
Cootamundra Shire Council	612	122,824	1,875	1.53%
Gundagai Shire Council	754	129,491	1,776	1.37%
Junee Shire Council	873	66,171	1,191	1.80%
Narrandera Shire Council	1,539	129,648	1,772	1.37%
Temora Shire Council	1,226	181,360	1,629	0.90%
Tumbarumba Shire Council	581	156,914	1,654	1.05%

As this table depicts, there a number of variances between Council's not only in the value of the assets, but also in the percentage of depreciation as compared to that value. In undertaking this comparison, Coolamon Shire Council is faced with two immediate questions – are it's assets undervalued and is Council's depreciation expense a correct reflection of the consumption of the asset given the value of the asset. Whatever the answer to those questions the anomalies between council's are evident.

If Coolamon Shire Council was to reassess the estimated useful lives of it's roads, bridges and infrastructure assets so that it's depreciation as a percentage of the asset value was equal to the average percentage of the seven councils highlighted in the table (1.37%), Council operating statement would be better off by approximately \$885,000 per year.

TCorp definitions relating to Financial Sustainability seem to contradict themselves. For the Coolamon Shire Council TCorp identified it's financial sustainability rating as "Strong" but it's outlook as "Negative". The definition of both are presented below.

T Corp Financial Sustainability Rating - **Strong** is defined as:-

- *A local government with a strong capacity to meet its financial commitments in the short, medium and long term.*
- *It generally has a record of operating surpluses and may occasionally report minor operating deficits. It is able to address its operating deficits, manage major unforeseen financial shocks and any adverse changes in its business with minor revenue and/or expense adjustments.*
- *The expense adjustments are likely to result in only minor changes to the range of and/or quality of services offered.*
- *Its capacity to manage core business risks is strong.*

TCorp Financial Sustainability Rating Outlook of **Negative** is defined as:-

As a result of a foreseeable event or circumstance occurring, there is the potential for deterioration in the local government's capacity to meet its financial commitments (short and/or long term) and resulting change in its rating. However, it does not necessarily indicate that a rating change may be forthcoming.

From these definitions it seems contradictory to state that a Council is able to meet its financial commitments in the short, medium and long term and is able to manage unforeseen financial shocks but as a result of a foreseeable event there is a potential for the deterioration of its capacity to meet its financial commitments.

Council is not critical of TCorp's assessment, but it was done at a point in time. Perhaps a better reflection of a Council's capacity would be to do an assessment of 10 years previous and 10 years forward.

As the TCorp assessment looked at the previous three years reported financial reports, together with the long term financial plan from 2012/2022 there are a number of particular points that may have affected the assessment of the Coolamon Shire Council on an individual basis. These include:

- The original 2012/2013 budget had been adjusted to reflect the actual cash that Council was expected to receive in 2012 – that is, it excluded the advance payment of the Financial Assistance Grant made in June 2012 from the total entitlement due for 2012/2013 – Council is unaware of whether other Councils had made the same adjustment. As for the previous years reported results, they too have been affected by the prepayment of the Financial Assistance Grant.
- The Roads to Recovery Program at the time of the formulating the 2012/2013 budget had not been confirmed beyond 2013/2014, therefore Council's 10 year plan did not account for this income beyond year three and this reduction in income also leads to a reduction in expenditure on roads infrastructure assets.
- This is also true for income that Council may receive under the RMS Repair Programme – Council's 10 year financial plan only included confirmed income for 2012/2013 and 2013/2014.

Perhaps it would also be a valuable exercise if the Panel were able to come up with a formula for the redistribution of FAGS Grants and then ask T-Corp to do an analysis of Councils under that proposed restructure whilst also taking into account the effects of ratepegging on Council's ability to provide services.

It is noted a recent article from Percy Allen indicated that the structural problem with Councils is based around funding. Amalgamations were not the solution to the funding problem and in fact in most instances could probably make the matter worse.

Capital Works Programs

Coolamon Shire Council has undertaken extensive capital works programs over the past 10 years.

