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Clerk of the Parliaments
15 / 8 / 24

LOCAL GOVERNMENT AMENDMENT (RURAL AND REMOTE COUNCILS) BILL 2024

STATEMENT OF PUBLIC INTEREST

Need: Why is the policy needed based on factual evidence and stakeholder input?

The purpose of the Bill is to provide for a modified “rural and remote council” model that can be applied to eligible councils that are unable to operate to a sustainable level as a general-purpose council due to inherent external factors.

The Bill has been developed to enable the return to a democratic governance model for Central Darling Shire Council (CDSC) which has been under administration since December 2013 as a result of concerns about its governance and finances. The governance and financial challenges faced by CDSC have been the subject of repeated investigations and reports over the past decade, informed by stakeholder input. These investigations and reports have projected that CDSC would be unable to operate to a sustainable level as a general-purpose council due to inherent factors such as remoteness, dispersal of towns and villages, low population and rates base, socio-economic disadvantage and extremely high cost of providing infrastructure and services. CDSC is heavily reliant on Government funding to provide essential services to the community.

Objectives: What is the policy’s objective couched in terms of the public interest?

The Bill seeks to provide an alternate governance model for designated rural and remote councils. A rural and remote council will operate as closely as possible to a general-purpose council but will have a mix of democratically elected local representatives and Government appointees with relevant experience in areas such as financial management and governance. The rural and remote council model will give communities a democratic voice while providing an efficient and stable council with the appropriate skills and experience to ensure financial sustainability so that important local services can be provided to the community. Additionally, where a significant investment of public money is provided through State and Federal grant funding, the model provides appropriate government oversight of expenditure through the appointed councillors.

The rural and remote council model has been developed with the intent of being applied to CDSC and enables the model to be applied to councils of other local government areas in the future should they face similar challenges and meet strict eligibility criteria. There are no current plans to apply the rural and remote council model to any other council at this stage.

Options: What alternative policies and mechanisms were considered in advance of the Bill?

Consideration was given to the following governance options for CDSC:

1. Do nothing, i.e. return an elected council with all existing legislative requirements
2. Continue the administration of CDSC
3. Establish a modified governance model with a board-based governing body comprising a mix of elected and appointed councillors (proposed approach)
4. Adjust neighbouring council boundaries to absorb the Central Darling Shire local government area; and
5. Unincorporate the Central Darling Shire local government area.

Consideration was given to the extent to which each option would provide for effective local democracy; equitable representation of diverse communities; maintained and improved services and infrastructure; local employment; minimised risk and cost to communities and Government; ability to leverage Federal financial assistance grants and other Federal funding, State Minister and agency support, the need for legislative change, timing and transitional implications, and the financial viability of each option.

Analysis: What were the pros/cons and benefits/costs of each option considered?

1. Do nothing, i.e. return an elected council with all existing legislative requirements

Pros:

- Restores local democracy and opportunity for representation to CDSC
- Jobs and skills retained in the Shire
- Simplest option

Cons:

- Extreme risk of governance and financial failure:
 - Lack of leadership experience to guide decisions, negotiate funding and support, and oversee expenditure of State and Federal public funds
 - Financial challenges very likely to result in rapidly deteriorating services and infrastructure, as well as associated increased risks to public health and safety for disadvantaged local communities
- Likely failure to meet statutory obligations
- Representation and engagement issues likely to continue, particularly for Aboriginal communities.

2. Continue the Administration of CDSC

Pros:

- Experienced and stable administration
- Contains council's financial risks resulting in reduced debt and improved liquidity
- Enables continued focus on implementing the long-term strategic plan and basic services and infrastructure
- Experience in negotiating funding and support when shortfalls arise and during emergencies
- Jobs and skills retained in the Shire

Cons:

- Continued lack of local democratic local representation desired by community
- Financial challenges not fully addressed due to continuing gradual deterioration of services and ageing infrastructure
- Potential for community distrust of Administrator's decisions
- Continued uncertainty for the Shire's future

3. Establish a modified governance model with a board-based governing body comprising a mix of elected and appointed councillors (proposed approach)

Pros:

- Experienced oversight of expenditure, service delivery, asset management and governance
- Efficiency gains through legislative changes to streamline red tape
- Potential to harness State resources more quickly and effectively, particularly during natural emergencies
- Opportunity for experienced appointed councillors to upskill elected councillors
- Provides staged transitional approach to return to a fully elected council in the future

- Ability to expand to other eligible councils and/or Unincorporated Area in future
 - Provides certainty and a way forward for the future of the Shire
- Cons:*
- Perceived lack of full democratic representation for community
 - Perceived overreach of State government into local government decision-making
 - Cannot be implemented prior to September 2024, requiring extension of Administration for a short time
4. Adjust neighbouring council boundaries to absorb the Central Darling Shire local government area
- Pros:*
- Would enable representation from neighbouring councils which some community members feel they have a stronger community of interest with
- Cons:*
- Major transitional issues
 - No material advantage – neighbouring councils will inherit financial sustainability issues
 - Not likely to be supported by neighbouring councils unless funded
 - Potential local jobs and skills losses
6. Unincorporate the Central Darling Shire local government area
- Pros:*
- Pastoralists would not be required to pay rates for services and infrastructure that they claim they do not benefit from
- Cons:*
- Extreme risk of gaps in service and infrastructure delivery due to lack of local coordination, and associated public health and safety risks for disadvantaged communities
 - Increased service and infrastructure burden for State
 - Major transitional issues
 - Potential local jobs and skills losses
 - Loss of rural rates and federal grant funding

Pathway: What are the timetable and steps for the policy’s rollout and who will administer it?

If passed by Parliament, the amendments will commence on proclamation following development of appropriate regulatory instruments and guidance. The implementation will be administered by the Office of Local Government, Department of Planning, Housing and Infrastructure.

Consultation: Were the views of affected stakeholders sought and considered in making the policy?

The policy has been informed by meetings and discussion with the local member for Barwon, the Hon. Roy Butler MP, the CDSC General Manager and Administrator, local residents and ratepayers, businesses, farmers/pastoralists, miners and community groups across the four main townships of CDSC including representatives of local Aboriginal groups, along with a range of NSW state agencies.