

Independent Review of Local Government
Tweed Shire Council submission

June 2013

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PLEASE NOTE: Sections highlighted with a beige background are supplementary comments following Tweed Shire Council's initial submission response in May 2013.



Introduction

The release of the Independent Local Government Review Panel document - *Future Directions for NSW Local Government - Twenty Essential Steps* - April 2013 provides a series of draft local government reform proposals for consultation.

"This review looks ahead to the middle years of the 21st Century. As the panel made clear in Case for Sustainable Change, local government in NSW must be ready to cope with the new and tougher challenges that lie ahead, and to grasp the opportunities of change to realise its potential. NSW needs more effective local government to harness the skills and resources of local communities improve quality of life and advance State development."

"The Panel's ideas are crystallising but are not set in concrete. A number of important research projects are still under way. Nevertheless, this paper fulfils the Panel's commitment to ensure that all concerned can see and discuss the likely content of its final report, now due in September 2013."

The following response documents Tweed Shire Council's position, suggestions and questions, where applicable, in relation to the draft proposals. It is not intended to cover all the proposals in their entirety, but rather focus on specific proposals that have the greatest impact on a) the Tweed Shire and its communities and b) the system of local government in NSW.

Executive Summary

The discussion paper *Future Directions for NSW Local Government - Twenty Essential steps* proposes a broad range of reforms to the culture, structure and operation of local government in NSW.

Few would dispute that change is necessary to prepare local government for current and future challenges in providing better services, infrastructure and representation for the communities it serves.

Many of the proposals within the paper outline positive steps towards better local government which would be likely to benefit the Tweed and NSW if legislated at a later stage. These include: proposals to improve the rating system; the development of a set of sustainability benchmarks; the suggestion of a strategic projects fund for roads and bridges to help address the infrastructure backlog; a new focus on financial responsibility; a new governance and service delivery system for western NSW; professional development and higher remuneration for councillors; and improved political leadership.

However, a number of the ideas put forward would be likely to have a detrimental impact on governance, service provision and strategic direction of local government in the Tweed.

The discussion paper acknowledges that it is not taking a 'one size fits all' approach and further consultation will be held with affected councils and communities across the state in coming months to address local concerns. While this is reassuring, Tweed Shire Council needs to determine its position and concerns through a submission to the Review Panel before the plans are finalised and provided to the Government in the Panel's September report.

Of primary concern is the proposal that Tweed Shire Council become a member council in a multi-purpose council, to be known as the Northern Rivers County Council; along with Byron, Ballina, Kyogle, Richmond Valley and Lismore councils. Lismore would be the major regional centre and the home of the County Council, with the Mayor and General Manager of Lismore City Council taking up the roles of Chair and General Manager of the County Council, respectively.



Tweed Shire Council services around 90,000 residents.

This model would weaken Tweed Shire Council as a general purpose council, largely due to the proposed loss of strategic capacity and movement of a diverse range of functions to the County Council. Depending on the type and number of functions transferred to the centralised County Council, Tweed Shire Council may suffer to the extent of not being sustainable into the future, with local government services for its current 90,000 residents eventually provided for by the County Council in Lismore.

While there are obvious issues with the physical distance of Lismore from the Tweed and the potential loss of local service provision and decision-making, there are also concerns in regards to representation and equity around the management of the regional county council. The residents of the Tweed, representing approximately 40% of the proposed population base of the County Council would have no say in the election of the Chair, who would be popularly elected by the residents of Lismore alone.

There are a number of factors which make a compelling case for Tweed Shire Council to stand alone as either a general purpose council as it exists today, or if the county council model prevails, as a county council in its own right (perhaps Tweed Valley County Council). In fact, the Tweed local government area satisfies all the criteria in the discussion paper's own factors used to define County Councils (Box 10, page 34) as well as the key attributes of a regional centre (Box 11, page 35) [both Box 10 and 11 are represented in Section 13 below]. The Tweed has a strong community of interest and socio-economic links with south-east Queensland, a viable water catchment (wholly contained within the Shire boundaries) and sound service delivery model, an existing strategic capacity to anchor a county council, and a manageable geographic area on a suitable scale for strategic planning.

Other factors which support the case for a stand-alone council are the Tweed's large and growing population base, easy access to major transport routes, sound financial position and in 2011, recognition through the AR Bluett Award that the Tweed was the best performing regional council; and cross border challenges that are unique to the Shire.



Tweed Shire Council is presented with the 2011 AR Bluett Award.

Lastly, three councils on the metropolitan fringe of Sydney (Wollondilly, Blue Mountains and Hawkesbury) are proposed to remain to play specialist roles in managing the important areas under their control, such as growing urban areas, water catchments and natural areas. Like these councils, the Tweed plays an important role in acting as a buffer to the growth of the Gold Coast and south-east Queensland, as well as managing areas of high conservation value and National Parks and as such should be accorded similar status and allowed to stand alone.

If Tweed were to be afforded its own status it would not prevent resource sharing and collaboration with neighbouring councils on both sides of the border or with a county council in the Greater Richmond Valley based in Lismore. Council would therefore support associate or affiliate membership of such a County Council with the ability for Tweed to look either north or south on different strategic issues of relevance to it.

Detailed responses

1. Face the Challenges of Change

Position:

Council agrees that reform within the Local Government Sector is needed to supply a more sustainable approach to the infrastructure and services provided and agreed with respective NSW communities.

However, Council does not agree with certain draft proposals put forward and specifically several issues directly affecting Tweed Shire. These issues are dealt with in greater detail within this submission.

It is imperative for Council to adopt a position that will place the community of the Shire in the best possible position both now and into the future.

2. Create a Sustainable System

Position:

The need for and pace of change both globally and locally requires local government to provide flexible, well resourced and skilled organisations. However, this change is not an issue for local government alone. To provide more effective systems of government also requires a review of the strategic planning between local and State governments and more input from both parties on local/regional/state issues.

Council agrees with the following elements put forward by the Panel:

"Councils with the scale, resources and 'strategic capacity' to govern effectively and to provide a strong voice for their communities"

Council scale, resources and strategic capacity is covered in Section 13.

"Maintenance of a strong sense of local identity and place"

Maintenance of identity is covered in Section 3.

"Councils with an adequate revenue base (own source or grants) relative to their functions, healthy balance sheets, and sound financial management"

Council meets the criteria of own source revenue benchmark of >60% as defined by TCorp in the Financial Sustainability Rating.

"Councils renowned for their efficiency and focus on outcomes, based on the Integrated Planning and Reporting framework"

Council has been recognised by the Division of Local Government for the work and outcomes of the Integrated Planning and Reporting framework.

"A Local Government Act that minimises prescription and provides a range of options for the way councils and regional bodies are structured"

Council notes that "A NEW LOCAL GOVERNMENT ACT FOR NSW" - Discussion paper is currently on exhibition for comment.

Council also supports the view that

"'new look' County Councils and in some areas new Local Boards to the system of local government structures

Accept the need for some amalgamations to facilitate better, stronger local government in the interests of local communities"

could be an effective outcome.

In areas where there is clearly one well resourced, more populated and effective regional centre, county councils should be explored, as many small shires around the state simply do not have the revenue base to support the infrastructure needs of their communities.

It is evident however that the amalgamation process will not be the answer to financial sustainability. Previous amalgamations Greater Taree, Clarence Valley and Richmond Valley have not resulted in acceptable TCorp Financial Sustainability Ratings.

Questions:

The below statements, combined with the minimum core functions as presented in section 13 of the discussion paper, invariably mean different things to different people. The specific roles of a multi-purpose County Council and a Standard local council need much more discussion as to the practical consequences.

"Multi-purpose County Councils – statutory groupings of local councils established under the Local Government Act that can undertake a range of 'high-level' functions on behalf of their members (the precise mix of functions can vary from region to region)"

"Regional groupings of councils that share resources on a large scale and jointly plan and advocate for their regions"

"Standard' local councils operating along very similar lines to the current provisions of the Local Government Act, except for the referral of some strategic functions to the new County Councils"

"The Panel is looking for 'new look' County Councils that will undertake a broad range of strategic functions to support their member councils, strengthen the system of local government, and enable better working relations with State agencies."

"The Panel is NOT proposing a 'fourth tier of government', nor an additional set of large bureaucracies. 'New look' County Councils would replace existing regional organisations. Local councils more or less as we know them today would remain the core of the system: they would 'own' and resource the County Councils in the same way many do now. Some regional functions would be referred to the County Councils which would then work alongside their member councils in performing those tasks."

"Capacity should be further enhanced through regional collaboration via the new County Councils."

"Thus whether or not the Panel's options for amalgamations are pursued is entirely a matter for the State government and the councils and communities involved."

Council looks forward to meeting with the Panel to clarify these proposals and to discuss the particular status of the Tweed Shire.

3. Keep the 'Local' in Local Government

Position:

It is imperative that Tweed residents have a *place and community identity that is so important to the quality of people's lives.*

In this regard, Tweed Shire does not share a strong community of interest with Lismore, or some of the other councils proposed to make up the Northern Rivers County Council, but instead a focus to the north with the Gold Coast and south east Queensland.

Using the ABS 'Urban centre' classification, Tweed Heads is identified as part of the Gold Coast-Tweed Heads conurbation which has 533, 659 people.

It is feared a loss of identity will ensue if the focus of the local government activity in the northern rivers is based in Lismore. The experience gained by being a member of NOROC and its associated governance structure has not always produced outcomes from a regional perspective but rather a predominant Richmond Valley focus.

The proposals to have Tweed Shire Council join a statutory body of this same membership would make it difficult to keep the 'local' in local government for Tweed residents. Council would therefore support associate or affiliate membership of such a County Council with the ability for Tweed to look either north or south on different strategic issues of relevance to it.

Another option could be the creation of three new entities (perhaps county council model) of similar standing within the Northern Rivers. This could comprise a Tweed Valley catchment council, a coastal council comprising Ballina and Byron and an inland council comprising Lismore, Richmond Valley and Kyogle. This would result in the new coastal entity having a population of 63,000 (est. 100,500 by 2036), the inland council having a population of 74,000 (est. 83,200 by 2036) and Tweed with a population of 90,000 (est. 132,000 by 2036). This could potentially achieve stronger communities of interest but still enhance strategic capacity and allow for resource sharing and joint projects between the three new entities.

Suggestions:

A suitable alternative may be to split the proposed Northern Rivers County Council into Richmond Valley County Council and Tweed Valley County Council or to have a multi-purpose Richmond Valley County Council with member councils and a standalone general purpose Tweed Shire Council retaining all its core functions similar to Wollondilly, Blue Mountains and Hawkesbury.

Alternatively, 'Associate' or 'Affiliate' membership could be considered which gives Tweed some ability to opt in or out of certain minimum core functions undertaken by a county council. This would give Tweed the strategic capacity to look north on some issues such as transport where the trip movement between the Queensland and NSW border for residents is greater in volume than the trip movement south; or health where the Tweed hospital has a patient intake of approximately 50% from Queensland.

