

FACT SHEET 1 *Income*

Kyogle Council is a multi-purpose Council servicing a Local Government Area (LGA) of 3,589km², 2,628km² of which is rateable land and 961km² of which is non-rateable land. Of the non-rateable land, 926km² (or 26% of the total LGA) is State Forest and National Parks. There are 5,118 separate rateable assessments within the LGA.

Council obtains its income revenue through various sources. The primary sources are general rates, fees and charges for specific services and external grant funding. The revenue Council receives from your rates and charges provides funds for the broad range of services and projects it delivers to our local communities. In addition to this rates revenue, Council receives various grants from the State and Federal Governments, such as an annual untied Financial Assistance Grant to help cover administration costs as well as specific

Council endeavours to maximise the revenue received through external grants, there is no other level of government with the capacity to address the funding shortfalls identified across the local government sector throughout Australia.

It is possible for Councils to look to increase their general rates above the annually pegged levels, but this can only be done with the approval of the NSW Government and only where a genuine need for the increase has been identified and the local communities have been consulted.

For the 2013/2014 financial year, Council has estimated that it will collect \$5.1M in general rate revenue, resulting in a net amount of \$4.91M after allowing for concessions.

The table below shows average rate comparisons with other Northern Rivers Councils for the 2011/12 financial year, net of pension and other concessions

	BALLINA	BYRON	KYOGLÉ	LISMORE	RICHMOND VALLEY	TWEED	NORTHERN RIVERS
Area (km²)	485	566	3,584	1,288	3,047	1,308	10,277
Ratepayers	17,280	14,714	5,106	18,219	10,401	38,800	104,520
Rate Income ('000)	14,788	16,131	4,541	23,253	7,636	45,798	112,147
Av. Rate	\$856	\$1,096	\$889	\$1,276	\$734	\$1,180	\$1,072

purpose grants such as Roads to Recovery and Black Spot Project Grants.

The revenue generated from water charges, sewer charges, stormwater charges and waste charges is used to fund those specific services only. General rate revenue however, is used to provide funding for a range of general services including items such as roads, recreational facilities, economic development, emergency services and administration.

Council's general rates are subject to rate pegging by the NSW Government. This means that the Council is not allowed to increase the total amount of general rates collected from its ratepayers by more than the "pegged" amount, which is set annually by IPART (usually around 3%). Whilst the NSW Government is reviewing the way that general rates and grants apply to Local Government, these remain essentially consistent from year to year, with increases linked to pegged amounts determined by the State Government. Whilst

Council is constantly receiving requests from our residents for improved and/or increased services. The vast majority of these requests are for basic essentials such as roads, bridges and drainage. As part of the NSW Government's Integrated Planning and Reporting requirements, Council prepared detailed Asset Management Plans and an Asset Management Strategy in 2012. This process identified an annual funding shortfall of \$4.6M over the next 10 years, an amount necessary to maintain the infrastructure assets in their present condition. If Council is to remain sustainable in the long term and deliver the expectations of our communities and the visions of Council, additional income must be sourced. The alternative is a reduction in service levels and further deterioration of our infrastructure such as roads and bridges. Based on the feedback from the residents and ratepayers and through assessment of the infrastructure assets under our control,

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Council has identified a list of priority works across the major functions of roads, bridges, urban streets, drainage, parks and gardens, community buildings and swimming pools. These works total over \$40M, with over \$10M of them being identified as "Very High Priority". If these projects were to be delivered over a 20 year period, this would require around an additional \$2M per year.

It seems clear that residents, ratepayers, Councillors and Council staff all know what needs to be done; the issue is how we find the funds to actually do it. There are five main options available to Council and the local communities to address the funding shortfall and these are:

- maintain rates at the current pegged levels and continue to make the most of the funds that we have available to spend, accepting

No one single option would be a solution to the problem on its own, and a combination of several of these options will be the best way to find the sort of balance required to address our challenges. As such, Council is looking at a number of options for raising its own source revenue through above rate pegging increases. If ratepayers were to contribute additional rates over and above the "pegged" amount for each of the next 5 years, the following table outlines the estimated additional annual income and rates that could be achieved, including a total additional income over the 10 year period and the total additional rates expressed as an amount in dollars per week. The total impact proposed is between \$4 and \$8 per week for the average ratepayer.

