

MERGER PROPOSAL: GOULBURN-MULWAREE & PALERANG COUNCILS

Presentation to Public Inquiry by Palerang Mayor Pete Harrison
Tuesday 9 February 2016

Delegate: John Rayner

Thank you Mr Rayner for the opportunity to present Palerang Council's comments on this Proposal.

Given the time constraints of this meeting, the following is simply an overview of the written submission that will be lodged by Palerang Council.

I'd like to start by clearly stating that Palerang Council is opposed to the Minister's proposed boundary adjustment and I'd like to spend the available time this morning [afternoon] first of all addressing the 'high points' listed in the Minister's Forward to this Proposal.

The Minister begins by spruiking the benefits of the proposed boundary adjustment. He calls it a merger, but it not a merger at all, and this is the single greatest failure of this proposal because we are not talking about combining two organisations, perhaps taking the best elements of both to create a better, new entity.

We are actually dismantling one entity and simply absorbing part of it into the other. But nowhere in the Proposal do we see any reference to the direct cost to the community, or the ongoing economic cost of dismantling Palerang, only the claimed benefits of expanding the Goulburn-Mulwaree Council boundary.

So let's start with a quick run through the claimed benefits and see how they stack up.

- a total financial benefit of \$22 million over a 20 year period that can be reinvested in better services and more infrastructure

If one reads carefully, one will note that this supposed benefit comes in two parts. The first is a \$15 million enticement from the State, paid out of residents' taxes, if the Minister's Proposal gets the green light.

So let's understand this. The Minister is proposing to spend \$15 million dollars of residents' tax money in their area to help make his

Proposal palatable. But this is not the whole story in our case, because this \$15 million was committed for Councils that are merging. Nothing has been said about what funding will be provided for Councils involved in a boundary adjustment.

Even so, it is not at all clear what strings might be attached to this funding—\$5 million is associated with merger expenses and is not an open cheque. The commitment is merely to cover immediate merger expenses, not to simply provide any funds to the benefit of the community as such. And if there are no other benefits in this proposal, this is \$5 million down the drain.

The other \$10 million here is for infrastructure improvements and we'll look at this a little more later on.

The remaining \$7 million is money that it is claimed will be saved over 20 years through the proposed boundary adjustment.

Let's have a closer look at what that \$7 million really means.

Over 20 years, taken simply that's \$350,000 per year. Using the Minister's figures for the new Council's budget in 2019-20, that's a hypothetical annual saving of about 0.7% of the new Council's budget.

That's enough to pay for around 350 metres of sealed road today, and somewhat less as the years go by. Just for the record, there are over 1400 km of road, over 700 km of which are unsealed, throughout Palerang. And of course, these savings are for the whole new Council, not just the Palerang part.

If we look at this based on the relative populations involved, that amounts to somewhat less than 25 metres of extra road sealed in the Palerang portion of the Proposal each year. That's the sum total of the financial benefit to current Palerang residents of the savings identified in this Proposal—if the Minister's figures are correct...

Even if the entire \$17 million unsubstantiated benefit were applied to roads, it would result in only 850 metres of sealed road per year, 60 metres of which might be in the current Palerang area. No bridges, no swimming pools, no social programs, just less than a 0.1% improvement in road maintenance.

On this basis, could I assert on behalf of the Palerang community that the ongoing financial benefit of this Proposal is immaterial.

- potentially reducing the reliance on rate increases through Special Rate Variations (SRVs) to fund local infrastructure

On the basis of the calculations we have just exposed, could I also assert on behalf of the Palerang Community that the financial benefit of this Proposal will have precisely zero potential to reduce any reliance on SRVs, particularly while the State continues to shift the cost of maintaining core transport infrastructure onto local communities.

- greater capacity to effectively manage and reduce the infrastructure backlog across the two councils

Once again, we have seen that there is essentially no financial benefit in the Proposal, so any increase in capacity would have to come through internal efficiencies. The Proposal, unfortunately, makes no comment on how, for example, the dismantling of the Palerang works organisation might improve Goulburn-Mulwaree's efficiency or capacity to provide road works in the Palerang area.