If the proposed County Council reforms are to be implemented it is imperative that the position of individual councils are protected and reflected in the voting rights and governance arrangements of the organisation. It is not acceptable that a shire of 9000 residents will have the same voting rights as a shire of 90,000 residents, as is currently the case with NOROC.

4. Confront Financial Realities

Position:

"A council needs to be assessed at a Moderate or higher level to be acceptable in terms of its sustainability. A Moderate level FSR is on average equivalent to marginally exceeding the benchmarks utilised in TCorp's assessment process."

Tweed Shire Council received a TCorp Financial Sustainability Rating of Moderate/Neutral and is looking at ways to improve this result.

The potential loss of functions and associated revenue/employees will severely affect the critical financial mass and capacity that Tweed Shire currently relies upon for such ratings.

Given the Tweed Shire Council rating is equal to or better than all other councils within the proposed Northern Rivers County Council, this position of strength needs to be maintained. It should also be noted that Tweed Shire is the only council with sufficient size to be included in the Group 5 NSW Division of Local Government (DLG) classification, whilst the majority of the other councils belong to Group 4.

Council strongly supports TCorp's recommendations on:

- *At least breakeven annual operating positions are essential*
- *Rate increases must meet underlying costs as well as annual growth in expenditure*
- *Medium-term pricing paths are needed for ongoing adjustments to rates and charges*
- *Asset management planning must be prioritised*
- *Councillor and management capacity must be developed*

Council also supports that councils:

"need to combine fiscal discipline with improved financial and asset planning, accelerated increases in rates and charges where required, redistribution of grant funding, and improved efficiency and productivity."

TCorp suggests that:

"Councils rated Moderate-Negative or worse should urgently consider options to address areas of poor performance in order to avoid becoming steadily more unsustainable."

It is noted that Tweed Shire along with Ballina Shire has the highest Financial Sustainability Ratings within the proposed Northern Rivers County Council. These positions should be protected for the ratepayers of the respective Shires and not used to subsidise lesser performing areas.

5. Ensure Fiscal Responsibility

Position:

Council's fiscal responsibilities are an important element of the IP&R framework. The linking of service levels and asset maintenance with the level of rates and charges needs to be an ongoing discussion within communities. However, encouraging community input and trying to gain agreement can be difficult.

Likewise, community ratings of council performances can also vary widely.

Council would support

"An agreed set of sustainability benchmarks and rigorous collection of relevant data to calculate relevant ratios ..."

Council further supports the assistance from the Division of Local Government in relation to:

- *Assist councils with financial planning*
- *Improve management of liquidity*
- *Offer support to councils in respect of complex procurement tasks*
- *Provide additional training programs for councillors and staff*
- *Undertake regular independent reviews of councils' financial position.*

Council has allocated considerable resources over recent years to increase its capacity in asset management. It is important to note that many assumptions in regards to assets, particularly consumption and maintenance levels, may not be proven for 5 to 10 years. This is further exacerbated by unknown factors such as weather patterns, floods etc.

Suggestions:

"Whilst it has no doubt that auditors undertake their tasks in a professional manner, the Panel is concerned that the current system whereby councils individually tender for audit services creates a tendency to minimise the amount of work involved, and hence the cost. This means that the potential for auditors to contribute to improving financial management and fiscal responsibility can be restricted".

The cost of any external audit is driven by the scope of the audit tender. If the requirements of the audit process in NSW local government are to include value added services such as suggested in the discussion paper, the Division of Local Government should supply a standard audit scope to encompass those services.

An alternative or addition to the requirement for councils to employ a properly qualified Chief Financial Officer would be to require all councils with budgets greater than \$150m to employ an Actuary. An Actuary is a business professional who deals with the financial impact of risk and uncertainty. Actuaries provide expert assessments of financial security systems, with a focus on their complexity, their mathematics, and their mechanisms (Trowbridge 1989, p. 7). They analyse business prospects with their financial skills in valuing or discounting risky future cash flows. There has been a recent widening of the scope of the actuarial field to include investment advice and asset management. Such a position would complement the role of the Internal Auditor and work with business units to deliver efficiencies and costing for whole of life assets/ activities.

Questions:

Given the suggestion within the section of utilising the Auditor General, what will be the scope of the audit tender provided by the Auditor General and at what cost?

"In addition, the Panel notes that there is at present no statutory requirement for a council to employ a properly qualified chief financial officer".

What is the definition of a properly qualified Chief Financial Officer? Councils with disappointing Financial Sustainability Ratings have degree qualified finance staff. This does not necessarily apply to the elected body where the allocation of resources and financial position are determined. Councillor training in this regard is essential for the outcomes proposed in these reforms.

If the role of the Mayor were to move to a point of balance of power and be involved in determining and setting budgets, it is essential that they have a sound financial understanding of the budget process and also some control needs to be implemented to limit expenditure priorities to that within the adopted IPR framework, particularly the Long Term Financial Plan which should be set and determined by all councillors.

6. Bolster the Revenue Base

Position and Suggestions:

Tweed Shire Council has just concluded a seven-year special rate variation to improve, amongst other initiatives, the investment in asset management. The asset management plans adopted by Council still presents a shortfall in the areas of transport, buildings and drainage. Further discussions will be needed with the community to improve this result.

Total council revenues in 2012-13 were \$9.245bn; 52% came from rates and annual charges (including water).

Tweed Shire Council revenue for the 2013-14 year for rates and annual charges (including fees and charges) is estimated to be \$110 million which equates to approximately 67 per cent of all income. Therefore suggested improvements and future changes or enhancements in this area are of particular importance to Tweed.

"There may be scope to raise a greater share of revenue from fees and charges levied on services akin to 'private goods' e.g., leisure centres"

This statement does not acknowledge any community service obligations, market competition or the public's ability to pay. Operating aquatic centres in coastal shires needs to be affordable to attract patrons. Whilst a user pay principle is fully supported, whilst ever councils are bound to operate and employ their staff operating such facilities under the NSW Local Government Award as opposed to the relevant Industry Award will mean that councils are not operating in a competitive market space. Refer Section 8 response for suggestions to assist help councils more competitively run and operate such facilities.

Currently Tweed Shire Council raises approximately 21 per cent of its revenues through fees and charges which consists of 1632 different charges over 145 different functions and activities. Based on the current fee structure the actual recovery is as follows:

- Significant partial cost pricing 36.46%
- Statutory Pricing 5.70%
- Minimal partial Cost Pricing 0.61%
- Rate of Return Pricing 8.70%
- Full Cost-Recovery Pricing 48.53%

While there may be scope for some changes to Council's charging structure, the reality is that Council must comply with the National Competition Policy which states: "Government businesses, whether Commonwealth, State, or Local should operate without net competitive advantages over other business as a result of their public ownership."

"Rates are a tax, not a fee-for-service; they need to be set in accordance with principles of taxation - equity, efficiency, simplicity, sustainability and policy consistency".

Tweed Shire Council agrees with this statement, as the levying by local government of local taxes distributed on the basis of relative value of property has been the principle means of financing local government in Australia throughout this and the last century. The local property tax (rates) has always been a tax base principally allocated to local government, which is the level of government routinely providing public services which retain or enhance the value of private property (such as roads, garbage disposal, parks and footpaths).

Council believes that the current system largely meets the five key criteria as outlined in the Henry Tax Review, however with minor amendments to the act to allow greater flexibility in rating structures, as detailed in this submission would further enhance meeting the principles of taxation especially on the grounds of equity, sustainability and policy consistency.

"There is a case for moving from Land Value to Capital improved value as the basis for rates to better reflect capacity to pay and the shift to apartment living, but this would be costly and disruptive".

Council does not support any move to rates being based on a Capital Improved Value. As indicated in the ACELG 'IN OUR HANDS STRENGTHENING LOCAL GOVERNMENT REVENUE FOR THE 21ST CENTURY' - Working Paper, the Unimproved Site Value is a better indicator of benefits received by ratepayers. There would also be significant one off costs and higher ongoing costs to establish the Capital Improved Value system.

Further a Capital Improved Valuation base for rating will discourage investment and capital improvement of the land. Whilst there is an argument that there is no evidence to support such a position, it is likely that a councils' other revenue streams derived from DA fees and Developer Contributions will be reduced as developers and home owners select cheaper building materials and design concepts to reduce the overall impact of any capital improved value rating that would apply.

"Existing options for minimum rates and base charges should remain, but overly complex use of those mechanisms should be restricted".

For non residential properties, Tweed Shire Council is of the opinion that minimum rating in conjunction with a rate in the dollar is an acceptable form of rating provided the rate in the dollar is calculated using the assessed annual rental value and importantly the zoning. This system should be used for non-residential property calculation only. The minimum rate is set on all non-residential properties that make a minimum contribution to the costs of:

- the provision of the physical infrastructure that is available for use by all ratepayers
- services provided that are available for use by all ratepayers e.g. halls and walkways
- the fulfilment of Council's administrative responsibilities

Base charges are an inadequate form of rating and should be replaced with Averaged Area Rating (AAR) whereby Council may make an averaged area rate for residential properties grouped by locality, for example, suburb and then by the use or non-use of the land.

When this option is used the general rate, and any minimums, for those residential properties does not apply, instead the average area rate applies.

The AAR achieves a similar outcome for ratepayers as using the current varied rates and minimums for developed residential properties, with a lower AAR applied to the lower socio-economic areas.

Use of the AAR's removes any distortions caused by a sudden rise or fall in property valuations, assisting Council to restrict individual annual increases to CPI.

"Differential rates are an important part of the system but their current use by some council's is too complex and poorly justified."

Differential rating provisions should be further enhanced to allow councils to set different rates based on the use or non-use of the land and/or the locality or zoning of the land. Properties should apply differential rates on the predominant use of the land and by council locality and zoning.

In setting the differential rates councils should take into account:

- Growth in properties of the same use; and
- The varying impact of a particular use, such as commercial, on core council services such as road maintenance and stormwater.

A ratepayer may object to a variation in a rate based on a particular use of land, if they believe the use of the land is not the use of land on which the variation is based. However, rates must continue to be paid in accordance with the rates notice until otherwise notified by the Council.

Council supports any measures to streamline rate-pegging including:

"The Panel proposes that, within a framework of enhanced fiscal responsibility, councils be allowed to increase rates by up to 3% more than the annual cap set or projected by IPART for the following 4 years,"

provided the additional rates are used for improvements to asset management funding, rather than new or non-core initiatives.

"the Panel believes that consideration should be given to exempting Special Rates from the cap, where they are levied on a small group of ratepayers or a specific area in order to undertake defined projects, and the projects have been shown to enjoy majority support amongst those affected."

