



Address for all correspondence: The Secretary, Wamboin Community Association Inc., c/- 89 Weeroona Drive, Wamboin NSW 2620
Email: secretary@wamboincommunity.asn.au

To: Independent Pricing and Regulatory Tribunal, New South Wales
From: Wamboin Community Association Inc.
Date: 31 July 2015

Submission responding to the Palerang Council's proposals under the IPART Fit for the Future (FFtF) review

Thank you for providing an opportunity to present a submission on this topic.

The Wamboin Community Association is the representative body for the people living in Wamboin, the most densely settled rural part of the Palerang LGA. The Government's Fit for the Future (FFtF) initiatives are of considerable interest to us, particularly the proposal from the Review Committee for our Council to merge with the Queanbeyan City Council. This is because our part of the Palerang LGA is quite close to Queanbeyan.

The NSW Government's FFtF reform agenda

The Wamboin Community Association is deeply dissatisfied with the way the NSW Government has gone about the review, including the role given to IPART in this. Our understanding is that there were some concerns, in parts of the government, about the appropriateness of the size and boundaries of some urban councils, particularly in Sydney. Although we have no information about the details, it is problematic that those concerns have flowed over to all councils in the state, including the rural Council of Palerang. It should be obvious that the needs and opportunities facing the rural councils are very different from those of the urban councils, and should not be dealt with under one crude formula. As Council submission correctly puts it, 'The Palerang LGA is a rural shire with characteristics that embrace agricultural and ecological qualities, supporting demographics that seek out a life style quite distinct from that found in more urban areas. It has a broad demographic composition and its population distribution allows all of these demographic groups to be directly represented on a nine-member Council' (p. 6).

We note that the Government has established four criteria that they consider are apposite for determining whether or not a council is Fit for the Future. They are

- Scale and capacity to engage effectively across community, industry and governments
- Sustainability
- Effectively managing infrastructure and delivering services for communities
- Efficiency.

In our view, these criteria, and the broader approach being taken under FFtF, focus excessively on the financial viability of local government councils, without taking into account other important issues including representation and maintaining an appropriate degree of homogeneity across the LGA.

We are singularly unimpressed by the way that IPART has gone about this review. Its approach has been flawed from the outset in that it commenced with the current situation of local government in the State and then, through a flawed process, came up with proposals for amalgamations, along with veiled threats of forcing this to occur. If the State government were serious about reviewing local government, it would have started with a *tabula rasa* instead of starting with the current

situation, and would have designed an improved situation from the ground up. This has not happened.

The review seems to have started with the unsupported assumption that bigger councils are better. Not surprisingly, then, it leads to the conclusions that amalgamations are necessarily a good thing. We do not agree.

IPART has demonstrated lack of understanding of the importance of having local government councils that are genuinely representative of the people of their shires. Were Palerang to be forced to amalgamate with Queanbeyan City Council, the merged council would inevitably be dominated by Queanbeyan city interests, meaning that people in rural areas would find themselves largely unrepresented in Council. The consequences would be highly problematic for us in the rural areas.

The financial sustainability of Palerang LGA

Palerang Council's submission sets out details of its financial viability. Eleven years ago it was the subject of a forced amalgamation. That was done poorly, the initial funding arrangements were highly problematic, and led to significant financial stresses in the early years of operation of Palerang. Subsequently, however, Palerang's financial situation has improved and it is now one of the more viable of the rural councils. This has been a significant achievement and leaves us confident that the Council will continue to be financially viable into the future.

That said, the State Government's rate pegging has significantly contributed to many local government councils facing financial challenges, not least with respect to the ageing infrastructure of the rural areas. More funding from the State and Commonwealth Governments to local government is a priority need.

The proposal to amalgamate Palerang Council with the Queanbeyan City Council

As mentioned above, we see no justification for amalgamating Palerang Council with Queanbeyan City Council. The extensive consultations conducted by Palerang Council, including a representative survey of the population of the shire, reveals that people of the shire do not want to amalgamate with Queanbeyan City Council. Indeed, the survey confirmed that some 60% of Palerang residents support retaining Palerang Council as a stand-alone entity, opposing amalgamation with the Queanbeyan City Council.

Amalgamation is not necessary to ensure financial viability and, in fact, could drain resources from the rural areas into the city in a forced amalgamation scenario. As required by IPART, the Palerang Council and Queanbeyan City Council developed a joint business case for amalgamation. They concluded that few benefits would flow from amalgamation. The consequence is that neither council is in favour of amalgamation, despite having put a lot of effort into developing a business case in support of it.

In short, the Wamboin Community Association sees significant cost of amalgamating Palerang Council with Queanbeyan City Council, and no significant benefits, either to local residents or to local businesses.

Protecting and delivering democratic structures for local government that ensure it remains close to the people it serves

As you know, this is one of the terms of reference of the current Parliamentary enquiry into local government in the state. As noted above, as the representative organisation for the people of Wamboin within the Palerang LGA, we are particularly concerned about this aspect of the local government review. Those responsible for designing and implementing the IPART approach to the review have largely overlooked the matter of protecting and delivering democratic structures for local government that ensures that it remains close to the people it serves. Over the 11 years that Palerang Council has been operating, the residents of the shire have had many opportunities to engage with Council as an entity and with individual counsellors, being our representatives on Council. Generally speaking we have been pleased with their understanding of the needs of the residents the shire. Counsellors have made significant effort to travel to the far-flung parts of the shire to ensure that they understand local needs and opportunities, and to explain what Council is doing. This matter of representation—democratic structures—is an important feature of the current situation and one that would be adversely impacted upon by any forced amalgamation of the Palerang Council and Queanbeyan City Council.

Our assessment of Palerang Council's fitness for the future

We have indicated above that we are not supportive of the Government's criteria for determining whether or not a Palerang Council is Fit for the Future as it is incomplete, totally ignoring issues to do with such things as democratic processes, homogeneity, representativeness and culture.

Nonetheless, our assessment against the government's criteria are as follows:

- Scale and capacity to engage effectively across community, industry and governments
 - Particularly over the last half decade, Palerang Council has demonstrated that its scale is appropriate as is its capacity to engage with its local community, its neighbours and the government. Indeed, sound engagement has been demonstrated be one of its strengths.
- Sustainability
 - Palerang Council's submission accurately demonstrates that it is a viable organisation, indeed more so than many other local government councils in the state. Ongoing sustainability for this council, as with others, requires a better funding model from the state and Australian governments, particularly regarding rate capping and the ongoing funding of maintaining and replacing infrastructure, particularly the wooden bridges of our shire.
- Effectively managing infrastructure and delivering services for communities
 - Palerang Council has developed commendable skills and resources for managing infrastructure and delivering services. Its outdoor works teams are competent and hard-working, able to deliver good infrastructure outcomes in a timely way that could serve as a model to many other organisations.
- Efficiency
 - As Council's submission indicates, it is operating relatively efficiently. As a relatively young council, it is still building its processes and demonstrates, in its submission, that it is continuing to identify and deliver further efficiencies.

In our view, amalgamating Palerang Council with the Queanbeyan City Council will do nothing to deliver improvements under any of these four criteria and, has significant potential to do the opposite.

In conclusion, the Wamboin Community Association supports the submission by the Palerang Council to IPART opposing amalgamating Palerang Council with the Queanbeyan City Council or any other adjacent local government council. We emphasise the point made above, that the FFtF initiative should not be simply about Council finances. Critically important are issues about democracy, local government being local, and acting on the views of the people who live in Wamboin and other parts of the Palerang LGA.

Yours sincerely

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Committee member
for
Jenny Richards, President
Wamboin Community Association Inc.