It is noted that Coolamon Shire Council has been working on 10 years plus budgets for a significant period of time and well before IPNR became a feature of Local Government management. Council's consultation with the communities some years back highlighted a number of areas where Council needed to undertake works. These related to the upgrading of main streets, upgrading of town entrances and a complete refurbishment of Council's three swimming pools. That extensive Works Programme is now drawing to a close and Council will in its next period of 5-10 year budgeting, consolidate its finances and as such reduce its Capital Expenditure Programme.

Borrowings

The TCorp report indicates that Council would have the capacity to borrow in \$4.3 million in 2013. Whilst Council does not intend on taking up any borrowings in the foreseeable future, Council believes that borrowings are an appropriate form of funding infrastructure needs where either:

1. costs savings will be achieved by the capital works therefore enabling those savings to be used to fund the borrowings, or
2. if the infrastructure proposed will be able to produce enough income to fund the additional operating and capital replacement cost and the borrowing cost.

Council's auditor also highlighted this in his comments on the TCorp report as follows:

'In most cases, Council's fund revenue negative projects and therefore borrowings as suggested by TCorp may significantly increase Council's operating expenditures (interest expenses, depreciation expenses and more than likely deficit funding for the project utilising the borrowed monies).'

Council's opportunities to invest in an income generating asset are somewhat limited and therefore consideration to funding infrastructure through borrowings would be directly related to the cost savings that could be achieved by replacing an obsolete asset where the maintenance costs are becoming burdensome on Council.

	2012 CASH & INVESTMENTS \$,000	2012 EXTERNAL RESTRICTIONS \$,000	2012 BORROWINGS \$,000	2012 DEBT SERVICE RATIO
COOLAMON	11,714	6,050	0	0.00%
COOTAMUNDRA	13,150	4,755	400	1.68%
GUNDAGAI	5,802	1,649	23	0.04%
JUNEE	2,865	1,537	7,350	6.62%
NARRANDERA	23,212	14,694	157	0.06%
TEMORA	4,714	2,062	0	0.10%
TUMBARUMBA	11,961	4,911	1,612	1.42%

The above chart highlights the different approaches that Councils in this region have to their borrowings. This is a legitimate decision that those particular Councils take and that is their sovereign right.

Conservative Accounting

Coolamon Shire Council presents a conservative Operating Plan, Delivery Program and Long Term Financial Plan. Income estimates are based on the lower side of the scale with unconfirmed grant funds, including Roads to Recovery, RMS Repair Programme funding and Long Day Care Sustainability Assistance are not included, conservative return on investments and the ongoing practice of maintaining the same level of financial assistance grant that was received in the previous year across all ten years of the long term financial plan. Conversely, Council allows for increases in other costs like wages, insurance and electricity that may be higher than what would probably eventuate. In this way Council is hedging its bets in both ways by not overstating income and not understating expenditure.

For instance Council refers to the Employee's Leave Entitlement and the treatment of that liability by various Councils. A review of Councils in the region would indicate a percentage of liability being provided for ranges from 16% up to 84%. Again as with borrowings it is Council's right to deal with its liabilities and the manner it so determines. Nevertheless it does make comparison with Councils a difficult exercise. For instance if Coolamon Shire Council adopted the same percentage as the lowest Council, it would have an additional \$1 Million in unallocated funds for expenditure.

COUNCIL	2012 ELE RESTRICTION \$,000	2012 ELE LIABILITY \$,000	% OF RESTRICTION AS TO LIABILITY
COOLAMON	1,345	1,933	69.58%
COOTAMUNDRA	398	1,804	22.06%
GUNDAGAI	1,211	1,432	84.57%
JUNEE	280	1,518	18.45%
NARRANDERA	1,002	2,122	47.22%
TEMORA	633	3,950	16.03%
TUMBARUMBA	300	1,411	21.26%

AMALGAMATED COUNCIL

An initial review of the finances of the Panel's preferred amalgamated option, ie. Coolamon, Temora and Junee Shires becoming one, is quite revealing. There is a distinct financial disadvantage to the ratepayers of the Coolamon Shire.