The ability to levy Special Rates above the cap to a specific group of ratepayers for a particular purpose is strongly supported. For example, one of the major future greenfield developments within Tweed Shire is that of Kings Forest which will provide 5000 residential lots. Within that estate approximately 208 hectares will be dedicated special conservation for Koala habitat amongst other environmental benefits. The cost for Council to manage this large amount of high conservation value land in accordance with the management plans will be substantial and the fairest and most equitable way to recover the cost for doing so would be through a special rate on the residents who will benefit from the development proceeding.

Special rating provisions should be introduced where ratepayers are informed and conscious of their responsibilities which in turn would alleviate the need for approval. In such circumstances the total special rate amount should not be included in the Notional Yield calculations.

"Some concessions for disadvantaged ratepayers are justified, but social welfare should not be a local government responsibility; arrangement for pensioner concessions should be reviewed".

Tweed Shire Council has approximately 8748 pensioners and the direct cost of the concessions for 2012/2013 is as follows:

Council Cost	45%:	\$ 1,579,106.03
NSW Govt	50%:	\$ 1,833,517.17
Fed Govt	5%:	\$ 96,500.91
Total		\$ 3,509,124.11

Additionally, indirect savings to Tweed Shire Council if concessions ceased would be in the vicinity of \$200,000 including staff wages, administration, software compliance, Centrelink requirements, accounting standards and auditing costs.

Council agrees with the panel's assessment on this subject, it would be a simpler and fairer system if the rebate was paid through the federal system, similar to rental assistance for pensioners.

Income poor but asset rich ratepayers should be able to defer rate payments as a charge against their land, rather than receive a concession.

Although some Sydney councils have this as a policy for pensioners where their rates are deferred until settlement, by the estate, this would not be a sound financial practice by the majority of councils as evidenced by TCorps report. This proposal is basically a reverse mortgage that most ratepayers can access at a number of banking institutions who are better geared to undertake such action than local government. Rates are a method of taxation, that is, their purpose is to raise revenue for general government purposes which is expended on an annual basis. Deferral only of the concession component may be explored but will create additional administration costs for councils.

There is a case for moving from Land Value to Capital improved value as the basis for rates to better reflect capacity to pay and the shift to apartment living, but this would be costly and disruptive.

In Australia there are currently three types of property valuations used by local governments:

- Capital improved value (CIV) - Victoria & South Australia
- Unimproved site value (USV) or unimproved capital value (UCV) - NSW, QLD, WA and NT
- Annual rental value (ARV) - Tasmania and Perth Metro area

Tweed Shire Council does not object to the current system but suggests some minor enhancements (for example an upper rate limit). It is acknowledged that the current system fulfils the key criteria of the Henry Tax Review. An issue often raised by ratepayers is following a Valuer General review resulting from an often volatile property market. That is the boom and bust cycle. If the recommendation of the *Joint Standing Committee in the office of the Valuer General* of averaging three years land valuations is adopted by the State Government then this may partly address the situation, though there will still be significant variations and it may cost more for councils to administer such a system and would require annual valuations to be furnished to councils to be effective.



Tweed Shire Council suggests minor changes to the property valuation system.

The Henry Tax Review 2009 highlighted five principles (key criteria) it deemed most significant in evaluating taxes and tax systems. These criteria are "efficiency, equity, simplicity, sustainability and policy consistency".

Joint Standing Committee in the office of the Valuer General final report to the NSW Parliament dated 2 May 2013 had as a recommendation the following:

- That the NSW Government introduce a mechanism whereby Council rates are determined on the average of the last three years land valuations.

Also

- That the land value is the appropriate basis of valuation for rating and taxing purposes.

The State Government in its "Funding our Emergency Services" Discussion paper July 2012 makes the following statement with regards to Capital Improved Value:

- The Government does not propose to use market value of properties, which include the value of buildings.
- The Government considers this alternative would be both less efficient and administratively expensive to implement.
- Taxing the market value of properties provides a disincentive to make capital improvements to land, and thereby distorts investment decisions.

Further the Property Council of Australia representing a sector that paid \$2.3 billion in land tax strongly supports the existing use of site value as the best method for determining values. (Source Submission to Joint Standing Committee NSW March 2013).

Council also suggests the following alternative rating mechanisms or amendments to the current system for consideration by the Panel:

- Non-Residential property rating is calculated using a combination of minimum rates with a cent in the dollar of the assessed annual rate (used as a land value) based on rental and subject to zoning.
- Residential property rating be calculated and assessed using the Average Area Rating model which involves the calculation based on groupings by locality, for example, suburb and by the use or non-use of the land. This model requires all non-vacant and vacant land to pay an average rate. The average rate can be further calculated between localities or groups of localities to achieve a fairer rating equity. This will provide cost savings by the residential valuations not being supplied by the Office of the Valuer General.

Tweed Shire Council currently has an example where a residential ratepayer receives a general rate account of \$16,050 based on a land value of \$3.4 million. The minimum rate component for the current year is \$940.25. It can be argued that the \$3.4 million property benefits from services provided by Council exactly the same as a property with minimum rates (i.e. the benefit principle).



Tweed Shire Council proposes a residential property rating mechanism which is calculated and assessed using the Average Area Rating Model.

The Average Area Rating model would make this example equitable to all parties by spreading the burden over all Council residential ratepayers. In simple terms Tweed Shire Council's total residential rate divided by the number of ratepayers produces an average rate of \$1,221.77. The average residential rate of \$1,221.77 could be further enhanced dependent upon criteria set.

If however, the Panel believes that the current system which is essentially a wealth tax should prevail (the ability to pay principle as opposed to the benefit principle), then Council submits that a Maximum Rate should also be introduced (for example an upper limit of \$5,200 or \$100 per week indexed in accordance with the Cap. This would still represent a 500% increase over the minimum rate in Tweed's case). It does not appear equitable that properties on the minimum rate pay approximately \$20 per week in rates where the extreme can pay in excess of \$300 per week. One could argue that a ratepayer on the Tweed Coast (some who pay rates above \$10K/per year) have no greater benefit than a ratepayer on the Northern Beaches of Sydney. Within the Tweed context the rate variation is so great because of the diverse geographic area and values of properties within the Shire.

Another point to consider is the scenario of Tweed Shire only comprising the coastal strip. If those ratepayers kept paying their current rate, their amenity, assets and services would be significantly better than they currently receive as their rating dollar is currently dispersed across 1300 square kilometres, as opposed to being spent where it is primarily collected.

Other options to generate increased rate revenues from apartments need to be explored.

Tweed Shire Council believes that if the use of minimum rating and average area rating as briefly detailed in this submission is adopted, it would eliminate the need to generate increased rate revenues from apartments that are strata title or separately levied.

The nexus is where units or dwellings do not have strata title and how such properties can adequately meet their rating responsibilities when compared to other properties. Non strata title, non-residential properties would be accounted for, provided the rates were calculated using the assessed annual rental value. Non strata title residential properties would require further investigation however a special zoned code could be applied.

The extent of non-rateable land and concessions for government business enterprises as well as the properties of benevolent institutions that serve a much wider area than that of the council concerned should be reviewed.

To remove non-rateable land concessions at a time when many councils in adopting the Standard LEP Template have removed land zoning such as *Special Uses - Places of Worship* and replaced it with the adjoining zone, could see land that belongs to benevolent institutions and is used or occupied by them for benevolent purposes being rated for the highest potential use, which could be business, residential or farmland.

Land owned by such institutions currently exempt, are important community assets that benefit the wider community. The roles and functions performed by them underpin the community and support many government initiatives. They play an important role in our social fabric.

With respect to exemptions for government business enterprises, Council is cognisant of the fact that local governments enjoy relief from many taxes including income tax on Council owned businesses. If the Commonwealth were for example, required to pay council rates, and councils were required to pay all Commonwealth taxes, it would be assumed that local government as a sector would come off second best.

For the above reasons Council supports retaining the existing provisions under sections 555, 556, 557 and 558 of the Local Government Act 1993.

Grants Distribution

In relation to Grants, Council also supports the abolishing of minimum Financial Assistance Grants (FAG). Those local governments that have financial capacity which exceeds those local governments on the non-minimum grant have higher revenue raising capacities and often have lower costs of providing services. After the distribution of FAGs, minimum grant local governments are over equalised and non-minimum grant local governments are under equalised.

Rate Pegging

Tweed Shire Council agrees with the improvements as outlined in the document and under the heading Streamlining Rate-Pegging. Council supports the removal of rate-pegging and/or the Panel's suggestion of a 3% variance above the current rate cap.

Tweed Shire Council acknowledges the Panel's finding to continue in some form with rate-pegging to maintain fiscal responsibility for Local Government in New South Wales.

Council believes that the Panel's report could further explore alternative Revenue Streams. To this end, Council submits the following for consideration:

Alternative Revenue Streams - Fuel

The ACELG "*IN OUR HANDS STRENGTHENING LOCAL GOVERNMENT REVENUE FOR THE 21ST CENTURY*" - Working Paper emphasises the 5 desirable characteristics of the tax systems as being equity, efficiency, simplicity, sustainability and policy consistency.

Given that the biggest area of infrastructure back log is in the transport category, it is recommended that a reintroduction of a State fuel levy such as the discontinued 3X3 Accelerated Road Improvement Program is the most appropriate funding mechanism to ensure the user pay principle for asset consumption. It is also suggested that the partial fuel tax credit applied to on road vehicles with a gross vehicle mass exceeding 4.5 tonnes should be removed. These vehicles can have the biggest impact on road maintenance. Increasing taxes on homes to fund transport infrastructure does not adhere to the desirable characteristics of a taxation system. Fuel taxation is an effective and efficient means to collect tax and can be easily redistributed to all three tiers of government who share the existing road and transport infrastructure backlog. Such a system also encourages sustainable outcomes through fuel efficiency, public transport utilisation - thereby placing less burden on public roads, and gives people the ability to somewhat control and limit their taxation through car pooling, reduced trips and fuel efficient vehicles.