YEAR	BASE LINE		OPTION 1 – 15%		OPTION 2 – 24%		OPTION 3 – 30%	
	Current Long Term Financial Plan		3% per annum above rate pegging for 5 yrs (15% total)		4.5% per annum above rate pegging for 5 yrs (24% total)		5.5% per annum above rate pegging for 5 yrs (30% total)	
	Rate Pegging Increases	Annual Rate Income	Average Additional Rates	Total Additional Income	Average Additional Rates	Total Additional Income	Average Additional Rates	Total Additional Income
2013/14	3.40%	5,147,335	0	0	0	0	0	0
2014/15	3.00%	5,301,755	29	150,302	45	230,630	56	285,677
2015/16	3.00%	5,460,808	61	314,011	95	485,431	118	604,350
2016/17	3.00%	5,624,632	96	492,056	150	766,418	187	959,097
2017/18	3.00%	5,793,371	134	685,425	210	1,075,766	264	1,353,266
2018/19	3.00%	5,967,172	175	895,169	277	1,415,815	350	1,790,503
2019/20	3.00%	6,146,187	180	922,024	285	1,458,290	360	1,844,218
2020/21	3.00%	6,330,573	186	949,685	293	1,502,038	371	1,899,544
2021/22	3.00%	6,520,490	191	978,175	302	1,547,100	382	1,956,531
2022/23	3.00%	6,716,105	197	1,007,521	311	1,593,512	394	2,015,227
		TOTALS	\$4/week	6,394,369	\$6/week	10,075,000	\$8/week	12,708,413

that service levels will reduce and asset disposals may be required; or

- increase our rates in order to increase the funds available so that we can address more of our communities' expectations; or
- continue to endeavour to leverage additional funding from external grants; or
- utilise the funds held as cash reserves to address the highest priority areas in the short term; or
- continue to demonstrate our commitment to continuous improvement through the ongoing efficiency and effectiveness of Council's operations to ensure the best value for money in the delivery of services.

The options proposed for above pegging increases are modest, with none of them seeking to raise sufficient revenue to cover the whole funding shortfall. The expectation is that Council will still be pursuing the best combination of the methods outlined above, but it is also recognised that the main issue that will impact on our ratepayers is the increase in general rates above rate pegging. Council is now seeking feedback from ratepayers and the many communities within the LGA on their willingness to contribute to solving the challenges we face through additional contributions of funding.

FACT SHEET 2

Asset Management Strategy

Kyogle Council is a multipurpose Council that delivers a wide range of services to its local communities. In order to deliver these services, a wide range of infrastructure type assets are required, such as roads and bridges, buildings and other structures, footpaths, pipes, playgrounds, plant and machinery. In 2012, Council prepared a series of detailed Asset Management Plans for these infrastructure assets using the following groupings:

- Buildings and Community Facilities
- Parks and reserves
- Plant Equipment and Emergency Services
- Stormwater and Flood Management
- Transport
- Waste Management Services
- Water Supply Services
- Sewerage Services

These infrastructure assets have a total combined replacement value of approximately \$417M, with \$298M of this being Transport-related assets such as roads and bridges. The annual cost to maintain and operate these assets over their life time is \$17.2M per year. Council's current *Long Term Financial Plan* provides \$13.9M per year of expenditure for this purpose. This presents a funding shortfall of \$3.3M per year over the life of the assets.

There is also a \$42.9M backlog of asset renewal and upgrade expenditure, required to bring these assets to what would be considered a satisfactory standard. The vast majority of this backlog is associated with Council's Transport-related assets such as roads and bridges. In order to address this backlog over time, *Council's Asset Management Strategy* has identified that an additional \$1.3M per year is required, bringing the annual funding shortfall to a total of \$4.6M per year over the next 10 years.

The current 10 year forward outlook is that current service levels can be maintained for most services within the current budget allocation for the next 10 years, with the exception of Transport. Because of the significance of the issues relating to Transport

assets, separate fact sheets have been prepared providing additional details in relation to Council's road and bridges assets. Council obtains funding for these assets through various sources, primarily;

- general rates;
- fees and charges for specific services; and
- external grant funding.

