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Received by
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Date: 17 / 8 / 2015
Resolved to publish Yes / No
17TH AUGUST 2015

NSW LEGISLATIVE COUNCIL INQUIRY INTO LOCAL GOVERNMENT

STANDING COMMITTEE INQUIRY HEARING AT WAGGA – MONDAY 17TH AUGUST 2015

OPENING STATEMENT (5 MINUTES ALLOWED)

COMMITTEE CHAIR THE HON PAUL GREEN MLC AND MEMBERS OF THE STANDING COMMITTEE

THANK YOU FOR THE OPPORTUNITY TO PARTICIPATE IN TODAY'S HEARING AND TO PROVIDE INFORMATION ON BEHALF OF RAMROC MEMBER COUNCILS

I WOULD LIKE TO BRIEFLY REFER TO SOME ASPECTS OF RAMROC'S SUBMISSION

1. RAMROC IS A COLLABORATIVE NETWORK REPRESENTING THE INTERESTS OF 18 MEMBER COUNCILS IN SOUTH WEST NEW SOUTH WALES
2. RAMROC MEMBER COUNCILS ARE CERTAINLY NOT OPPOSED TO SENSIBLE AND EVIDENCE BASED REFORM OF THE NSW LOCAL GOVERNMENT SECTOR. HOWEVER, WE ARE CONCERNED ABOUT ASPECTS OF THE STATE GOVERNMENT'S FIT FOR THE FUTURE REFORM PACKAGE, WHICH APPEAR TO HAVE A PRE-DETERMINED GOAL OF REDUCING THE CURRENT 152 COUNCILS
3. UNFORTUNATELY, THE FIT FOR THE FUTURE PROCESSES DO NOT ADDRESS THE FUNDAMENTAL CORE PROBLEM OF LONG TERM FINANCIAL SUSTAINABILITY.
4. MERGERS MAY YIELD A LIMITED AMOUNT OF FINANCIAL SAVINGS. HOWEVER, THE CORE PROBLEM REMAINS IN THAT THERE NEEDS TO BE A RESOLUTION OF THE SYSTEM OF COMMONWEALTH / STATE / LOCAL GOVERNMENT FINANCIAL ARRANGEMENTS, SO AS TO DEVELOP A FAIR AND REASONABLE TRIPARTITE SHARE OF ANNUAL NATIONAL TAXATION REVENUE.
5. IT IS IMPORTANT TO NOTE THAT THE LOCAL GOVERNMENT SHARE OF COMMONWEALTH REVENUES, WHICH FIRST COMMENCED IN THE EARLY 1970s, HAS PROGRESSIVELY BEEN REDUCED FROM AROUND 2% IN THE EARLY 1990's TO A CURRENT LEVEL OF LESS THAN 0.5%. FURTHERMORE, A 3 YEAR INDEXATION FREEZE OF FINANCIAL ASSISTANCE GRANTS BY THE COMMONWEALTH GOVERNMENT IS CURRENTLY IN PLACE FROM 2014-2015.
6. THE FIT FOR THE FUTURE REFORM PROGRAM IS LARGELY BASED ON THE REPORT AND MERGER SUGGESTIONS PUT BY THE INDEPENDENT LOCAL GOVERNMENT REVIEW PANEL. THE PANEL'S SUGGESTIONS WERE NOT AUTHENTICATED BY ANY FORM OF CRITICAL ANALYSIS, AND THE PANEL CHAIR PROFESSOR GRAHAM SANSOM HIMSELF ACKNOWLEDGES THAT THE SUGGESTED MERGERS ARE INDEED ONLY ONE COMPONENT OF AN INTEGRATED REFORM PACKAGE.
7. COUNCILS HAVE EXPENDED HUGE AMOUNTS OF RESOURCES TO ADDRESS THE BENCHMARK CRITERIA AND STANDARDS WHICH HAVE BEEN SPECIFIED BY THE OFFICE OF LOCAL GOVERNMENT AND IN TURN ADOPTED BY IPART, SO THAT IPART CAN ASSESS WHETHER COUNCILS IN METROPOLITAN, REGIONAL AND RURAL AREAS ARE ELIGIBLE TO BE ASSESSED AS "FIT FOR THE FUTURE"
8. THE FIT FOR THE FUTURE BENCHMARKS ARE STRINGENT AND ARE VERY MUCH TARGETED TOWARDS FINANCIAL STATISTICAL RATIOS, WITH MINIMAL CONSIDERATION OF THE WIDER AND CRITICALLY IMPORTANT FACTORS OF ADEQUACY OF SERVICES AND COMMUNITY SATISFACTION.
9. RAMROC COUNCILS ARE GENUINELY CONCERNED THAT THE CRITERIA HAVE BEEN DESIGNED WITH AN INTENTION THAT MANY COUNCILS WILL LIKELY NOT SATISFY THE FIT FOR THE FUTURE BENCHMARKS.