To support this recommendation, the following background is provided for consideration:

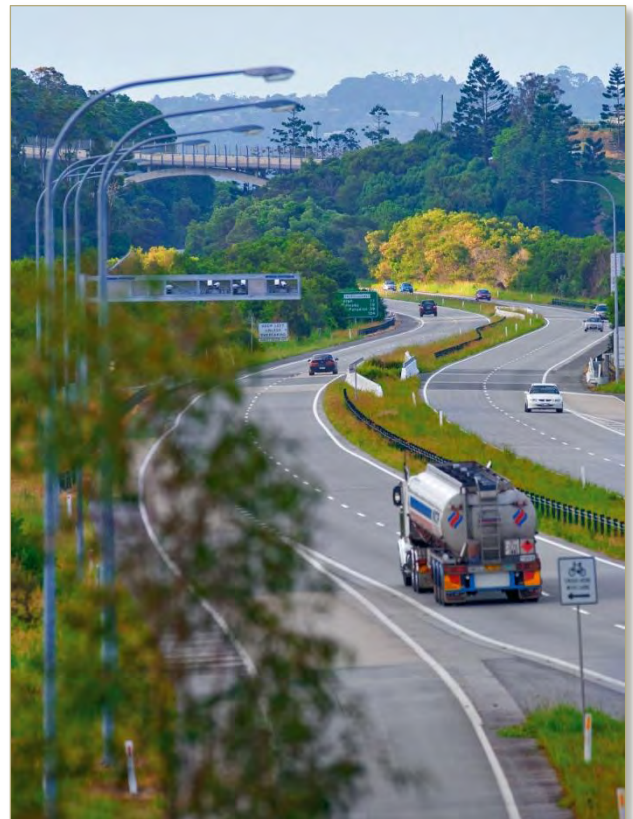
- The 3x3 Accelerated Road Improvement Program commenced on 1 July 1989 and was an initiative of the then NSW Greiner State Government.
- The 3x3 Special Road Funding Program was set up to accelerate work on roads and bridges in NSW, with road improvements and road safety being priorities. Initially funded through a three cents per litre increase in the fuel franchise levy for three years from 1989, the program was extended in 1992 and again in 1995, with the levy indexed from 1992. The program finished in 1997, although revenue continued to accrue until 2000.
- In the last full year of the 3x3 fuel levy, 1998/99, \$276M was raised. *(Source: Hansard quote of Rob Oakeshott State Parliament, 20 October 1999).*
The actual 1998/99 fuel consumed figure is not available.
- A portion of the funds from the 3x3 levy was available to councils to apply to roadworks of their choice (i.e. untied grants). The Road Improvement (Special Funding) Act 1989 stipulated matters to be considered in selecting 3x3 projects. Accordingly, the RTA (now RMS) advised councils to select and rank projects against the following criteria:

- Safety: reduction of accidents or the potential for accidents.
 - Industry costs: reduction of transport costs faced by NSW industries, particularly in export or import replacement markets.
 - Tourist development: facilitation and encouragement of tourist travel in NSW.
 - Road network efficiency: reduction of congestion to cut travel times and vehicle costs.
 - Road maintenance: lower current or future road maintenance costs.
 - Preservation of the integrity of communities. This criterion recognised the need to develop roads to meet community needs and aspirations.
 - Projects designed to mitigate the effects of flooding or wet weather, such as sealing gravel roads, were eligible.
 - Efficiency: a benefit cost analysis was required for each project
 - Quick return: projects had to be completed within three years
- Subsequently, the legislation underlying the 3x3 fuel levy was effectively invalidated by a High Court decision in August 1997. Since 1997 NSW has not levied the 3x3 surcharge. *(Source New South Wales Government Submission to the Commonwealth Government's inquiry into Fuel Taxation, November 2001)*

If the Commonwealth or State Governments were to attempt to re-introduce a similar fuel levy it would need to be carefully assessed as associated legislation would need to withstand any challenge to its validity.

As a consequence of the 1997 High Court challenge to franchise fees and particularly the NSW 3x3 fuel levy, the Commonwealth Government stepped in to levy an amount equivalent to the 3x3 levy under "safety net" arrangements and distributed this to the States and Territories.

It should be noted that fuel taxes are by far the largest tax on motoring and transport in Australia. Other Commonwealth Government taxes relating to motor vehicles include fringe benefits tax, luxury car tax, and tariffs. In addition, the States levy a range of taxes related to motor vehicles, including fees for registration, transfers and drivers' licences. Whilst these taxes are collected by the State and Commonwealth governments, only a partial amount could possibly be said to be distributed to local government through the FAG (road component).



As previously stated, heavy road vehicles (with a gross vehicle mass exceeding 4.5 tonnes) are eligible for a partial fuel tax credit. This effectively reduces fuel tax to a road user charge intended to recover the costs of heavy vehicle damage to the transport network. *(Source <http://www.taxreview.treasury.gov.au/>)*

Another source of revenue in addition to any State levy could be to increase the current Commonwealth cap. This would require an amendment to legislation to allow for an increase in Government Taxes (excluding GST) on fuel above a cap of \$0.38143 per litre. The Commonwealth Government already receives the maximum allowable taxes from fuel sales as demonstrated by the fuel price pie chart below.

Australian Retail Petrol Price Components

National Average Price 2011–12 (143 cents per litre cpl)



(Source: Australian Institute of Petroleum website)

Current Government Taxes

Government taxes = GST 10% on pump price of \$1.43 = \$0.13 plus fuel Excise Taxes \$0.38 = \$0.51 cpl

Estimated Revenue if \$0.09 per litre fuel levy implemented by NSW Government or Commonwealth Government (based on 2009/10 consumption figures)

NSW - 6,112,000,000 litres of petrol consumed in NSW/ACT in 2009/10 at \$0.09 = \$550M

Australia - 18,702,000,000 litres Australia wide in 2009/10 at \$0.09 = \$1,683M

(Source: ACCC)

A revenue base on fuel consumption, collected by the State and/or Commonwealth governments and distributed to all three tiers of government, would go a significant way towards easing the pressure on the transport/road infrastructure backlog facing all tiers of government.

An increase in user pays principle in relation to road users is further supported by the submission of the National Infrastructure Coordinator to the Productivity Commission inquiry into the National Access Regime for roads, ports and airports.

"Asset sales to fund new or replacement infrastructure, including rationalisation of facilities such as road reservations, open space, community halls and libraries."

This suggestion may require the removal of land classification within the Local Government Act 1993.

Development Assessment Fees

Changes in Environmental Planning & Assessment legislation requiring shorter processing times and higher levels of assessment has forced Council into increasing resources in this area.

Development Assessment Fees regulated by the Environmental Planning & Assessment Regulations have not changed since 2000.

During this period salary costs through award movements have increased on average 3 per cent per annum.

The net cost to Council for development assessment planning (not including engineers and environmental health officers costs) has risen from \$471,896 in 03/04 to \$2,143,540 in 11/12 or 454 per cent, despite DA numbers in 2003/2004 being 609 as opposed to 275 in 2011/2012.

The increase in workload can in part be explained because of increased complexities in the Planning system. It is not equitable that ratepayers are subsidising the cost of processing development applications. The effect of the statutory development fees not having been increased since 2000 is that limited financial resources are diverted from the general fund for items such as asset management, roads, parks, sporting fields, drains. A full user pay system should be implemented. In the short term, at a very minimum the Statutory Fees should be increased by at least 30 per cent to recognise the compounding effect of award increases. Going further the statutory fees should be indexed to either CPI or the Award or IPART.

Developer Contributions - Planning White Paper

The Planning White Paper in regard to "Local Infrastructure Contributions" (the new term for what are currently called S94 Contributions) advises councils may hold local infrastructure funds for a maximum three years unless otherwise approved by the Minister. This is to be legislated in Section 7.9(5) of the Planning Bill 2013 (Exposure Draft):

"7.9 (5) Money is to be applied, and land made available, under this section within 3 years for the purpose for which the contribution was imposed. The Minister may extend that period by 3 years in a particular case at the request of the council."

Council does not support this proposal based on the following:

1. Timing of the payment of Infrastructure Contributions

The rate at which developer contributions are made to Council depends on developers' decisions on when to develop.

In larger urban release areas this is complicated by many stages of construction and release of lots over many years. Councils have no control over these decisions and therefore must make educated estimates on the likely flow of funds.

In this uncertain climate, Councils will not commit to the expense of commencing major infrastructure projects to be funded by developer contributions until there is a reasonable degree of certainty that sufficient funds will be available to complete such projects.



Bray Park Water Treatment Plant.

In the case of a large urban release area there may be insufficient developer contributions to commence a large project until the release area is say 80 per cent complete and this could be 10 or more years after a contribution is made for the first lot released.

The proposition that the funds need to be expended within 3 years would force Councils into stop/start incomplete infrastructure projects that would only add to the total costs of infrastructure being delivered. This additional stop/start cost would be borne by ratepayers as it is not covered by the developer contributions.

2. Lead Time for large infrastructure projects

This provision is also unrealistic in regard to the long lead times needed for large infrastructure projects to be funded by this mechanism.

An example is the current Kirkwood Road, Interchange project which is currently being constructed from accumulated S94 developer contributions.

3. Water/Sewer Infrastructure

Green Paper submissions indicated that too often new developments have been delayed or are built without the necessary enabling infrastructure to support them. (A New Planning System for NSW - White Paper p 162)

Water and sewer infrastructure is generally needed in advance of major subdivisions. In Tweed Shire, the new Chinderah sewer treatment works were constructed to allow sufficient capacity for the Kings Forest subdivision.

For these facilities councils take a large financial risk as the developers' ultimately decide when to develop. This leaves the council funding the infrastructure until sufficient developer contributions are received.

For water/sewer infrastructure this risk can be mitigated by an increase in user charges in lieu of developer contributions, however this alternative does not exist for general fund works, such as transport and drainage, and as a result the council is not in a position to take this financial risk of building infrastructure in advance and must wait for sufficient developer contributions before construction proceeds.

4. Possible Consequences

The consequences if the 3 year restriction is adopted by the NSW Government are likely to be:

- Abandonment of the developer contribution system by councils for provision of major infrastructure
- Withdrawal by councils from forward planning and facilitation of major infrastructure required to support major development projects
- Major development projects are unable to proceed because necessary infrastructure is unavailable **or**
- The developers themselves will need to facilitate and fund the major infrastructure themselves
- In the above case, the developer who funds and builds the infrastructure will have no mechanism (unlike the current developer contributions system) to be reimbursed by other subsequent developers who may benefit from the infrastructure.
- Large development projects, particularly large urban release areas are likely to be curtailed unless there is sufficient existing unused/spare capacity in major infrastructure and arterial road networks **or**

- Infrastructure will be part built over stages driving the cost of the infrastructure up through start, stop and procurement process. This could also mean that infrastructure would start to deteriorate before it is ever commissioned **and**
- The 3 year restriction is likely to compound the local government infrastructure backlog

In some minor instances councils borrow in advance of developer contributions to provide necessary infrastructure. To have to expend the money in 3 years would likely see the capital of loans paid down, but if development were to slow or cease a council could be left in the absurd situation of not having the funds to meet loan payments.

5. Local Infrastructure vs Regional Infrastructure

Local Infrastructure is defined as:

- Local roads
- Local drainage works
- Open space
- Community facilities

Local contributions must be in accordance with a "Local Infrastructure Plan", presumably similar to current "Section 94 Contributions Plans". Contributions, as now, will be imposed by conditions of development consent and payable to Council.

Regional infrastructure is defined as:

- Regional or state roads
- Land for drainage
- Transport infrastructure
- Regional open space
- Educational establishments

Regional contributions (which are additional to local contributions) are to be imposed in accordance with a "Regional Infrastructure Plan" which requires these matters to be incorporated into the "Local Plan" (new name for LEP) and Regional Contributions will also be imposed by conditions of development consent, but payable to a "Regional Contributions Fund". Payments out of this fund are to be determined by the "Subregional Planning Board".