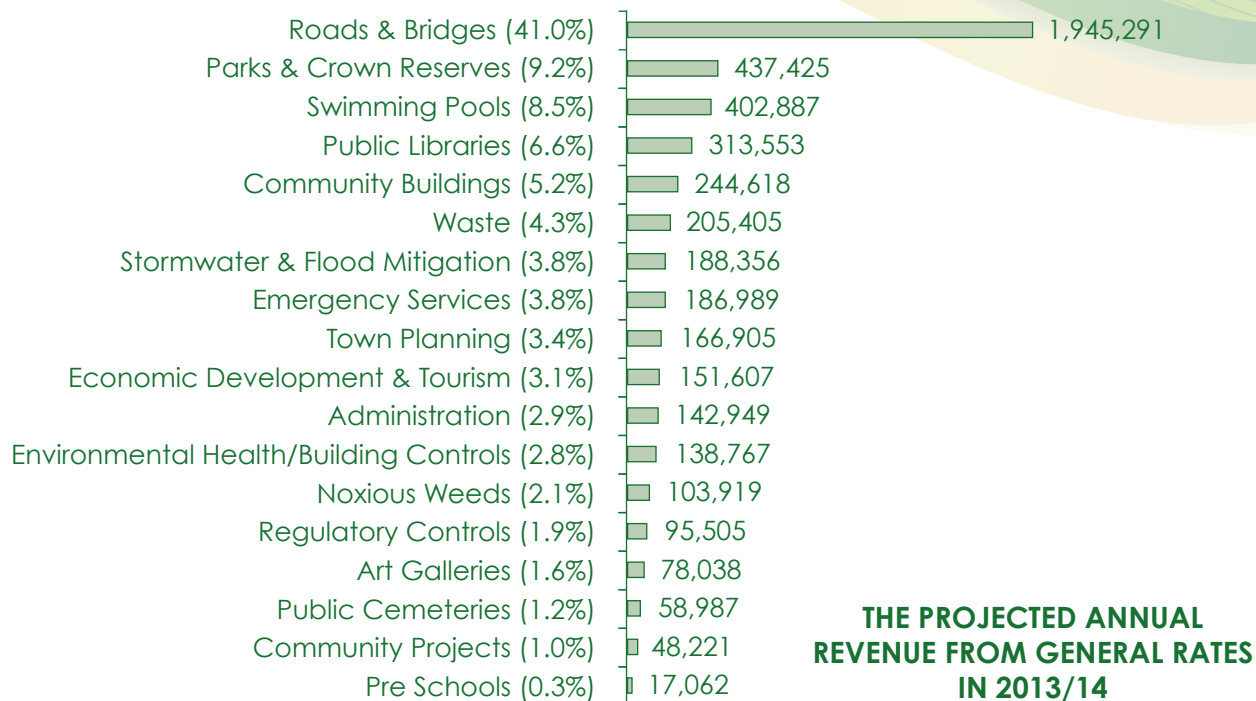
Services such as Water, Sewerage and Waste are funded through fees and charges and specific purpose external grants. As such, these services are accounted for separately to those funded by revenue raised through general rates and general purpose grants. Whilst the NSW Government is reviewing the way that general rates and grants apply to Local Government, these remain essentially consistent from year to year, with increases linked to pegged amounts determined by the State Government. Whilst Council endeavours to maximise the revenue received through external grants, there is no other level of government with the capacity to address the funding shortfalls identified across the local government sector throughout Australia. This leaves Council with little option but to pursue an increase in its own source revenue, generated through general purpose rates. It is possible for Councils to increase their general rates above the annually pegged levels, but this can only be done with the approval of the NSW Government, and only where a genuine need for the increase has been identified, and the local communities have been consulted.

The projected annual revenue from general rates in the 2013/14 financial year is \$4.91M. The budgets for expenditure of this revenue across Council's various functions are shown in the figure at the top of the next page.

As can be seen from this figure, the level of expenditure on roads and bridges is of most significance. It is also important to understand that some of these services are compulsory and must be delivered by Council in accordance with legislative requirements and obligations. That is to say that Council does not have the option to withdraw or reduce these service levels. Some services are part-compulsory and part-optional, whilst others are entirely optional. In these areas Council can consider reducing service levels provided to the local communities or removing the services altogether.

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Council has developed a strategy to address the issues associated with the management of its \$417M worth of infrastructure assets. This strategy requires the local communities within the Kyogle Local Government Area to work with Council in developing a balance between the service levels we provide, the funding available, and the level of risk we are willing to accept. As part of the review of the *Community Strategic Plan*, Council is now seeking input from its communities on what changes to services might be acceptable to them, what services they may be prepared to pay more for, and how much they may be prepared to pay.

Council's Asset Management Strategy identifies a number of options available for the long term management of its infrastructure assets such as:

- reviewing the function and condition appropriate for each asset group taking into account the level of utilisation;
- demolition and disposal of assets that are not critical or not delivering the required service levels; and
- improving assets where the improvement provides a reduction in life cycle costs, or a greater resilience to damage or deterioration in condition.

