



MAYORAL COLUMN: 17 October 2022:

Certainty v's Conjecture

Last week Councillors and Senior Staff once again set off around the community to engage in six regional visits. This is a yearly listening tour in a semi informal forum to hear issues that may not generally come to Council. Added to our standing itinerary was information in relation to the Special Rate Variation (SRV) that Councillors unanimously agreed to undertake in response to the recently completed Financial Sustainability Review performed by Professor Joseph Drew and two international local government specialists. This report is available on the Walcha Council website and complements the mail out to every ratepayer in the Local Government Area (LGA) last week. Professor Drew presented his findings at each venue, and his recommendations on the way forward.

This review presents a comprehensive and detailed analysis of Councils' financial path over the last ten years, and while the intent is not to be critical it must be factual, and leaves Council with no other option than to seek an increase in land rates. The feedback at the Regional Meetings has been overwhelming positive when the irrefutable facts are tabled. The root cause of the issue is State Government control that has restricted income while passing on costs, some of which were once born by other tiers of Government, to Local Government. In an environment where inflation is higher than our capped income there comes a point where the tough decisions need to be made. That time is now, but in retrospect probably should have been earlier. Long term decreases in reserves have lead us to the point of solvency, but not sustainability- there is a marked difference.

Part of the reason for writing this article is to counteract what I would term "word on the street" that no one appears to be the author of, but is being relayed to me as someone else's thoughts. This is not a witch-hunt or blaming exercise but we need to be able to have a challenging, open and honest conversation about the best path forward for Walcha. It is nearly 10 years since the last amalgamation attempt, and they are well renowned for coming around at regular intervals. As Councillors it is our responsibility to place our Council in a sustainable position, not with the focus on any amalgamation debate but to give our community what it deserves. That being a financially sustainable future capable of delivering the services our residents not only require to reside in a liveable community but also to retain Walcha's unique identity.

The often stated rhetoric that our financial challenges have only arisen over the last few years are refuted by the summation of Walcha's position in the Fit For The



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Future program that in 2013 stated that Walcha had "*weak financial sustainability and a negative outlook*". Quoting from Professor Drew's report "To put this assessment into perspective it is important to note that Walcha received one of the lowest financial sustainability ratings provided by TCorp (NSW Treasury) in 2013: just 15% of the 152 member peer group were deemed to have an equivalent or worse financial sustainability position. Moreover, most of the local governments which received weak ratings were subsequently amalgamated".

The reason for Walcha LGA ability to stand alone and avoid amalgamation is a not so well kept secret.

Any rise in cost of doing business, or effects household budgets should be avoided where possible, but to avoid this SRV will have irreversible outcomes for Walcha. If we continue on our current path I believe there is no way that either administration or amalgamation can be avoided. Our rates are lower than surrounding councils, we provide so many services to this community that other councils have fees for and as an example to maintain sports grounds must come out of general rates. This applies to many other services that Council provides for free. All councils must display their Fees and Charges on their website. It's interesting to look at other councils and see what this council does free for users, but is obviously not free to council. As I understand we were the last council in NSW to put a charge to use our waste facility. Before that the fee you paid did not cover the day to day running let alone the long term expansion. The cost of compliance around waste disposal is onerous and is going to keep becoming tougher.

Off the cuff claims that Council has too many staff, inefficient or wasteful practices need to be backed by fact and not emotion. Personally I have struggled with some of the above but in the heavily legislated environment that we exist these are often not options, this is not like a commercial business where unprofitable sections can just be cut free or shortcuts taken.

The current Council is focused on looking forward, but in doing so we must acknowledge the path that brought us to this point so we can avoid repeating decisions along that path that were made with the best intentions but may not have delivered the desired outcomes. In the past I have led a Council that has overseen some decisions that I would not repeat now with more information at hand. We cannot continue to be everything to everyone and we must begin a path of "fee for service".



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Without financial sustainability there will be no happy ending. If amalgamation becomes the result no council that we are amalgamated with has a war chest of money to turn around our declining position. Road maintenance will not be held at its current level, rate harmonisation with what will be a larger council, over a four year period will see our rates rise by far more than our desired SRV. Anecdotally our Council office will just be service centre and staff numbers and services will be slashed.

As I engage with councils all over NSW it has made me appreciate how well we have done under a harsh operating environment. 40% of our land sits in National Park or Forestry that is un-rateable. We control close on 1,000kms of road for 3,200 people, yet Tamworth control 3,000kms for 65,000 people.

As you are most likely aware we are holding a public meeting at the Walcha Bowling Club tonight (Wednesday) at 5:30pm to explain in detail what an SRV entails. I invite and encourage everyone to attend to ask your questions, detail your concerns maybe understand more about the financial and legislative environment that Local Government works under. No respectful and informed question will be off the table and there will be people with the knowledge to answer it. You may not get the answer you would like but we will be transparent and deal only in the facts.

Clr Eric Noakes
Mayor of Walcha