The analysis below looks at the cash/liabilities and whilst this maybe somewhat simplistic, it tells a story:

LIABILITIES PER CAPITA

LGA	2011 POPULATION	2012 INFRASTRUCTURE BACKLOG	INFRASTRUCTURE BACKLOG PER CAPITA	2012 BORROWINGS	DEBT PER CAPITA	2012 ELE PROVISIONS	ELE PER CAPITA	2012 TOTAL "LIABILITIES"	TOTAL "LIABILITIES" PER CAPITA	AFFECT PER CAPITA FOR COOLAMON
COOLAMON	4,213	-2,193,000	-520.53	0	0.00	-1,933,000	-458.82	-4,126,000	-979.35	
TEMORA	5,928	-4,360,000	-735.49	0	0.00	-3,950,000	-666.33	-8,310,000	-1,401.82	
JUNEE	6,091	-7,795,000	-1,279.76	-7,350,000	-1,206.70	-1,518,000	-249.22	-16,663,000	-2,735.68	
COOLAMON/ TEMORA/JUNEE	16,232	-14,348,000	-883.93	-7,350,000	-452.81	-7,401,000	-455.95	-29,099,000	-1,792.69	-813.34

ASSETS PER CAPITA

LGA	2011 POPULATION	2012 CASH ASSETS, CASH EQUIVALENTS & INVESTMENTS	CASH ASSETS PER CAPITA	2012 RESTRICTED CASH ASSETS	2012 INTERNALLY RESTRICTED & UNRESTRICTED	INTERNALLY RESTRICTED & UNRESTRICTED PER CAPITA	AFFECT PER CAPITA FOR COOLAMON
COOLAMON	4,213	11,714,000	2,780.44	6,050,000	5,664,000	1,344.41	
TEMORA	5,928	4,714,000	795.21	2,062,000	2,652,000	447.37	
JUNEE	6,091	2,865,000	470.37	1,537,000	1,328,000	218.03	
COOLAMON/ TEMORA/JUNEE	16,232	19,293,000	1,188.58	9,649,000	9,644,000	594.14	-750.28

The cash assets per capita reveals that under the full amalgamated proposal Coolamon Shire residents would be \$750.00 per head worse off whilst under the liabilities per capita Coolamon Shire Ratepayers are \$813.00 worse off.

Quite obviously Council is aware that there are many other factors to be taken into account in an amalgamation proposal, however, it appears that it has been universally accepted that there are no definite financial advantages in amalgamations. In dealing with the finances as they are at this point in time, the financial disadvantage per resident (man, woman and child) of the Coolamon Shire Council area is \$1563.00 per head.

In summary this provides for a total financial disadvantage per resident of the Coolamon Shire Council of \$1563.00.

STRATEGIC CAPACITY

Coolamon Shire Council would like to ask where it is considered not to be strategic.

The minimum population for a 'standard' local government as proposed by the Panel seems to be just a number that has been used to support the Panel's suggestions and is not based on proof. Coolamon Shire Council wishes to put forward the argument that it can provide the services to the community that it serves and that the population predictions for the Coolamon Shire will not adversely impact on the Council's ability to serve its communities over the next 20 years.

Council is of the view that judgements should be made on Councils with respect to outcomes and efficiencies and not on population figures. Where is the rationale that says a Council with 5,100 people has a financial future with appropriate intelligent levels of staffing, whilst a Council with 4,500 has no financial future and staff that are not qualified to carry out their task.

Strategic Planning

Council has been undertaking strategic planning for a number of years with the following list provided as evidence.

1. Coolamon – The Town – Beyond 2006
2. Local Environmental Study and Planning Strategy 2010
3. Community Shire Strategic Plan (LEP Purposes)
4. Streetscape Studies - Coolamon 1992, Ganmain 2002, Ardlethan 2007
5. Coolamon Local Environmental Plan (2011) replaced existing LEP dated 1995
6. 10 year financial plans extending back many years before the current requirements of IPR
7. Plant Replacement Policy
8. Road Hierarchy Policy

9. Community Lands & Operational Lands Management Plans presented on an annual basis to Council detailing land, building and other structure assets condition, maintenance and long term capital requirements.
10. Strategic Business Plan for Sewerage Services (2004) – Council is currently in the process of developing a new strategic Business plan for sewerage with the aid of specialist contractors.

Succession Planning

Coolamon Shire Council acknowledged the need for succession planning and strategic capacity and implemented a plan of training and retaining high quality staff. Commentary within the Panel’s Report seems to indicate that Councils in Rural areas, especially those under 5,000 persons will have some difficulty in attracting qualified staff. I note the list below which gives an indication of the qualifications of Senior Staff at this Council and the years of experience in Local Government.