Section 7.20 of the Bill advises that "growth infrastructure plans" for a "subregion" (not defined) will identify regional infrastructure for which regional contributions are required.

At present "land for drainage" and "regional open space" are included in Tweed Shire Council's Section 94 Contributions Plans and they fund infrastructure such as the Western Drainage Scheme, Arkinstall Park and Jack Evans Boatharbour redevelopment. In the new arrangements, this will be taken out of Council's hands and be dealt with by a regional body. This arrangement appears to make little sense in areas like Tweed Shire.

It should also be noted that the DP&I population forecast from 2006 to 2036 (highlighted in more detail in Section 13) estimates a population increase for the proposed Northern Rivers County Council of 85,000 people. 80,000 of this increase will occur within the growth Shires of Tweed, Ballina and Byron, whose property purchasers will predominately fund these regional contribution funds.

It is understood these provisions in the Bill arise from land for drainage and regional open space issues in Sydney. For instance the South Creek catchment in Western Sydney includes a number of Council areas (Camden, Liverpool and Penrith) which contain a number of designated urban growth areas. Strategic planning and management of the South Creek waterway, stormwater quality, detention and riparian restoration to accommodate the considerable impacts of the proposed urbanisation are considered to be regional issues that require a multi-council or regional management and contributions funding. Similarly regional open space facilities would be shared across a number of Western Sydney councils. The issue does not arise in most non-Sydney council areas. In particular, the Tweed does not share significant drainage catchments with any other council and similarly Tweed's regional open space facilities have little to do with any other NSW councils, although there is a significant shared relationship with Gold Coast City. It would be totally inappropriate as an example for a regional body based in say Lismore to be making contribution funding and works decisions for stormwater drainage land at Cobaki or the next stage of Jack Evans Boat Harbour.

The solution of this issue for all councils except the Sydney area is to remove "land for drainage" and "regional open space" out of the "Regional Infrastructure" category and place them in the "Local Infrastructure" category.



Jack Evans Boat Harbour

7. Tackle the Infrastructure Backlog

Position:

The infrastructure backlog in NSW local government is a major issue as "*economic development, community wellbeing and much of local government and private or third sector service delivery all depend on adequate infrastructure*".

As noted in the discussion paper, the Tweed is one of the north coast councils which contend with retiree-driven growth, dispersed populations, difficult terrain, frequent flooding and extensive floodplains, some remaining timber bridges, coastal erosion and the demands of tourism. While the Tweed, perhaps because of its larger population, has been able to manage these issues better than most, they still remain as significant challenges when it comes to tackling the infrastructure backlog. A number of the suggestions in the paper would assist in addressing these challenges.

It is worth noting that Tweed Shire compares favourably to other Councils, particularly those in the Northern Rivers region, in relation to the 'Infrastructure Management Assessment' (Strong) and Bring assets to satisfactory standard per capita (the infrastructure backlog) in the recently released Local Government Infrastructure Audit - Division of Local Government - June 2013.

Suggestions:

Funding issues

Support is given to the proposal to securing changes to the natural disaster recovery arrangements to give councils greater flexibility in determining how available funds can be spent in restoring damaged infrastructure on a network basis - not simply replacing individual structures at the same standard.

Collaboration and technical assistance

The proposal to provide technical assistance to all councils in the area of setting realistic condition standards and service levels for infrastructure, including community engagement to determine what is acceptable is supported.

Transport Asset Category Backlog

The major infrastructure backlog facing all tiers of government is transport. Australia has one of the lowest fuel prices in the western developed world, but has some of the largest geographic networks of roads and other transport infrastructure such as bridges coupled with a proportionally small population and users in remote and regional areas. It would appear logical therefore that an increase to the transport tax through an effective and efficient taxation collection system based on a user pay principle could serve to address the backlog facing all tiers of government. This is addressed in Section 6 - Bolster the Revenue Base (above).



Tweed Valley Way wire divider

Also of note is that in the 1960s expenditure on roads comprised approximately 50 per cent of local government budget. Today it is roughly 23 per cent. This can be attributed to the fact that local government since the 1993 Act has gained greater responsibilities outside of its traditional roles of roads, rates and rubbish. However, it is evident that it has had a direct impact on the funds applied to road infrastructure. It is also estimated that the local government sector is responsible for \$306b of land and fixed assets, of which \$187b is roads. (Source: Mervyn Carter, *Excellence in Local Government Leadership Program*, Canberra, 21 March 2013).

It is important for all tiers of government to recognise the success of the Roads to Recovery program which has been extended to 2018/19 however; it would be advantageous for the Independent Local Government Review Panel to suggest that this program becomes permanent.

It is also noted that councils generally raise 88% of their own source revenue and are spending on average 79% of what they need to on roads. (Source: Mervyn Carter, *Excellence in Local Government Leadership Program*, Canberra, 21 March 2013).

8. Promote Innovation, Productivity and Competitiveness

Position:

Council is strongly supportive of Industry wide initiatives regarding workforce planning and leadership. Although all councils face a subtly different mix of resource issues that need to be addressed at the local level, the major themes are consistent across the state with many requiring industry wide or government initiatives to establish corrective frameworks.

An industry wide approach would also be more cost effective and prevent the need for each council to reinvent the wheel.

Council would support a targeted "*systematic data collection and performance monitoring across the sector to determine whether councils generally are delivering services to a satisfactory standard and in a cost-effective way.*"

Suggestions:

Concern exists with regard to the negotiation timeframes for the 2013 Local Government (State) Award. Given the degree of change that could potentially result from the review of the Local Government Act, Destination 2036 and the Independent Local Government Review a strong argument exists for the current Award to be extended with little or no modification. A greater understanding will need to be obtained regarding the future direction and legislative framework required to support the future direction of the industry sector.

Similarly, concerns exist with regard to the introduction in the 2010 Award of clauses applied retrospectively i.e. Clause 15 Motor Vehicle Leaseback, where leaseback vehicles retrospectively became conditions of employment which could only be terminated by mutual agreement irrespective of existing Council policy and signed lease agreements. As Council policies are negotiated in good faith based on information, best practice and legislative parameters in place at the time it is inappropriate to retrospectively apply modified restrictions on to councils without a transitional timeframe.

Although the Award itself is a relatively robust and flexible industrial tool:

- The number and variability of allowances leads to unnecessary complexity, and scope for error which could better be addressed through the incorporation of these allowances in an increase in base salaries;
- The significant cost differences between Local Government employment conditions, salaries and penalty rates against relevant sub-industry comparisons is placing undue cost burdens on the industry and the community. An example of this is the significant variability between the provisions of the Local Government (State) Award and the Fitness Industry Award. The higher cost provisions under the Local Government (State) Award mean that either rate payers are required to bear unnecessarily high costs for the privilege of having their aquatic centres managed by their local council or these services will need to be outsourced to private commercial providers in order to access industry specific employment conditions. Both unfortunately can mean that the ratepayer ultimately pays more for a service than could be managed by Council more effectively if the flexibility to apply the industry based award for commercial enterprises such as aquatic centres was available; and
- The variability between the State and Federal Industry Awards means that labour hire staff and apprentices and trainees managed through group training providers are paid at significantly different rates to their Council employed colleagues.

Information Technology as a shared service

Council supports the LG Acts Taskforce recommendations concerning the greater use of technology for the provision of local government services and for governance arrangements more generally. With respect to the Independent Local Government Review Panel's recommendation for 'high level' corporate services being provided by a county council, a simple observation is made that in the proposed Northern Rivers County Council, Tweed is the only council currently utilising the Technology One suite of software solutions. Lismore, Ballina, Byron and Kyogle currently use Civica Authority, whilst Richmond Valley is in the process of implementing the Technology One cloud solution. This gives further weight to many of Tweed's corporate services standing apart from the current proposed county council.

9. Advance Improvement and Accountability

Position:

Tweed Shire Council has the following internal audit framework:

- Internal auditor
- Audit Committee with an independent Chair
- General Manager is not a member of the Audit Committee
- Audit Committee Charter (in accordance with the DLG's 2010 Internal Audit Guidelines)
- Internal Audit Charter

The suggested improved data collection should lead to more accurate and consistent data which will allow better benchmarking and will assist the conducting of performance audits.

The annual internal audit operation plan is risk based (in accordance with the DLG's 2010 Internal Audit Guidelines). Operational risk is considered both in the internal audit operation planning stage and when conducting the internal audits (based on enterprise risk principles).

Based on the criteria listed in Box 8, Tweed's internal audit function needs to expand its scope to include "performance in implementing the Community Strategic Plan and Delivery Program" and "collection of required indicator data".

The chair of the audit committee currently reports to Council on behalf of the audit committee on an annual basis. The document suggests that the chair of the audit committee should be reporting at least bi-annually.

The "Annual General Meeting" (AGM) suggestion should lead to greater attention being given to Council's financial management function from the Councillor's and general public. The AGM could also be used in the last term of Council to present the End of Term Report. This would require an amendment to the current process where Councillors and the Mayor have restrictions on using their names or images in publications 40 days prior to the local government election. Section 482(2) - End of Term Report - *must be presented to the final meeting of an outgoing council*. This conflicts with 'electoral material' and the 40 day caretaker period. Review of this provision should be undertaken to have the outgoing council sign off on the report as at 30 June in the year of the election.

"The Act does not require councils to provide adequate information on their performance, including whether services are delivered efficiently and effectively."

Tweed Shire Council included in the End-of-Term report for the previous Council a list of relevant local and regional indicators in the absence of Local Government benchmark indicators to show over time how Council is proceeding in meeting community goals.

Council also reports periodically to the community via quarterly key performance results and an annual report.

Questions:

"A decision has already been taken to replace the previous annual publication of 'comparative information', which had significant limitations as regards the value and quality of the information provided."

Council is not aware of what the comparative information been replaced with. It would be beneficial therefore if the Panel's final report could expand this section.

10. Improve Political Leadership

Position:

The role of a councillor is challenging and it is agreed that there is a need for a shift from the 'volunteer mentality' to one of professionalism. While mandated, ongoing professional development may be going a step too far; additional support for councillors to carry out their roles - both professionally and financially - is supported. However, limiting councillors and mayors to three terms is not supported.

Suggestions:

Councillor skills

Ongoing professional development for councillors is a necessary option but should not be mandated. However, allowing councillors the option of counting professional development towards higher qualifications is supported.

In regards to technical support for Councillors, this should extend beyond administrative support. A position should be created in larger councils, such as the Tweed, to act as a bridge between the elected body and the organisation, to the benefit of both councillors and the General Manager. Logan City Council, Botany Bay City Council, are two such organisations which has such a role.

Ensuring broadly-based representation

The problem of a high ratio of population to councillors would be compounded by some of the recommendations in the Panel's report. For example Liverpool City Council is predicted to grow to in excess of 850,000 residents under the proposals.

