



## **Attachment I**

**General Manager and  
Mayors Speech at Final  
Community Consultation Forum**

## COMMUNITY CONSULTATION: GLEN INNES:

**MONDAY, 3 FEBRUARY 2014 AT 7.30PM IN THE TOWN HALL**

Good Evening Fellow Ratepayers and Residents

We are gathered here tonight as concerned ratepayers to consider our future and the future of our assets, most notably probably our local road and bridge assets.

Councillors are representing you as our community. And we have the problem that we currently cannot properly renew and maintain our infrastructure assets.

It is not a question of "us" and "them". We are all in it together.

It is our assets, our infrastructure backlog, our deficits, our future and the future of our children that we need to address.

In addition to what the Mayor has just said, I want to touch on a few arguments that have been put to us during our community consultation sessions the week before last.

**1. We have heard that Council is top heavy and has too many administrative and managerial staff:**

Council has to deal and comply with over 100 different sets of legislation (that have a direct responsibility and/or obligation as a result);

Council fulfils (as the Mayor has indicated) over 70 different functions. We had another detailed count this morning, and it is actually 108;

Council has to adhere and provide information back to various State and Federal Departments regarding approximately 1,300 different sets of performance and compliance measures;

On top of the above, Council is expected to comply with 513 different Better Practices Guidelines – on which we get audited/assessed;

Council's governance and administration cost is extremely low if compared with other similar sized Councils – on average around \$200 per capita compared to over \$400 per capita in other similar sized Councils. What does this say? Are our administration and managerial staff working twice as hard as other similar sized Councils?

Further, already 100 Councils in NSW (out of 152) have applied for a SRV over the last four years – remembering that the Sydney Metropolitan area has 43 Councils which arguably don't need SRVs as much as rural Councils with large local road networks relative to their low rate bases. Our Council is therefore hardly the odd one out – all rural and regional Councils are in a similar position.

**2. We have heard that Council should not pay attention to the requirements of the State Government, and that we should "do our own thing":**

Clearly, this argument/suggestion is illegal.

The Local Government Act 1993 makes provision for a Council Charter in Section 8 – identifying 14 dot points of things that a Council should do. It is noteworthy that it is expected of a Council “to bear in mind that it is the custodian and trustee of public assets and to effectively plan for, account for and manage the assets for which it is responsible”.

Section 232 of this mentioned Act further deals with the role of a Councillor. It is noteworthy that it is highlighted in subsection 1 (dot point 3) that it is a role of a Councillor “to participate in the optimum allocation of the Council’s resources for the benefit of the area”.

Council staff falls under the provisions of the Local Government (State) Award 2010. Salary and wage increases are negotiated centrally by the employer organisation and unions, and we have to implement the outcomes – with all the other provisions of the Award.

Do we need another referendum on the New England Region becoming a separate State from NSW? I thought that the 1967 referendum was conclusive on this matter?

The current Council has the responsibility to make the hard decisions now; in order for our community (with its Council) to be financially sustainable in the longer term – with serviceable assets – especially our local roads network.

It is not fun for anybody involved. But, I am convinced that the SRV proposal is a sound and responsible management strategy for the longer term. Not recommending it to Council, would to my mind constitute mismanagement.

**3. We have heard that Council is not doing anything to save money or becoming more efficient:**

Council has set itself the goal of saving in the order of \$650,000 each year by implementing and pursuing the following initiatives:

Sale of properties not necessary for operational purposes: Tindale Units (\$18,000), Highwoods (\$20,000), Garden Court (\$25,000), Potters Parade Land (\$11,000), Abbott Street Land (\$25,000), AAFT Airport (\$200,000). Total - \$299,000.

Stricter Controls in Overtime and Time in Lieu: \$65,000

Non-replacement of staff on leave: \$50,000

Reduction in “Acting in Higher Grades”: \$24,000

Cutting 10 vehicles from light fleet: \$50,000

Shutting down of Freezer Rooms: \$20,000

Grand Total - \$508,000

Council does have a focus on continuous improvement, and will identify further savings/efficiencies. Specifically, gains have been made with regards to procurement practices. A \$60,000 saving is expected to be achieved shortly from Council’s in-house printing, and a further \$30,000 for a renegotiated telephone contract. There is however

still some work to be done. Further savings of \$50,000 to \$60,000 per year needs to be identified.

Council acknowledges that there is room for improvement in some of its service delivery and operations; everything is not perfect (and probably never will be!) However, to argue that “cutting out all the waste” is miraculously going to provide us with an additional \$850,000 to \$950,000 per annum is just not rational thinking – with all due respect.