- improved strategic planning and economic development to better respond to the changing needs of the community

This benefit is a bit difficult to argue because it's a bit difficult to define. The bottom line, however, is that if the strategic planning or economic development is not directed specifically into the Palerang area, it will be of little benefit to Palerang residents, because, as I will outline a little later on, Goulburn is not a focus for the large majority of Palerang residents affected by this Proposal.

- effective representation by a council with the required scale and capacity to meet the future needs of the community

Once again, a very simple calculation reveals that the residents of the portion of Palerang involved in the present Proposal would comprise 6.4% of the population of the new area. With a nine-member Council, as is proposed, each councillor would represent around 11.1% of the population. The result is that even if the entire population of the part of Palerang involved in the present Proposal got behind the one candidate, they'd still be only half way towards having them elected.

For the part of Palerang involved in the present Proposal, this is clearly not effective representation.

- providing a more effective voice for the region's interests and better able to deliver on priorities in partnership with the NSW and Australian governments

Once again, if Palerang residents do not even have the numbers to elect a single local representative, it is difficult to see how they could be represented at all unless their interests were indistinguishable from those of Goulburn residents. On that score, I'll leave the residents to speak for themselves.

This doesn't present a very compelling argument for a boundary adjustment.

Let's move on though.

The services that the Minister next outlines as those that could be funded by the identified savings unfortunately typify the lack of understanding of the Palerang community and its needs. With regard to specific benefits, the Proposal refers to:

- upgrading and enhancing the water supply and sewer systems

This suggestion ignores the reality that Braidwood residents have contributed heavily over the last 10 years to the cost of renewing virtually all of Palerang's water and sewer infrastructure. Braidwood, in particular, commissioned a new sewerage treatment plant in 2010 and a new water treatment plant in 2014.

The renewal of this infrastructure elsewhere could therefore not be seen as a benefit to any Palerang resident.

- advocating for enhanced post-secondary education services

Palerang Council, however, surveyed its residents extensively in the context of the Fit for the Future program to establish how they used facilities both within and outside of the Palerang LGA. The feedback relating to educational services, in particular, revealed that only around 15% of Braidwood area residents sought out educational opportunities, across the board (i.e. primary through to tertiary), in Goulburn.

The majority seek these services out in Canberra and Queanbeyan, and given the proximity to these centres, any improvement in availability of services in Goulburn is of little benefit to Palerang residents.

- **improving the local road network**

Our earlier calculations, however, revealed that the present Proposal will yield less than a 0.1% improvement in road maintenance services.

Palerang Council is punching well above its weight in this context, being recognised as having the best road construction teams in the region. It consistently wins contracts against private firms and delivers services under RMS contracts into adjacent LGAs. Dividing the Palerang LGA as proposed will result in the dismantling of this highly skilled and successful team, as staff and plant will inevitably be divided according to their geographical location.

The result can only be that, from the perspective of Palerang residents, local road maintenance services will decline. The Proposal provides no indication as to how the outcome could be otherwise.

If these then are the high points of the benefits of the current Proposal, there's clearly not much at all in this exercise for Palerang residents in the area affected by the Minister's proposal.

But let's move on further and look more specifically at the matters that we must consider in assessing the present Proposal.

Working on the principle that less is more, rather than run through all of the assessment criteria, there are just a couple of additional points I'd like to address at this time

Working through the assessment criteria provide within the Act, we begin with:

(a) The financial advantages or disadvantages of the proposal to the residents and ratepayers of the areas concerned

We've probably covered this point fairly comprehensively, but just to recap, the Minister's Proposal claims to deliver a benefit of \$22 million over the next 20 years.

Taking this on face value, \$5 million of this is restricted to actual merger expenses, so there is no net benefit to anyone here. In fact, this is our residents' tax dollars at work, so if the Proposal does not deliver any benefit, this is \$5 million down the drain.

\$10 million of this is a one-off grant, the details of which are yet to be explained, paid out of tax revenues collected from local residents, to be used for local infrastructure projects. The Proposal lists water and sewerage systems, post-secondary education services and improvements to the local road network as possible beneficiaries of this funding.