The proposal to limit mayors and councillors to three terms is not supported as this does not recognise the experience and knowledge of Councillors and Mayors who have contributed to their community for a number of years.

Attracting 'quality' candidates

The proposal to require all would-be candidates to attend pre-election awareness sessions is supported. Tweed Shire Council has hosted these sessions in the past and although feedback showed the sessions were appreciated by the prospective candidates who attended, they were less effective because they were not compulsory.

Councillor remuneration

Increased remuneration for councillors is supported, particularly in a larger council area such as the Tweed where Councillors have to devote an extensive amount of time meeting with a broad constituency, reading and assessing documentation, consulting with the community and attending workshops and meetings.

"Amendment of the Local Government Act to provide additional governance options for larger councils, including a mix of ward and 'at large' councillors and a 'civic cabinet' model."

It is noted that the *A NEW LOCAL GOVERNMENT ACT FOR NSW* - Discussion paper proposes the abolishing of 'wards'.

11. Enhance the Status of Mayors

Position:

Mayors play an important role in their communities and in a large part have adequate powers to carry out those roles. While a number of the suggestions in the discussion paper on this topic are supported, others go too far towards the "US executive style mayor" the paper seeks to avoid.

Suggestions:

"Enhancing the role of mayors could make a major contribution to focusing councils on strategic issues, improving governance and strengthening inter-government relationships and partnerships with key stakeholders."

While this statement is generally supported, there is a risk that if mayors are granted substantially more power than the rest of the elected body, a mayor could make decisions not in line with adopted long-term plans, for example asset management plans or long term financial plan. This could threaten the long-term financial stability of a council. If such power is ultimately granted, there needs to be qualification that limits these to within the adopted position of the council as per the IPR framework.

"Political governance - propose the committee structure; oversee the councillors in the exercise of their functions and powers."

At the moment, Mayors don't have any special status or prescribed responsibility to set standards of behaviour, with only the Code of Conduct as a mechanism. There is a case for that function to be enhanced. Overall, the leadership of the elected body and the extent to which the Mayor can perform their task is somewhat limited by the lack of any defined managerial responsibility over the other elected members.

Agree with enhancement of political governance.

"Strategic planning - lead the development and implementation of council plans, policies, and budgets; oversee and present the budget."

This assumes all Mayors may be suitably qualified to carry out this role, which may not be the case. It also does not take into account the qualifications, skills and interests of the remaining Councillors, who may wish to have input into particular plans, policies and the budget and may deny these individual Councillors the right to participate.

The mayor's role to represent the adopted position of the council with respect to planning, finances and policy formulation is supported. Perhaps a compromise position would be for the Mayor to be engaged with the General Manager in the budget process and IPR framework development as suggested after first discussing, consulting and making representations with the elected body. In this way, the Mayor is representative of the position of the collective council and can then be the conduit in the detailed budget discussions with Officers and the General Manager.

The role and expertise of Directors and Council Officers is also overlooked in this suggestion and perhaps should be clarified

Recommend no change to current arrangements.

"Guiding the General Manager - lead, manage and provide advice and strategic direction to the General Manager in accordance with council policies; collaborate with the General Manager in areas of shared responsibility."

Council agrees with this proposal. A close and effective relationship between the Mayor and General Manager is essential for smooth and effective operations of a council. In regards to guiding the General Manager, there is a real case for the enhancement of the Mayor's role in leading, managing and providing advice to General Managers. This is currently a grey area under the Local Government Act and it needs to be clarified and strengthened. Recent events in the Tweed provide an example of what can happen when the roles and responsibilities of both the Mayor and General Manager are not adequately defined.

It needs to be acknowledged that local government is exactly that - government. Councillors are elected by the people for the platforms that they represent. The current system does not always permit in the same way that the State and Commonwealth systems do for the elected body to define and state their positions and influence outcomes to the same extent as the other two tiers of government. The General Manager is not elected by the people or appointed on a platform. It is therefore necessary to strike a balance where the community can hold the elected body to account, yet the General Manager is given the necessary power to work with and implement the policies of the elected council.

It is important that the Mayor's powers to get involved in day-to-day operations should be more related to giving advice, support and strategic direction to the General Manager.

"The Mayor becoming a full-time, well paid position in larger councils."

Council agrees with this proposal. Due to the size of the Tweed, the role of Tweed Mayor is already demanding and close to, if not already, full time. Remuneration should reflect responsibility. In light of some of the Panel's recommendations, some Mayors will have constituency's greater than some State's. To adequately represent, listen and speak on behalf of such a large number of community it should be considered that a Mayor's salary should at least be aligned to that of a back bencher or the Senior Staff (Directors) of the organisation they are representing and consideration should be given to the Councillors remuneration being aligned to the Manager's salaries.

"Mandatory ongoing professional development for Mayors, including an initial specialised course to be completed within three months of election."

Council agrees with this proposal.

"Popular election of all mayors of councils with a population of 20,000 or more."

This proposal is not supported. Popular election of mayors needs to be thoroughly considered before it can be mandated. The process tends to favour candidates with more funds at their disposal and also those backed by a political party. This raises questions about whether this would be the right outcome for the community. It is also out of step with the operations of the other two tiers of government, whose leaders are not elected by voters.

A shift in the balance of power towards the mayor as suggested in the discussion paper may lead to a minority making the decisions in the case where the popularly elected mayor is at loggerheads with a council of a different political persuasion.

A compromise position may be for the Mayor to be treated in exactly the same way as the other two tiers of government as is the case of the Premier and Prime Minister. That is the Mayor elected by their peers for the duration of the Council term, but with the ability for the elected body as a whole to replace the leadership by majority vote. This would help to ensure that the Mayor is representative of the people and worked collaboratively with the elected body.

"Minimum two-year terms for other mayors."

This proposal is supported. Even under the current system of mayors voted in by their peers, the terms should be for at least two years or perhaps for the whole elected term of Council, to allow the mayor to establish themselves in the role.

There does need to be a mechanism for councillors to vote out a Mayor if they consider it necessary. This would be a vote by the majority plus one, as is the case with the other tiers of government.

12. Revisit Council-Management Relations

Position:

As the discussion paper says, the Local Government Act is unclear about just how much authority and autonomy General Managers should exercise. It is agreed that the current concept of the General Manager is fundamentally sound but, as discussed, some provisions of the Act need to be clarified to make it clearer that the General Manager's core role is to advise and assist the council, implement council policies, regularly consult and report to councillors on key policy and implementation issues and support the mayor.

Suggestions:

"Use of the summary dismissal provisions at any time should require a two-thirds majority of councillors."

All decisions a council makes are based on majority decisions (half plus one) so this suggestion would make a special case in regards to the dismissal of a general manager.

This proposal is not supported.

"After 10 years' service, the General Manager's position should be automatically advertised for a full merit selection process."

This proposal is not supported. This may have the effect of discouraging some potential candidates to apply for a general manager position until just before retirement. It could also reduce the ability of rural and remote councils to attract quality applicants where often considerations of relocation costs are a factor in candidates deciding to apply for a position or not. Further, it could result in wasted resources if Council were of the mind to reappoint the incumbent.

"The Panel believes the balance needs to be tilted a little towards the prerogative of the Mayor but this should be done in a way that requires the Mayor and General Manager to work together."

The balance needs to be tilted a little towards the Councillors (including the Mayor) rather than just the Mayor. If these words were changed, this proposal would be supported.

"They could also be given joint responsibility for designing the senior levels of the organisation structure. As well, the panel considers that the Mayor should be involved alongside the General Manager in the selection process for designated senior staff and in their performance reviews and any dismissal proceedings."

In regards to the organisation structure, Councillors adopt the Community Strategic Plan and have a 'buy in' into that plan. They also need to 'buy in' on the structure that delivers that plan and it should be mandated that they need to be involved. These proposals are supported.

"Councils have a legitimate interest in how staff resources are allocated and hence the council should retain its current power to approve the organisation structure on the advice of the General Manager, but the precise extent of its involvement needs to be clarified."

This appears to be in conflict with the propositions of the Local Government Act Taskforce in their discussion paper - *A NEW LOCAL GOVERNMENT ACT FOR NSW*. Council supports the position and recommendation of the Independent Local Government Review Panel.

13. Build Strong Regions

The discussion paper presents the following factors, core functions and key attributes for defining a County Council:

Box 10: Factors in Defining County Councils

- *Regional or sub-regional communities of interest reflected in existing arrangements*
- *Strong socio-economic links identified through the Panel's 'cluster-factor' analysis*
- *Commercial viability of water utilities (at least 10,000 connections)*
- *A regional centre with existing or potential strategic capacity to anchor the County Council and assist smaller member councils*
- *Manageable geographic area and suitable scale for strategic planning*
- *Alignment where possible with related State and federal functions and agencies.*

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 (except for the Lower Hunter and Illawarra which are served by State-owned corporations)*
- *road network planning and major projects*
- *waste and environmental management (including weeds and floodplain management)*
- *regional economic development*
- *library services*
- *'high level' corporate services.*

Box 11: Key Attributes of a Regional Centre

Population and economy – *it should have a large (normally >20,000), stable or growing population, with a robust economy and projected ongoing growth.*

Hierarchy – *it should host regionally significant public and private services, infrastructure and facilities that other local government areas rely upon for their continued sustainability.*

Accessibility – *it needs to be located on major transport routes facilitating easy road access from surrounding areas.*

Scale – *it needs to be of sufficient size to be 'first amongst equals' in its region; to realise its potential as a partner to State and federal governments; and to attract local, national and international interest and investment.*

Strategic capacity – *it needs significant resources at its disposal including a strong revenue base; the ability to undertake all its Integrated Planning and Reporting obligations; staff with high level strategic, professional and technical skills; the capacity to undertake high level economic and infrastructure projects.*

Leadership and facilitation – it needs to be willing and able to see its role in the context of its region; to commit resources to regional projects on the basis that a strong region is in its long-term interest; to promote and region and its opportunities for growth, including regional advocacy and negotiation with other governments; to negotiate partnerships with neighbouring regions and councils; and to gain acceptance as a regional leader that can be trusted.

Good governance – it needs councillors who understand their role and regional obligations, and can make decisions for the region; an electoral system that encourages a field of high quality candidates who can advocate on behalf of diverse interests within the region; structures and models that support regional decision-making, regional service delivery and the sharing of resources; and to build social capital in the region through an engaged community.

Position:

Lismore has traditionally been the rural service centre for the Northern Rivers although over the past 40 years the Tweed has increased in size and influence to be a major regional centre in its own right. This growth is projected to continue at least over the next 25 years and it would be imprudent to consider that an increase to a population of over 130,000 would not place increasing pressure on the NSW State government to increase and/or relocate services to the Tweed. This situation is unique in the State and cannot be ignored by the Independent Local Government Review Panel.

