

FACT SHEET 5 – *Amalgamation*

As you may now be aware the State Government has appointed the *Independent Local Government Review Panel (ILGRP)* to examine and make recommendations on the reform of Local Government, including possible amalgamations of Councils in NSW.

The ILGRP has produced an interim report that proposes Kyogle Council consider amalgamating with Richmond Valley and/or Lismore City Councils.

Council has previously canvassed the communities across the Local Government Area (LGA) on their level of support for an amalgamation with one or more adjoining Councils. The results of the last two residents and ratepayers surveys are as follows:

- In the 2009 survey, 26% were in favour of an amalgamation; and
- In the 2012 survey, 28% were in favour of an amalgamation.

In order to further canvas the communities across the LGA in the current survey, Council has prepared a brief list of points, for and against, for people to consider before completing the survey questions relating to amalgamations. The lists provided are not intended to be exhaustive, and are general across the local government sector. There will be a varying level of relevance to the issues and challenges facing Kyogle Council and the other Councils in the region, and also variation from one Council in the region to the other. These main points for and against are set out below.

POINTS FOR AMALGAMATION

- Larger Councils are considered to be more robust, stronger and more effective organisations.
- Larger local Councils may have cost advantages from economies of scale.
- Some local Councils lack financial viability because they have a high proportion of low income households and/or have responsibility for large, low density areas.
- Research shows that up to half of NSW Councils could be financially unsustainable

with significant concerns about large infrastructure backlogs.

- The relative increases in operational expenditure across the local government sector is higher than the increase in capital expenditure on infrastructure asset replacement and renewals.
- Allows for cross-subsidisation from areas of more sustainable own-source revenue to other areas.
- Easier for the State Government to manage less Councils.
- May provide access to a substantial package of incentives from the State Government.

POINTS AGAINST AMALGAMATION

- Small Councils can be as cost effective as large ones and provide greater and more personal levels of service than do large areas.
- Amalgamation could have serious consequences for local employment and services, particularly in rural villages and remote areas.
- Larger organisations are behaviourally less constrained and less transparent than small ones. Incompetence and corruption occur more often in large Councils.
- Small Councils tend to be innovative in management plans, financial planning, out-sourcing work to the market and comprehensive asset management.
- Different communities have different preferences and needs. Such service differentials are better achieved by small local areas than by larger areas.
- Small communities generate much greater trust and social capital.
- Small Councils make better use of volunteers per head of population in community work.
- Amalgamation models adopted in Queensland, South Australia, Western Australia and Victoria are arguably unsuccessful. Queensland is currently undergoing a process of de-amalgamation of their super-Councils.

Kyogle Council

Sustaining our LGA

ALTERNATIVES

An alternative to amalgamation that keeps the local in local government while improving efficiency is through the use of shared service centres where Councils take a regional approach to service delivery.

The best example of NSW Councils using a shared service centre is Hunter Councils in the Hunter Valley where 11 Councils share legal services, procurement, training and other services. Hunter Councils' shared service centre is run as a business, with the 11 Councils represented on its board.

This could be achieved through the County Council provisions that are being recommended by the ILGRP to replace the current system of Regional Organisations of Council (ROC's). The existing County Council provisions of the Local Government Act allow the structure and functions of a County Council to be tailored to the particular needs and circumstances of a region. The Panel believes that the membership of County Councils should be compulsory and automatically comprise the Mayors of Member Councils and Chairs of Local Boards.

The Panel recommends that, at a minimum, each County Council should have the following set of core functions:

- 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 (including weeds and floodplain management);
- regional economic development;
- library services; and
- high level corporate services.

The new multi-purpose bodies would incorporate and replace existing County Councils such as Far North Coast Weeds, Rous Water and Richmond River County Council.

The Panel makes it clear that County Councils are NOT an additional tier of government: rather, their role is to work alongside their member Councils as a joint entity to undertake selected functions.

In its submission to the ILGRP report "Future Directions for NSW Local Government – Twenty Essential Steps" in July this year, Council had this to say about the Regional County Council proposal:

Council recognises that there is a need for change to provide improved regional co-operation and that Local Government needs a body to provide stronger lobbying power at a regional level. Council generally supports the proposed concept of the Regional County Council model, but also recognises that there is a need for any such model to be designed to suit the specific needs of the region. Council is of the opinion that this is likely to result in increased contributions to the regional body for the constituent Councils and consideration as to how these costs can be met without impacting upon existing budgets needs to occur. Council is willing to be part of a trial process to develop the model that best suits the needs of the Northern Rivers region.

In relation to the proposal for amalgamations, Council's submission had this to say:

Evidence of a material benefit to the local community needs to be provided to support the recommendation for amalgamation. There also needs to be information provided on what incentives are on offer for Councils who enter into voluntary amalgamations.