Of these, the only one of any relevance to Palerang residents would be improvements to the local road network, but we have already seen how the share of this grant that might be allocated to the area of Palerang affected by the present Proposal might amount to the reconstruction of less than 1 km of sealed road.

Then we have the \$7 million saving over the next 20 years, which we have seen amounts to the reconstruction of about 25 metres (not km, but metres) of road in the Palerang area per year.

The reality is also that neither Goulburn-Mulwaree nor Palerang Councils are sitting on a bucket of gold, so neither is in a position to subsidise the other at any level.

The greatest burden on both Councils is probably the ongoing maintenance of road infrastructure and absolutely nothing about the present Proposal will reduce the magnitude of this problem.

(b) The community of interest and geographic cohesion in the existing areas and in any proposed new area

There will naturally be a range of views in this regard, depending probably on the individual locality concerned. I would suggest, however, that the issue should not be so much whether or not there is a community of interest or a geographic relationship with an adjacent jurisdiction, but whether the relationship in question is stronger than any that might be broken by the proposed changes.

Having said this, however, probably the only thing worse than the proposed boundary would be one that ran down the main street of

Braidwood. The rivers that have been chosen as the boundary are simply not traditional dividing lines.

Along its length, this boundary manages to divide 72 properties, the village of Majors Creek and the community within the Araluen Valley. In some cases there are not even any roads providing 'internal' connections between areas of the new LGAs—some residents must pass into an adjacent LGA and out again to travel between two points in their LGA.

There is, in fact, no evidence that there has been any effort whatsoever to give genuine consideration to the impact on communities adjacent to the current boundary when it was proposed.

(c) The existing historical and traditional values in the existing areas and the impact of change on them

While Palerang is only a young LGA, the area most impacted by the present Proposal is that part which is the former Tallaganda Shire. With this boundary established in 1906, the traditional communities thereby defined date back over 110 years.

While the rivers in question might have been around a lot longer, the proposed boundary takes no account of the settlement history of the area. The history of the two communities most impacted by this boundary adjustment, those of Majors Creek and the Araluen Valley that are divided as a result, are intimately connected, obviously internally, but also with that of Braidwood. The relationship in this case goes back to the time of the original European settlement of the area and the subsequent gold rush of the 1860s.

I will leave it to others this evening to comment on the impact that this proposal would have on these communities were it to proceed.

(d) The attitude of the residents and ratepayers of the areas concerned

It is probably fair to say that there will be a range of views on this matter, and I will once again leave this matter for the residents themselves to comment on.

(e) The requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and

ratepayers and residents and such other matters as considered relevant in relation to the past and future patterns of elected representation for that area

This is a major issue in the present case, where it is being proposed that a rural area with relatively low population be merged with a fundamentally urban area with a relatively high population.

As we noted earlier, the residents of the portion of Palerang involved in the present Proposal would comprise only 6.4% of the population of the new area and would be lucky to be represented at all on the new Council.

It is perhaps important to consider recent history here. In the amalgamation that created Palerang, the residents of the former Tallaganda Shire comprised only 25% of the population of the new Palerang council area. Their proportionate representation at a community level was reduced from 100% to around 25%, effectively from nine councillor representatives to just three, although elections are funny things and for a brief time local community representatives did in fact dominate the new Council. Today the area is represented by only two local residents.

We are now looking at a situation where this local community might not even rate representation by a single councillor.

(e1) The impact of the proposal on the ability of the council to provide adequate, equitable and appropriate services and facilities

It is fairly widely understood that it is both more practical and economical to deliver services into more densely populated areas. In the present case, however, we are talking about increasing the size of the Goulburn-Mulwaree area by around 50% with the addition of a relatively sparsely populated rural area.

There are problems here on both sides of the fence, so to speak. In the case of the Goulburn-Mulwaree LGA, we are proposing to effectively reduce its overall population density. The logical conclusion then is that this will make it less practical and more difficult, and hence more expensive, to deliver services throughout the new area.

From the point of view of the Palerang area involved, for much of the population the distance to the main operational centre of the area

would increase by around 40 km, once again, making it more difficult or less convenient to deliver any centrally located services.