By establishing Lismore as a Regional Centre for a County Council with a majority of the region's population stacked away from the identified centre will lead to major political and administrative issues into the future. It is not effective to provide community services by outreach distances from over 80 to 110 kilometres from a regional centre not located on a major transport hub.

There is a strong case for the Tweed to be differentiated as a separate / independent multi-purpose county council or general purpose council in its own right, despite the recommendations made in the Report as well as establishing a divergence from the set of core functions identified on p34 of the *Future Directions for NSW Local Government - Twenty Essential Steps*.

Specifically these are:

1. Tweed Valley - One Catchment

The Tweed local government area represents a single entire catchment represented by the Tweed River. This represents a significant advantage by encapsulating services that need to be delivered on a catchment basis. These include:

- Water Supply
- Sewerage Reticulation
- Catchment / River Management
- Flood mitigation

2. Influence of Gold Coast / South East Queensland

"Cross-border issues

The importance of these linkages must be recognised and increasingly arrangements for local and regional governance will need to facilitate cross-border collaboration. The Panel will further explore these issues."

Using the ABS 'Urban centre' classification, Tweed Heads is identified as part of the Gold Coast-Tweed Heads conurbation which has 533,659 people. This is not dissimilar to the metropolitan fringe of Sydney where the councils of Hawkesbury, Wollondilly and Blue Mountains have largely remained intact.

The Tweed's immediate proximity to the NSW / Qld border can play a significant role in influencing decisions made by Tweed Shire Council (TSC) in relation to:

- Economic development
- Land use planning
- Infrastructure planning
- Public transport
- Libraries
- Other community and cultural services
- Licensing

Further evidence of the importance and uniqueness of border regions is identified by the State Government appointing a Cross Border Commissioner to assist these regions deal with challenges and opportunities unique to them.

The Department of Planning and Infrastructure (DP&I) identifies Tweed Shire as one of only six local government areas in NSW that have a net in-migration. This is against a tide of out-migration out of NSW. The latest census figures indicate that the majority of in-migration to the Tweed comes from Gold Coast local government area (LGA). This is not surprising considering the population size of the Gold Coast and its immediate proximity to the Tweed.

Strategic land use planning in the Tweed carried out both by the DP&I and Tweed Shire Council have zoned several large green field sites for future urban expansion. One of these proposed developments is Cobaki which proposes 5500 dwellings. This development is located immediately on the NSW / Qld border. This future subdivision has its main road access coming directly from Tugun in Queensland.

The size and pace of the proposed population growth can only be managed at a more localised level. Council's assessment of these large scale developments and negotiations with the developers as well as cross border collaboration of these development projects are handled with particular expertise. These skills and level of understanding are unique to the Tweed.

The strong relationship between Tweed Shire and the Gold Coast is further supported by the following travel data:-

	Local Government Area			
	Ballina	Byron	Gold Coast	Lismore
Travel to Tweed Shire for work	72	486	3,498	47
Travel from Tweed Shire for work	134	587	6,131	127

Source: Australian Bureau of Statistics, Census of Population and Housing 2011. Compiled and presented in profile.id by .id, the population experts.

3. Continuing strong population growth

Between 2006 and 2011 the Tweed's population increased by an additional 5,783 residents. This represents 70 per cent of all growth within the Northern Rivers region. In 2011 Tweed Shire's population was 85,106, placing it seventh in size in NSW (excluding the Sydney Metro Area).

Tweed Heads alone is large enough, with 55,551 persons, to be represented as a city in its own right with a larger population than Lismore and other major Regional Centres identified in the Report.

Tweed Heads is the first NSW regional centre to exceed a population of 50,000. This ranks it the 6th largest urban centre in NSW, and the largest regional centre outside the metropolitan Sydney environs. For comparison, the other NSW Urban Centre places in population order are:

- Wagga Wagga 46,913
- Coffs Harbour 45,580
- Port Macquarie 41,493
- Tamworth 36,132
- Orange 34,991
- Dubbo 32,326
- Bathurst 31,292
- Blue Mountains 28,770
- Nowra- Bomaderry 27,987
- Lismore 27,475

ABS 2011 Census, Urban Centre Classification

The DP&I population forecast represented below, identifies Tweed as containing 37% of the region's population. This is expected to increase to 42% by 2036 where the Tweed will have a total population of over 130,000 people. Lismore on the other hand currently accounts for 18 per cent of the region's population, with a projected decline in its significance to 15% per cent by 2036.

	2006	2011	2016	2021	2026	2031	2036
Ballina	40,300	43,000	45,800	48,500	51,300	53,800	56,200
Byron	30,700	32,900	35,100	37,400	39,800	42,100	44,300
Kyogle	9,700	9,500	9,400	9,200	9,100	8,900	8,800
Lismore	44,200	45,000	45,900	46,700	47,700	48,500	49,200
Richmond Valley	22,100	22,700	23,300	23,900	24,400	24,900	25,200
Tweed	83,100	91,800	100,300	108,700	116,900	124,800	132,000
TOTAL	230,100	244,900	259,800	274,400	289,200	303,000	315,700
TWEED % of North Coast Region	36.1%	37.5%	38.6%	39.6%	40.4%	41.2%	41.8%
LISMORE % of North Coast Region	19.2%	18.4%	17.7%	17.0%	16.5%	16.0%	15.6%



4. Communities of Interest

The background research report "*Spatial Analysis of NSW Regional Centres and Selected Regions*" (Spiller Gibbon Swan, 2013) does not undertake any comparison or analysis of the Northern Rivers region and therefore cannot be used to support the justification of establishing Lismore as a Regional Centre of a County Council.

Another background report "New South Wales Local Government Areas: Similarities and Differences" (National Institute for Economic and Industry Research, 2013) was prepared to identify the logical communities of interest within the State. In review of this report, most of the County Council areas are identified with very similar demographic characteristics and therefore providing a supporting argument for the County Council model. However the Northern Rivers, and in particular the Tweed in comparison to Lismore and the rest of the Region, has very disparate characteristics. In relation to the characteristics identified in the sub-report the Tweed is represented as being different to Lismore and/or the Northern Rivers in the following areas:

- Population growth
- Age structure
- Household structure
- Religion
- Knowledge economy
- Rate base
- Wealth
- Transport
- Commuters

For one LGA's characteristics to stand out so dramatically is uncharacteristic. As the Tweed demographic profile is so uncharacteristic of its region and the fact that it represents such a large proportion of the region, surpassing the population of the traditional rural service centre (Lismore), gives good argument for the Tweed to be considered as a Regional Centre in a distinct or separate county council to that of the Northern Rivers - perhaps two county councils represented by Greater Richmond Valley and Tweed Valley.

5. Housing Supply and Affordability

The NSW Government's Far North Coast Regional Strategy 2006 states the Tweed will increase its number of dwellings by 19,100 by 2031.

The zoned green field residential growth areas in the Tweed have capacity to accommodate 24,000 new dwellings. In addition, the redevelopment capacity of central Tweed Heads is estimated to accommodate an additional 3500 dwellings as a result of increased densities under current planning controls.

Gross Regional Product (GRP) (1)			Local jobs (1)		Unemployment (2)	Businesses (3)		Building approvals (5)	
LGA	\$m	% Region	No.	% Region	Rate	No.	% Region	,000\$	% Region
Ballina	1,527	18.2%	16,532	17.5%	4.36%	4,197	19.2%	72,828	20.1%
Byron	1,300	15.5%	14,071	14.9%	8.22%	3,866	17.7%	76,295	21.1%
Kyogle	257	3.1%	3,216	3.4%	6.80%	1,089	5.0%	10,745	3.0%
Lismore	1,851	22.1%	22,238	23.5%	5.62%	4,221	19.3%	54,656	15.1%
Richmond Valley	658	7.8%	7,834	8.3%	6.22%	1,591	7.3%	14,166	3.9%
Tweed	2,792	33.3%	30,551	32.3%	5.75%	6,880	31.5%	133,362	36.8%
Northern Rivers Region	8,385	100.0%	94,442	100.0%		21,844	100.0%	362,052	100.0%

The National Economic Indicators Series is a set of key economic measures for every Local Government Area (LGA) in Australia. The series is drawn from National Economics (NIEIR) modelling and other relevant data sources and is updated annually.

The indicators provide a snapshot of each local economy at a point in time, showing how it contributes to the broader State economy and how it is performing in relation to other areas

<http://economic-indicators.id.com.au/>

[1National Institute of Economic and Industry Research \(NIEIR\)©, 2011/12.](#)

[2Department of Education, Employment and Workplace Relations \(DEEWR\), Small Area Labour Markets, Q4 2011 and Q4 2012.](#)

[3Australian Bureau of Statistics, Counts of Australian Businesses Jun 2007 to Jun 2009.](#)

[4Australian Bureau of Statistics, Regional Population Growth, Australia, 2011.](#)

[5Australian Bureau of Statistics, Building Approvals, 2011/12.](#)

6. Other contentions

Commercial Retail

Tweed Heads is the shopping centre of choice for the eastern half of the Shire (some 65,000 people), the southern suburbs of the Gold Coast (it is closer than Robina or Pacific Fair), and the north of Byron Shire.

Tweed Heads and South Tweed both have sub-regional shopping malls (Tweed Centro and Tweed City shopping centres). A smaller shopping mall is located at Murwillumbah, and supermarkets are located at Murwillumbah (2), Banora Point (2), Kingscliff, Bogangar and Pottsville.



Tweed Heads is a shopping hub for Tweed Shire.

Commercial Finance

Tweed Heads, Murwillumbah and Kingscliff have a range of banks serving the community and business. Credit Unions have offices in each of these centres, together with many financial advisors and accountants. Murwillumbah also comprises all major banks, credit unions, legal offices, accountants, professional services, real estate and property services.

Education Primary

Tweed has 35 primary schools, 9 pre-schools, and 22 child care centres.

Education Secondary

Tweed has 10 secondary schools totalling 6,013 enrolments in 2012, and comprising (5) State High Schools, (1) independent, (2) catholic and (2) other denominational schools.

Education Tertiary

Tweed has two campuses of Southern Cross University, one in Tweed Heads and one shared with the Gold Coast near Coolangatta Airport. A total of 1,970 students attended university in 2011.

There are also two North Coast TAFE campuses at Kingscliff and Murwillumbah (1,872 students in 2011).

Health - General Practitioners (GP)

A total of 85 GPs and 6 GP Registrars are members of the Tweed Valley Division of GPs, which serves the Shire and Coolangatta.

Health - Hospitals

Tweed District Hospital serves Tweed Shire, the southern Gold Coast and parts of Byron Shire, with the Emergency and Cancer treatment facilities being recently expanded. Total annual hospital separations are greater than any other regional hospital.

Murwillumbah Hospital specialises in rehabilitation and peri-natal services for the Shire.

John Flynn Private Hospital nearby in the Gold Coast provides private specialist services to many Tweed residents.