**4. We have heard that Council erred in the way it calculated the average rates within the region:**

The hand-out document on the page with the heading “Farmland Rate Comparison 2013/14”, clearly shows that no matter how one calculates the regional rate average; including Glen Innes or excluding Glen Innes, including or excluding Tenterfield, including or excluding irrigation and intensive farming areas from the equation – there remains to be a discrepancy between the Glen Innes Severn Farmland Rating and the regional average – with our rates being lower.

There is therefore merit in Council targeting the Farmland rating category. And we acknowledge again that the timing is terrible.

Council has put this difficult decision regarding a SRV off for a couple of years, but it cannot wait any longer. As the Mayor has said, the timing will never be ideal or right.

**5. We have heard that there is inequity in the raising of additional rates as part of the SRV proposal:**

Based on the feedback we have received from our other community consultation meetings, the Mayor has in terms of Section 226 of the LG Act exercised the policy-making function of the governing body in between meetings of Council, and requested me to prepare another option under Scenario 5 – where the burden of additional rate revenue is spread differently than what was originally proposed.

The hand-out on the one page, with the heading “Comparison of Two Breakdowns Suggested for the SRV”, shows under “Option 2” an increase of 10% over two years, and an increase of 5% in the third year (instead of another 10%) for the Farmland rating category – excluding the rate peg increase.

It also shows an increase of 10% in the first year and a 5% increase in the second year for the Residential rating category – excluding the rate peg increase.

Council believes that this redistribution of rate revenues across the Farmland and Residential rating categories goes some way in addressing the inequity concerns expressed by predominantly farmland ratepayers.

Thank you very much for your patience. I will now hand you back to the Mayor, who will facilitate the questions and answers part of this meeting.

Thank you Mr Mayor.

## **Mayors Speech – Community Consultation Meeting Town Hall – Glen Innes**

- Welcome
- Introduce Councillors and staff
- Explain format for the evening

Tonight last of series of meetings seeking community's views on proposal for Special Rates Variation. As expected – range of views.

Decision is far-reaching – very much decides future of Council and community, therefore deserves careful consideration.

Continuation of current rating regime will be more comfortable for ratepayers but will see growing backlog of infrastructure works with probably at an accelerating rate of deterioration. So not only will we face the inconvenience of worsening facilities but our inability or unwillingness to address the backlog will attract the attention of the Division of Local Government.

Independent Review Panel has suggested a 2018 review by Boundaries Commission – yet to see Government response.

Adoption of proposal will give community a good fighting chance of reducing backlog, meaning better facilities. The variation is quite a savage increase, particularly for farmland but it is not a short-term grab for an immediate fix. It is very much, medium to long-term before there is a major impact. It is 2019 before the backlog stops growing and about 2033 before the depreciation problem is overcome. Given that Council has committed to find savings of \$650,000 each year to allow the necessary \$1.5 million to be spent, it demonstrates the scale of the backlog compared to our rates income.

This problem of unfunded depreciation is very common among rural Councils in NSW and almost all will apply for Special Rates Variation except those that are already paying higher rates. Decades of rate-pegging has had that effect.

It is important for ratepayers to appreciate what a complex organisation Council is with over 70 different functions required. In contrast a business can concentrate on 2 or 3 specialties to chase profit. With so many compulsory activities to carry out Councils have to be spread thin. Suggestions at some of the meetings that Council should ignore some of these obligations i.e. act unlawfully, can't be considered.

Tonight we will present the alternative distribution of rates between residential and farmland. This came about following concerns expressed at the early meetings that farmland was being treated inequitably. I'll leave that presentation to General Manager, Hein Basson.

Why does the proposal put such an emphasis on farmland? Firstly, despite much discussion at the meetings, our farmland rates are below the average of both nearby Councils and similar Councils statewide.

Better rural roads provide an economic benefit for the whole community but the greatest benefit goes to the frequent users. Given that our 150 rural roads are the area of greatest backlog it seems reasonable that those users should carry more of that burden, particularly given the importance of bridge replacement.

Better roads, streets and bridges add value to the assets of home and property owners. To take the opposite view, poor access due to closed bridges etc., must lower property value and saleability.

For people totally opposed to the SRV the basic question they must confront is what to do about bridge replacement given that it is so capital-hungry. Wishful thinking about Government funding isn't a strategy.

Equally the mantra about reducing Council 'waste' or sacking administration staff doesn't address the issue.

Given the anxiety about the season Councils timing could not have been worse but there is no right time. I commend staff for their professionalism and courage in bringing this proposal forward. They have had a dispassionate look at the future of our Council and have taken the very responsible action of addressing the long-term problems.

Equally Councillors should be recognised for their courage and commitment to a better community in bringing on this difficult discussion. It would have been much easier (and more popular) to ignore the problem and to leave it for some future Council to deal with. Councillors have put themselves in the firing line but have been extremely responsible. They face a daunting decision.