Clearly then, the impact of the change on service delivery will depend on the service being delivered. If the service is generally delivered from a central location, any benefit would clearly be limited due to the increased distances involved. If the service is delivered locally, there would be no fundamental change and hence, once again, little benefit.

Many issues, however, come into play here, not least of all staffing and travelling distances. There can be no economies of scale if more staff are required to address the issue of distance. Similarly, there can be no economy of scale if staff time is wasted travelling to a remote location. Such economies can only be achieved if services can be delivered within an existing sphere to more residents with minimal increase in costs. In the present situation, this is clearly not the case.

It is also important in this context to recognise the reputation that Palerang Council enjoys with respect to some of the services it delivers. There appears to be an assumption that both partners in the proposed relationship deliver the same range of services, or that one partner is always inferior to the other. This, however, is not always the case.

Palerang, for example, regularly wins awards for the work undertaken by its environmental services division. It was, for example, recently appointed as the lead agency for the \$20 million SE Weeds Action Program.

Similarly, Palerang's road engineering crew is widely regarded as the best in the region, regularly winning RMS contracts against private operators.

Dividing either of these teams will destroy its capacity to carry out these external works, with flow-on effects to the work that can be supported locally.

In both of these cases, a boundary adjustment such as that proposed has the precisely opposite affect to that intended—it actually reduces the capacity of the new organisation to achieve economies of scale that previously existed.

(e2) The impact of the proposal on the employment of the staff by the council

In this matter, I will speak only in relation to the impact on current Palerang staff.

In one sense, this is not a major problem for the area of Palerang involved, as all staff are employed in rural towns with populations less than 5,000. As such these positions are protected under Section 218(C)(A) of the Act.

This situation will, nonetheless, have an impact on the new council's ability to find efficiencies through staff reductions.

(e3) The impact of the proposal on any rural communities in the resulting area

As has already been noted, the current Proposal is seriously ill-conceived in this regard. The boundary itself divides one physical village (Majors Creek) and another community (the Araluen valley). It separates other rural communities from their primary local centre—e.g. Krawaree from Braidwood—and divides 72 rural properties.

(e4) The desirability (or otherwise) of dividing the resulting area or areas into wards

Wards would not solve the problem of appropriate representation of the rural communities within Palerang. While they might provide some guarantee of a level of representation, this level will always be relatively insignificant. As noted earlier, the area of Palerang being excised is simply too small to be guaranteed representation.

Without wards, we are left playing a game of Russian Roulette—the rural area may be able to successfully put forward candidates that would have a genuine opportunity to influence policy decisions, but it may also miss out entirely.

Wards simply do not solve the problem of representation for relatively small communities within a larger population.

(e5) The need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented

For the reasons already outlined, due to the populations involved this is largely not possible at the councillor level unless the more remote Palerang communities share opinions with more highly populated areas of the new council area. The fact that Braidwood has been declared as a heritage town in its entirety makes aspects of its management unique and thus at risk of being overlooked.

(f) Any other factors relevant to the provision of efficient and effective local government in the existing and proposed new areas

All I can really say at this point is that there can be no logical reason why a council such as Palerang, that has been deemed to be as or more financially sound than many of its neighbours, should be dismembered as is being proposed. The strength of councils in SE NSW lies in accepting the influence of Canberra and the ACT on the region, addressing the unique needs of their respective communities, and working together under the banner of a regional organisation to harness those individual benefits for the good of the region.

The Proposal does indeed note membership of SEROC/CBRJO, but fails to acknowledge that most, if not all of the supposed benefits of merging are already being realised through Palerang's involvement with this regional organisation. The claim that a merger will provide these benefits 'without relying on voluntary collaboration' is a nonsense, since it is proposed that JO membership will indeed be compulsory—not that such a heavy-handed approach has ever been necessary for the CBRJO member councils to cooperate and work together constructively.

The bottom line is that this is not a proposal that strengthens local government, it is a proposal that marginalises rural communities, which is contrary to everything we seek to achieve as rural councils.

Mr Rayner, could I urge you, in the strongest way possible, to advise the Minister not to proceed with this Proposal.

Thank you for your time this morning [afternoon].