10. UNDER THAT SCENARIO, COUNCILS ARE AT RISK OF THE STATE GOVERNMENT SIMPLY LEGISLATING MERGERS AND BY-PASSING THE LOCAL GOVERNMENT ACT'S BOUNDARIES COMMISSION INDEPENDENT PROCESSES. RAMROC STRONGLY SUPPORTS THE INDEPENDENT BOUNDARIES COMMISSION SYSTEM IN PLACE.
11. RAMROC IS NOT CONVINCED AT THE VERACITY OF THE GOVERNMENT'S RHETORIC THAT '*BIG IS BETTER*', THAT "*152 COUNCILS IS TOO MANY*", THAT "*MERGERS WILL DELIVER BETTER SERVICES, BETTER INFRASTRUCTURE AND PUT DOWNWARD PRESSURE ON RATES*" AND THAT "*THERE IS AN URGENT NEED FOR CHANGE*"
12. ALL OF THE 18 RAMROC COUNCILS HAVE LODGED THEIR FIT FOR THE FUTURE PROPOSALS ON A STATUS QUO BASIS, EITHER THROUGH THE SUBMISSION OF A TEMPLATE 2 (IMPROVEMENT PROPOSAL) OR A TEMPLATE 3 (RURAL COUNCIL).
13. IN A SMALL NUMBER OF CASES, COUNCILS IN OUR REGION HAVE JOINTLY COMMISSIONED EXTERNAL BUSINESS CASE STUDIES TO INDEPENDENTLY ASSESS THE MERITS OF POTENTIAL MERGERS. INTERESTINGLY, THE STUDIES HAVE REVEALED THAT THE MERGERS WOULD NOT BRING ABOUT ANY SIGNIFICANT FINANCIAL SAVINGS, NOR WOULD THEY NECESSARILY IMPROVE THE DELIVERY AND STANDARD OF SERVICES TO THE RATEPAYERS AND RESIDENTS OF THOSE COUNCILS
14. IN RELATION TO LONG TERM LOCAL GOVERNMENT FINANCIAL SUSTAINABILITY, NO STONE HAS BEEN LEFT UNTURNED IN RECENT YEARS TO CRITICALLY ANALYSE THE FINANCIAL CAPACITY OF COUNCILS TO MEET THE EXPECTATIONS AND SERVICE LEVELS SOUGHT BY THEIR COMMUNITIES AND TO MAINTAIN LONG TERM FINANCIAL SUSTAINABILITY.
15. IN RELATION TO THE ROLE OF IPART IN ASSESSING BY 16TH OCTOBER OVER 140 FIT FOR THE FUTURE PROPOSALS LODGED BY COUNCILS THROUGHOUT THE STATE, THERE IS NO DOUBT THAT THE TIMELINE FOR THE IPART PROCESS IS A DEMANDING ONE.
16. THEREFORE, TO ASSIST IPART IN ITS ASSESSMENT TASK, RAMROC SUGGESTED TO THE MINISTER FOR LOCAL GOVERNMENT THAT HE APPOINT TWO ADDITIONAL PEOPLE WITH SIGNIFICANT EXPERTISE AND HIGH LEVEL EXPERIENCE IN NSW LOCAL GOVERNMENT MANAGEMENT TO THE IPART TEAM. UNFORTUNATELY THE RAMROC SUGGESTION WAS NOT AGREED TO.
17. RAMROC WHOLEHEARTEDLY SUPPORTS THE ESTABLISHMENT OF REGIONAL JOINT ORGANISATIONS, WHICH ARE NOW BEING TRIALLED IN 5 REGIONS. THE JOINT ORGANISATIONS TO BE LEGISLATED WILL CONTINUE THE EXCELLENT WORK ALREADY CARRIED OUT BY ROC's FOR THE PAST 20 TO 30 YEARS OR MORE.
18. IN THAT REGARD, RAMROC COUNCILS ARE PROPOSING THAT ONE STRONG AND EFFECTIVE JOINT ORGANISATION BE ESTABLISHED ACROSS OUR REGION, WHICH WILL HAVE THE REQUISITE SCALE AND CAPACITY TO SUCCESSFULLY CARRY OUT THE CORE FUNCTIONS OF REGIONAL PLANNING AND PRIORITY SETTING, INTERGOVERNMENTAL COLLABORATION, REGIONAL LEADERSHIP AND ADVOCACY, AS WELL AS PROVIDING A RANGE OF IMPORTANT SHARED SERVICES FOR THE BENEFIT OF MEMBER COUNCILS
19. TABLED IS A MAP THAT DEMONSTRATES THE TWO PROPOSED JOINT ORGANISATIONS THAT ALIGN FULLY WITH THE DEPARTMENT OF PLANNING AND ENVIRONMENT'S STATE GOVERNMENT REGIONAL BOUNDARIES
20. WE ARE PLEASED TO ATTEND THIS HEARING TODAY AND TO RESPOND TO ISSUES RAISED BY THE STANDING COMMITTEE