Two large private day surgeries are established in Tweed Heads; a Health One GP, dental and allied health services facility (745m² floorspace) has just been opened at Pottsville, and a new GP Super Clinic is under construction in South Tweed.

A significant number of aged care facilities and independent living villages have recently been developed close to the hospitals in Tweed Heads and on the Tweed Coast.

Employment Placement

Leading employment agencies such as Nortec and Tursa are established in the main centres including South Tweed and Murwillumbah. On Q have offices in Murwillumbah.

Public Administration

Commonwealth and State Government services have more offices and serve more residents in Tweed than in other Northern Rivers LGA. These include:

- Department of School Education North Coast Regional Office in Murwillumbah;
- Human Services, Centrelink offices in both South Tweed and Murwillumbah, with outreach to Pottsville;
- Federal Electorate Veterans Affairs office in Tweed Heads;
- Health Centres at two hospitals and in four towns;
- Family and Community Services, Housing and Fair Trading at Tweed Heads; Medicare at South Tweed;
- Attorney General's Dept. Juvenile Justice at South Tweed, and Law Courts at Tweed Heads and Murwillumbah;
- Tweed/Byron Police Local Area Command at Tweed Heads, with police stations in Murwillumbah and Kingscliff;
- Firearms Registry in Murwillumbah;
- Office of Racing and Gaming are based in Tweed Heads;
- On Track Community Services are based in Tweed Heads;
- The Family Centre in South Tweed, with YMCA in Murwillumbah.

Air Transport

Tweed is served by Coolangatta Airport, located partly in Tweed Heads, for interstate and international flights making it NSW's second International airport. Murwillumbah Airfield services light and recreational aircraft.

Coolangatta has in excess of 50 flights daily to all mainland capital cities, major regional cities, New Zealand, Japan, China, Malaysia, Thailand, Singapore, and Indonesia.

It is used by more than four million passengers annually, including many overseas tourists to the Northern Rivers. Murwillumbah Airfield provides crop dusting, training, private leisure and business flights.

Commuter Flows

Tweed is accessed from the Pacific Freeway linking to Sydney and Brisbane, or over shorter distances to Byron, Ballina, and the Gold Coast. Some 5,000 Tweed residents work in the Gold Coast; and 3,000 Gold Coast residents work in Tweed. East-west routes give access from Nimbin/Lismore/Casino and Kyogle.

A recent travel survey of Northern Rivers major employers found that more than half of respondents commuted more than 21km, indicating that car commuters often work in one LGA and live in another, such as commuting to Murwillumbah from the Gold Coast or from Ocean Shores to Tweed.

Community

With the onset of population ageing and the migration of thousands of older people to the Shire, Council participated with Ageing & Disability NSW and Southern Cross University to produce Age Friendly Tweed, a prescription to manage this community issue.

The Council's Tweed River Regional Art Gallery is one of the leading regional art galleries in Australia, and is to be the home of the Margaret Olley Centre in a \$4m extension.

Council is also planning to develop its three local museums, with a multi-million-dollar expansion of the Tweed Regional Museum in Murwillumbah in progress.

The Murwillumbah and Tweed Heads Theatre Companies are two of the many active cultural organisations in the Shire. Council is upgrading its two auditoriums to support the local performing arts.

The \$9m Jack Evans Boat Harbour Project just completed, has restored a central park on the bay at Tweed Heads for tourist amenity and community event use. It also serves as a gateway entry to NSW.

Council has just placed on exhibition its first Draft Youth Development Strategy after an in depth consultation.

Growth and Economic Development

In 2009 Council adopted an Urban and Employment Lands Strategy to identify appropriate residential and commercial/industrial locations and infrastructure requirements to enable continuation of the Shire's large scale growth.

In the last decade it has experienced major coastal and urban residential developments, and dealt with the issues of integrating growth with the preservation of one of Australia's most valued natural environments (often referred to as the Green Cauldron).

Wollumbin - Mount Warning, was recently listed as one of Australia's new tourism icons - an honour bestowed upon only a handful of destinations throughout the nation.

Environment

With 37km of natural coastline, wetlands and estuarine forests, lush pastoral and farm land, the entire basin of the Tweed River, and mountainous regions containing three world-heritage listed national parks, Tweed boasts a unique and diverse environment.

Governance

Tweed participates with the other Northern Rivers councils in the Richmond Tweed Regional Library, which administers 13 branch libraries in four regional LGAs, three of them in Tweed.

14. Reconfigure Rural Councils

Position:

Council supports the reconfiguration of small shires around the state as they simply do not have the revenue base to support the infrastructure needs in their communities that can include thousands of kilometres of road network.

More assistance will be required, perhaps along a similar vein to the 'Western Region Authority' model, as amalgamation will not in itself solve the financial challenges of many of these councils.

15. Reshape Metropolitan Governance

Position:

Metropolitan fringe

"Three LGAs – Hawkesbury, Blue Mountains and Wollondilly – make up the western fringe of Sydney. Each is responsible for a mix of growing urban centres and rural or natural areas (including water catchments) that provide important 'green spaces' around the metropolitan complex."

"At this stage there appears to be merit in retaining these councils in more or less their current form to play specialist roles in managing the important areas under their control."

Like the councils identified as on the metropolitan fringe (Hawkesbury, Blue Mountains and Wollondilly), the Tweed plays a specialist role in managing important green spaces on the fringe of a city. It would make sense for the Tweed to play a similar role to these councils and remain a stand-alone entity with associate membership to Northern Rivers County Council or to be a County Council in its own right

Suggestions:

Metropolitan fringe

Three local government areas on the fringes of Sydney - Hawkesbury, Blue Mountains and Wollondilly - have been identified in the paper as being responsible for a mix of growing urban centres and rural or natural areas (including water catchments) that provide important 'green spaces' around the metropolitan complex.

With 37 kilometres of natural coastline, wetlands and estuarine forests, lush pastoral and farmland, the entire basin of the Tweed River and mountainous regions containing three world-heritage listed national parks, Tweed boasts a unique and diverse environment.

The Tweed has much in common with these metropolitan fringe council areas, as it borders Australia's sixth largest city, the Gold Coast. In fact, the Australian Bureau of Statistics (ABS) considers the Tweed as part of the sixth largest city in Australia.

As discussed in Section 13, the ABS recognises the northern part of the Tweed as part of the conurbation to the north, counting it as a Greater Statistical District, with the Gold Coast-Tweed having a population of 533,660 in the 2011 Census. This makes the need to safeguard and manage the Tweed's natural spaces and water catchment even more pressing.

Adding weight to the argument that the Tweed should stand alone is the fact that the Tweed LGA would still have a larger population base than all the other standalone metropolitan fringe councils. The figures below are from the 2011 Census.

Hawkesbury LGA	- 62,353
Blue Mountains LGA	- 75,942
Wollondilly LGA	- 43,259
Tweed LGA	- 85,105

Importantly, the Tweed has the strongest financial outlook of the four councils and would be more sustainable as a standalone council out of the above four LGAs. The Tweed has a TCorp rating of Moderate-Neutral compared to Hawkesbury (Moderate-Negative) and a Weak-Neutral rating for both Blue Mountains and Wollondilly.

A metropolitan Council of Mayors:

While a need for more cooperation between councils is supported, the proposed 'voice' for Sydney in the metropolitan council of mayors may have the effect of making the NSW local government system more Sydney-centric, to the detriment of regional and rural areas of the State. This proposal is not supported, without the establishment of a similar 'voice' for the rest of the State.

16. Strengthen the Hunter, Central Coast and Illawarra

Position:

Council has no position on this proposal.

17. Establish a 'Western Region Authority'

Position:

"A Western Region Authority

This option establishes a joint Regional Authority which brings together remaining local councils, new Local Boards, Aboriginal Local Land Councils, the Murdi Paaki Regional Assembly, the Unincorporated Area, and NSW and federal government agencies in a single structure. Councils and/or Local Boards would continue to provide local representation and some service delivery, but under the aegis of the Authority."

Council strongly supports a more effective system of local government for the western region including a redistribution of the FAG Grant by reducing the minimum payment pool. Council acknowledges the unique challenges for these areas of the State but also recognises the importance that these communities and in particular the rural sector plays for the benefit of the wider State economy and food supply chain.

18. Progress the State-Local Agreement

Position:

As stated in Section 2, to provide more effective systems of government also requires a review of the strategic planning between Local and State Governments and more input from both parties on local/regional/state issues.

Council supports the State-Local agreement and looks forward to collaborating with state agencies to advance strategies advanced in the *Tweed Community Strategic Plan* and *NSW State Plan*.

More specifically Council supports:

"Including representatives of the proposed County Councils on the Premier's Department high-level Regional Leadership Groups."

"Regional land use strategies and sub-regional 'Delivery Plans', especially in the metropolitan area and coastal regions facing intense growth pressures and infrastructure needs – local government can contribute both planning expertise and resources for implementation."

"For its part, local government could reasonably expect State agencies to become 'real' partners in the processes of preparing and implementing Community Strategic Plans and Delivery Programs, so that those documents are closely aligned with other strategic plans, become key inputs to the State Plan, and shared vehicles for implementation of relevant State strategies and programs at local and regional levels."

"Constitutional recognition"

The Panel feels that some strengthening of the position of democratic local government in NSW is warranted and should form part of a balanced package of reforms. It will canvass this issue in consultations over the coming months."

19. Refocus Local Government NSW

Position:

Council supports Local Government NSW being an active leader in this reform process and working alongside the proposed Local Government Development Board as discussed in Section 20.

20. Drive and Monitor Ongoing Reform

Position:

"The Panel therefore proposes establishment of a temporary Local Government Development Board (LGDB) to work alongside the Division of Local Government (DLG) and Local Government NSW (LGNSW) during the next 3-4 years."

"Future of Destination 2036"

The great majority of actions to be undertaken as part of the Destination 2036 Action Plan are to be completed by mid-late 2013. This raises the question of whether and how the Destination 2036 initiative should be subsequently refreshed and progressed. The Panel sees a possibility that the current D2036 Implementation Steering Committee (ISC) might be wound up towards the end of 2013. Any outstanding matters could then be handled by the LGDB, which could establish a broadly-based advisory committee to inform and support its work."

Council supports the establishment of a temporary Local Government Development Board.

"Providing change management support to councils undergoing significant transitions or amalgamations (using expert consultants)."

Council strongly agrees with this proposition. The lessons learned from previous amalgamations should be explored to lessen the impacts of any adopted reforms.

Suggestions:

"Conditional exemption from rate-pegging for, say, 3 years, with the promise of 'permanent' exemption if the new council demonstrates a high standard of financial planning and management and community engagement (subject to periodic review)"

Councils demonstrating a high standard are able to gain up to seven year price path for rates via S508A of the Local Government Act. Council supports the earlier proposal of being able to go three per cent above the rate cap if the revenue is put toward asset management shortfalls.



TWEED

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