Council's mission, goals and objectives have also been considered within the overall

asset management planning process. It is important to recognise that the provision and maintenance of public infrastructure is critical to the economic, cultural, social and environmental needs of the local communities. Provision of services that meet the needs of our various communities is critical in maintaining their way of life. Council has limited resources and these same communities need to provide Council with feedback so that we are able to set priorities for the allocation of these resources.

FACT SHEET 3

Roads and Streets

Council maintains a road network of 1,319km made up of State Roads, Regional Roads and Local Roads. The State Road network is maintained by Council on behalf of the Roads and Maritime Services (formerly the Roads and Traffic Authority) and the Regional and Local Road networks are owned and maintained by Council. The road network is broken down as follows:

ROAD CLASS	Sealed Road Length (km)	Unsealed Road Length (km)	Urban Streets Length (km)	Sub-Total by Road Class (km)
State Highways	112	0	3	115
Regional Roads	106	15	7	128
Local Roads	216	807	53	1,076
Sub-Total by Type (km)	434	822	63	1,319

The road network is in a state of decline. The current funding is not sufficient to maintain the road network and as such, Council cannot deliver the level of service expected by its communities. Funding for renewals is well below that required to preserve the assets that remain in fair to good condition. Many of these assets are at or near the end of their useful life and require significant expenditure to bring them up to a satisfactory standard. The network contains a number of narrow and winding roads and streets which do not

Within these roads and streets there are also other significant assets that include:

- 109 causeways with a total length of 1,628m on Local Roads;
- 253 Grids and 79 Gates on Local Roads (maintained by the Permit holders);
- 4,102 drainage structures with a total length of 35.5km on Local and Regional Roads;
- 27.2km of guardrail and safety fence on Local and Regional Roads;
- 6,164 items of road side furniture such as signs, bus shelters and seats; and
- 15.2km of footpaths and cycleways.

In 2012 Council completed a *Transport Asset Management Plan* covering its network of roads and streets, as well as bridges. The financial analysis undertaken as part of this plan can be summarised as follows:

- The total replacement cost of the existing assets is \$298M. This is made up of \$96M worth of bridges, \$17M worth of urban streets and footpaths and \$185M worth of rural roads and drainage;
- The annual funding shortfall over the next ten years is \$4.05M per year. \$3.0M of this shortfall is associated with the capital replacement, or renewal, of existing assets; and
- \$70M worth of these assets are in poor to very poor condition.

meet current engineering standards, or the expectations of the residents and road users. Funding for annual maintenance is also below that required to maintain the assets in their existing condition, or to ensure that rates of deterioration do not increase. If funding levels cannot be increased, reduced service levels need to be agreed to in consultation with the local communities.

The current budget for the maintenance of roads and streets is \$2.7M, made up of \$695,000 for Regional Roads, \$1,562,000 for Rural Local Roads and \$478,000 for Urban Streets. These allocations are required to cover the costs of routine works such as pothole patching, slashing, spraying, grading, patch gravelling, clearing drains, street lighting, signage, guardrail, guide posts and line marking. The funds available severely limit the extent of work that Council can undertake each year and Council struggles to meet the expectations of its communities.

The impact of the high frequency of heavy rainfall events we have experienced over recent years also needs to be acknowledged in any discussion on the financial requirements for the ongoing maintenance of Council's road network. Council has received \$12.6M in Natural Disaster funding for the restoration of damage to roads and streets between 2008 and 2012, an average of \$2.5M per year. Despite the disruption to the road network at varying levels during this time, the injection of

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funds of this magnitude has allowed Council to achieve significant efficiencies by combining its maintenance works with flood damage restoration works. This has meant that more was able to be achieved with Council's funding than would have otherwise been possible. In some areas, primarily unsealed roads, this has resulted in the condition of roads generally not changing from their pre-2008 condition, with some areas improving slightly where expenditure has been focused. However, relying on this funding source on an ongoing basis in the future brings great uncertainty and risk. If weather patterns revert to a more regular rainfall pattern that still causes damage to the road network, but does not result in Natural Disaster declarations, Council could see a rapid deterioration of the condition of the road network over the medium term (5-10 years) as it would not have the funds to repair some damaged areas, and this in turn often leads to accelerated rates of deterioration of the roads. This is particularly of concern in relation to the unsealed road network.