STAFF MEMBER	QUALIFICATIONS	EXPERIENCE
Terrey Kiss, General Manager	<ul style="list-style-type: none"> ➤ Associate Diploma in Local Government Administration, Mitchell College of Advanced Education, 1983. ➤ Graduate Diploma, Local Government Management, Mitchell College of Advanced Education, 1987. ➤ Masters in Business Administration, Charles Sturt University, 1993. ➤ Bachelor of Laws, Macquarie University, 2001. ➤ Graduate Dip. Legal Practice, ANU, 2003. ➤ Admitted as Solicitor, NSW Supreme Court, 2003. ➤ Graduate Certificate in Financial Planning – 2008 ➤ Accredited Mediator (ACDC) 	46 years Local Government experience
Tony Donoghue, Deputy General Manager, Planning & Environmental Services	<ul style="list-style-type: none"> ➤ Bachelor of Applied Science (Environmental Health) ➤ Masters in Planning 	24 years Local Government experience, Wyong, North Sydney, Parkes, Coolamon
Tony Kelly, Executive Manager, Engineering & Technical Services	<ul style="list-style-type: none"> ➤ Associate Degree Civil Engineering ➤ Associate Diploma Surveying 	13.5 years local government
Courtney Armstrong, Executive Manager, Corporate & Community Services	<ul style="list-style-type: none"> ➤ Bachelor Business (Accounting) 	17 years local government experience

Samantha Jennings, Finance Manager	<ul style="list-style-type: none"> ➤ Bachelor Business (Accounting) ➤ Bachelor Legal & Justice Studies (Local Government/Conveyancing) 	8 years local government experience
Scott Martin, Environmental Health Officer	<ul style="list-style-type: none"> ➤ Bachelor Applied Science (Environmental Health) ➤ Certificate IV Local Government Planning ➤ currently studying Master of Town Planning 	10 years local government experience

Tick & Flick

The panel has acknowledged (pg 24) that Council's have become "tick and flick" organisations due to the imposts placed on them by various agencies. Coolamon Shire Council would contend that it has been able to adequately deal with the requirements of those various agencies whilst continuing to deliver services to meet its communities needs.

What is aggravating in terms of the impost imposed by various agencies is that Council is seen as the regulator and the promoter of much of the red tape that flows down from State Government. Much of the red tape is imposed by unaccountable bureaucracy that has no feeling for country communities or country towns. What may well be a good idea sitting in a glass house in Martin Place is not necessarily applicable in Rural New South Wales. Yet Councils and Local Government in general is quite often criticised by the same State Governments and by numerous media outlets as being over bureaucratic and knit picking.

I note that in a number of instances Rural Local Government has the ability to be flexible in how it enforces State Government regulations and it has the ability to perhaps bend the rules whilst endeavouring to ensure they aren't completely fractured.

CONCLUSION

At the end of the day the report is in a sense disappointing. It is believed that the Panel was given the opportunity to Reform Local Government and to come up with a new Model of Local Government that could work. The emphasis placed on the word Local Government and not local bureaucracy. Local Government creates communities and in turn communities create Local Government. They depend on each other. New South Wales does not need a society made up of Albury, Wagga, Dubbo, Tamworth, Orange, Bathurst etc. It needs strong regional centres with strong country towns in their catchment.

“What is old is new”. The Panel’s main recommendation if the report is fully implemented is to rely on the Barnett Report which had its embryo in the 1970’s. Wholesale amalgamations are the result of this report.

The Submissions from within the Riverina Region were well considered and well thought out. Councils from this region have not advocated no change, but rather they have thought the issues through, they work well together and they have advocated what they believe is a potential new model for Local Government structures. The new structure provides for regional planning, regional resource sharing, whilst still maintaining political and democratic independence. The Panel however, has not given any indication that the Submissions were even considered, read or otherwise. There has been no commentary on the Submissions that have been put forward, nor has there been any discussion or debate. All Submissions that have been requested by the Panel and all discussions have been orchestrated with the Panel clearly leading the debate in a definite direction.

Council stands by the Submission put by REROC as the Model for which Local Government within the Riverina can function.