Council's Asset Management Strategy identifies a number of options available for the long term management of its roads and streets that can be achieved within the current budget. These can be summarised as follows:

- focus rehabilitation and upgrade expenditure on the highest trafficked roads and streets linked to the major arterial roads, acknowledging that other areas will not be able to be considered;

to fully implement any of these programs, and the long term life cycle cost benefits from these programs will not fully eventuate unless they are implemented in full. The programs identified are:

- Initial sealing of the most heavily trafficked unsealed roads – \$7M program, at an average cost of \$300,000/km, implemented over ten years;
- Improve drainage infrastructure on rural roads in order to reduce the impact of heavy rain, ensure adequate width for passing vehicles and to make grading easier and more efficient on the unsealed roads – \$4M program implemented over 20 years;
- Widen narrow sealed pavements to allow vehicles to pass without the need to drive on the unsealed shoulders, reducing shoulder wear and avoiding accelerated deterioration of pavements – \$5M program over 10 years;
- Provide kerb and guttering and widen narrow urban streets – \$2M program over 10 years; and
- Reseal existing sealed roads that are still in fair to good condition, so that the wearing surface remains intact, reducing potholing, cracking and ingress of moisture that lead to accelerated deterioration of the underlying pavement, causing potholing, rutting, shoving and deformation of the road – \$30,000/km over a network of \$386km and at a reseal frequency of once every 10 years.

Strategic Expenditure Area	Ideal Annual Expenditure	Current Annual Expenditure	Current Annual Shortfall
Initial Sealing of heavily trafficked unsealed roads	\$700,000	\$0	\$700,000
Improve drainage infrastructure on rural roads	\$200,000	\$31,000	\$169,000
Widen narrow sealed rural roads to two lane width	\$500,000	\$300,000	\$200,000
Provide kerb and guttering and widen narrow streets	\$200,000	\$75,000	\$125,000
Resealing of existing sealed roads in fair to good condition	\$1,200,000	\$535,000	\$665,000
Sub-Totals	\$2,800,000	\$941,000	\$1,859,000

- focus maintenance expenditure on highest utilised roads and allow the condition of the less utilised roads to deteriorate; and
- imposition of reduced speed limits on sections of poorer quality road.

Outlined below are a number of capital works programs identified by Council where improvements can be made to the existing road network that will lead to a reduction in the long term cost of maintaining roads and streets. At present there is not sufficient funding

Council continues to strive to improve the efficiency and effectiveness of the work methods applied to its roads and streets. We have also identified cost effective programs and strategies that can be implemented with modest amounts of additional funding, that will allow Council to deliver the type of road network that can foster a safe, happy growing community, and stimulate the economy of the area. The challenge now is to source the additional revenue required to deliver these programs over the next 10 years.

FACT SHEET 4 – *Bridges*

The road network within the Kyogle Local Government Area contains a total of 380 bridges with a combined length of over 7.1km. The bridge network is made up as follows:

Road Class	Number of Timber bridges	Length of Timber Bridges (m)	Number of Concrete Bridges	Length of Concrete Bridges (m)	Sub-Total by Road Class (Number of bridges)	Sub-Total by Road Class (Length of bridges)
State Highways	0	0	28	892	28	892
Regional Roads	5	80	21	498	26	578
Local Roads	207	2,991	119	2,651	326	5,642
Sub-Totals	212	3,071	168	4,041	380	7,112

Council is financially responsible for the bridges on Local and Regional Roads, which have a total of 352 bridges. Of these, 212 are constructed from timber. These timber bridges represent the single biggest challenge facing Kyogle Council, from both a financial sustainability and risk exposure perspective. Many of these timber bridges were constructed between the 1930s and 1950s and are near the end of their useful lives. Council has a bridge management strategy that has been in place since 2004, but funding levels mean that many of the remaining timber bridges will not be able to be replaced before they are beyond economical repair. Council prepared a Transport Asset Management Plan in 2012 and identified the following strategies for the long term management of these bridges:

- Increased structural condition inspections in order to establish clear priorities for maintenance and replacements and allow assessment of load bearing capacities and risk of failure;
- Focus expenditure on maintenance and replacements to the highest trafficked roads and streets, working away from major arterial roads;
- Compilation of data on heavy vehicle usage across the network with a focus on school bus routes, milk tanker routes and timber haulage routes to assist in the strategic decision making process;
- Imposition of weight and speed limits on deteriorating bridges and other structures when required;
- Demolition and disposal of bridges where alternate routes provide acceptable means of access; and

- Eliminate remaining timber bridges and replace with concrete and steel structures that provide a 100 year design life reducing the annual maintenance requirements and ongoing renewal costs.

At present, Council's bridge replacement program is focused on the replacement of smaller single span structures, many of which are able to be replaced with concrete pipe culverts rather than bridge structures, in an attempt to reduce the overall number of timber bridges. This strategy has worked well over the last 10 years, reducing the number of timber bridges by an average of 9 per year, from 304 in 2003 to 212 in 2013. The bridges replaced during this period also included a significant number of larger multi-span timber bridges on Regional Roads (Clarence Way and Mount Lindesay Road) that were funded 50/50 by the NSW Government through their Regional Road Timber Bridge Replacement Program, which no longer exists. Council will continue to lobby both the State and Federal Governments for funding to assist with the replacement of timber bridges, however the message from the current NSW Government has been made clear by the Minister for Roads and Ports, The Hon. Mr Duncan Gay MP, who stated in April this year:

"We're doing what we can to help local government in NSW but Councils need to make clear decisions as to where funding should be allocated in their local area. Councils also receive funding from their local rates and the Federal Government and if bridges are deteriorating or need replacing, Councils need to prioritise funding for the work."

Council undertakes an extensive program of planned maintenance of its timber bridges, using skilled staff and specialist plant and equipment. Council also promotes efforts to maximise efficiency and effectiveness in this

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area, but despite this, the resources available are not sufficient to halt the deteriorating condition of these timber bridges.

Council has also increased its capacity to design and construct replacement bridge structures over the last 10 years. This has proven to deliver the best value for money for the local communities, as well as providing some local employment and a decrease in Council's dependency on external contractors and suppliers. We have also increased Council's capacity to manage external contracts for design and construction of larger structures, allowing Council to take advantage of opportunities for additional funding when they eventuate, as was the case with the former NSW Government's *Regional Road Timber Bridge Replacement Program*.

Of the 212 timber bridges that remain, 66 are multiple-span bridges with an average replacement cost of \$425,000 each. These multi-span timber structures present particular challenges, as they have timber piers and supporting structures that are often mid-stream and/or at elevated height and are difficult to access for maintenance and repairs. Whereas the decking and girders are relatively simple to remove and replace, these timber pier-supporting structures are more complex. This means that over the life-time of these structures, the girders and decking may have been replaced several times, but these piers may never have been replaced, and these are the oldest timber elements that remain in service. Council has recently developed an innovative solution to this challenge that allows these timber piers to be replaced by galvanised steel piers, without demolishing the structure and also keeping the bridge open with limited service during the works. The resulting steel structures have been designed such that they can support a concrete deck structure when the funding is available for the replacement of the remaining timber components. A recent example is the timber bridge at Grieves Crossing on Grady's Creek Road at The Risk.

Council's current funding levels for bridges are \$880,000 per year for replacements and \$556,000 per year for maintenance. At this level of expenditure it will take another 58 years to replace the remaining timber bridges. In this time period, many of these will need to have

weight limits imposed, or be closed altogether. This could have significant impacts on the local economy and the health and wellbeing of the affected communities. In order to see the timber bridges replaced in the next 20 years, the replacement budget would need to be \$2.45M, which is an additional \$1.6M per year to the bridge replacement program.

There is a long term economic benefit to Council if this could be achieved. As the number of timber bridges is reduced, the requirement for maintenance and upkeep of the concrete and steel structures which replace them will also reduce. This could see the current \$550,000 per year allocated for maintenance, reduced to around \$200,000 per year, an ongoing saving of around \$350,000 per year. As these replacement structures also have a longer life than the existing timber structures, the annual funding for replacements over the life cycle of the new structures will reduce from the \$2.45M required for the next 20 years, down to \$1M per year, an ongoing saving of \$1.45M per year. After 20 years, this would see the annual costs associated with bridges reduced by \$1.8M per year. In simple terms, an additional \$32M investment over the next 20 years, would be offset by an ongoing saving of \$1.8M per year thereafter, making the payback period for the \$32M investment a further 17 years. When planning for assets with a life of 100 years, this is a significant return on investment, which would contribute greatly to the sustainability of the local communities and the local economy.

Council will always strive for innovative solutions to the challenges that a bridge network of this magnitude presents, to ensure that the best value for money can be achieved from the available funds. However, the current funding levels are not sufficient to maintain the bridges in their current condition, or make any improvements to the overall condition of the bridge network as a whole. This means that the remaining life of many of these structures will expire before we can afford to replace them, leading to closures, weight limits, risk of failure and the social and economic impacts that go along with each of these. There are many bridges, but every bridge is the most important bridge to somebody.

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.

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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.