

**Examination of a boundary alteration
proposal**

**Palerang Council
Queanbeyan City Council
(Burra, Urila, Royalla Estate)**

LOCAL GOVERNMENT BOUNDARIES COMMISSION

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CHAPTER 1 INTRODUCTION

The Local Government Boundaries Commission is a statutory authority constituted under section 263 of the *Local Government Act 1993*.

It has the function of examining and reporting on any matter referred to it by the Minister for Local Government regarding the boundaries of local government areas and the areas of operation of county councils.

The Commission is appointed by the Governor, and has four members.

The Chair is nominated by the Minister for Local Government, one Commissioner is nominated by the Director General of the Department of Local Government, and two Commissioners are appointed from a panel of councillors nominated by the Local Government and Shires Associations of NSW representing the Local Government industry across New South Wales.

The Boundaries Commission therefore consists of equal representation from State Government and Local Government and is well constituted to independently fulfil its functions.

This Report has been prepared by the Commission and contains conclusions the Commission has reached relating to each factor it has been required to have regard to under Section 263(3) of the Act with respect to the proposed boundary alteration.

The s263(3) factors are:

- (a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned
- (b) the community of interest and geographic cohesion in the existing areas and in any proposed new area
- (c) the existing historical and traditional values in the existing areas and the impact of change on them
- (d) the attitude of the residents and ratepayers of the areas concerned
- (e) the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant

in relation to the past and future patterns of elected representation for that area

(e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities

(e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned

(e3) the impact of any relevant proposal on rural communities in the areas concerned

(e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards

(e5) in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented

(f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas.

This report also contains recommendations arising out of the Commission's examination of the proposal referred to it.

Mrs Michelle Squire, the Commissioner nominated by the Director General of the Department of Local Government, has not participated in the consideration of this proposal, as she is currently on leave.

1.1 BACKGROUND

On 3 July 2003 the then Minister for Local Government, the Hon Tony Kelly MLC, wrote to all NSW councils calling on them to examine their position with regard to assisting them to maximise the effective and efficient delivery of local government services and facilities to their communities.

A number of councils in the area surrounding the Australian Capital Territory had forwarded proposals for boundary alterations to the Minister for Local Government. In accordance with the provisions of the *Local Government Act 1993*, the Minister subsequently referred those proposals to the Local Government Boundaries Commission for examination and report. The following

list shows the date and nature of the proposals referred to the Boundaries Commission:

- 12 May 2003: Queanbeyan City Council boundary alteration proposal also affecting Yarrowlumla Shire Council and Yass Shire Council
- 27 May 2003: Minister's boundary alteration proposal affecting Queanbeyan City Council, Yarrowlumla Shire Council and Yass Shire Council
- 27 June 2003: Gunning Shire Council's boundary alteration proposal also affecting Yarrowlumla Shire Council
- 27 June 2003: Yass Shire Council's boundary alteration proposal also affecting Yarrowlumla Shire Council
- 2 July 2003: Tumut Shire Council's boundary alteration proposal also affecting Yarrowlumla Shire Council
- July 2003: Yarrowlumla Shire Council's amalgamation and boundary alteration proposal also affecting the Gunning, Mulwaree, Queanbeyan, Tallaganda, Tumut and Yass local government areas
- 15 September 2003: joint amalgamation and boundary alteration proposal submitted by Goulburn City, Crookwell Shire and Gunning Shire Councils also affecting Mulwaree Shire Council.

Due to the number and complexity of the proposals, the Boundaries Commission requested that the Minister indicate whether he had a view as to the approach that the Boundaries Commission might take with regard to its examination of the proposals before it.

The Minister announced that as part of the Government's Local Government Reform Program, a regional review would be held into the structure of local government in the area surrounding the ACT. Accordingly, the Boundaries Commission suspended its examination and report into the proposals before it pending the completion of the regional review process.

On 19 December 2003, the Minister referred to the Commission for examination and report seven proposals for local government structural reform affecting councils in the area surrounding the ACT.

The Commission placed a public notice in the Canberra Times, Goulburn Post and Queanbeyan Age on 5 January 2004, in the Tumut and Adelong Times on 6 January 2004 and in the Yass Tribune on 7 January 2004.

The notice invited interested persons to lodge written submissions with the Commission by 27 January 2004 and to indicate their interest in speaking at the public hearings, to be held in Canberra, by 9 January 2004.

The Boundaries Commission wrote to all affected councils advising of the proposals on 23 December 2003. This letter advised that, in accordance with

section 263(2A) of the Act, the Boundaries Commission resolved to hold an inquiry for the purpose of exercising its functions in relation to the proposal. This letter also advised the affected councils that the Commission had resolved to submit its report on the proposals to the Minister by 9 February 2004.

The proposals, maps, public notices and inquiry information were also made available to the public on the Boundaries Commission web page on the internet, and the Commission accepted written submissions lodged via email, fax and/or post.

The inquiry hearings took place over three days, commencing on 12 January 2004 and concluding on 14 January 2004. Representatives from nine of the affected councils addressed the Commission. A further fifty individuals, including community groups, representatives of local Indigenous groups and the United Services Union made presentations to the Commission.

On 9 February 2004, the Commission submitted its reports on the boundary alteration and amalgamation proposals to the Minister for Local Government.

The Commission notes that the new Councils were proclaimed and commenced operations on 11 February 2004.

On 24 July 2007, the Burra Urila Residents and Ratepayers Association Inc wrote to the former Minister for Local Government, the Hon Paul Lynch MP, seeking a boundary alteration to transfer the localities of Burra, Urila and Royalla Estate from the Palerang local government area to the Queanbeyan City local government area.

In July 2007 the Department of Local Government referred the boundary alteration proposal to the affected Councils for comment.

As neither Council supported the boundary alteration proposal, section 218(F) of the *Local Government Act 1993* requires that the proposal be referred to the Local Government Boundaries Commission. On 12 March 2008, the former Minister referred the proposal to the Commission for examination and report with regard to the factors listed in section 263(3) of the Local Government Act.

On 3 June 2008 the Commission wrote to the affected Councils seeking their views on the proposal.

The Commission also wrote to the Department of Local Government requesting that it provide information on the financial impacts of the proposal.

The Councils responded to the Commission requesting that a public inquiry be held regarding the proposal. Palerang Council also requested that a review be undertaken of local government boundaries in the area. It should be noted that

the Commission is only empowered to examine and report on proposals referred to it by the Minister for Local Government.

The Commission placed a public notice in the Queanbeyan Chronicle on 23 September 2008, the Braidwood Tallaganda Times on 24 September 2008 and the Queanbeyan Age on 26 September 2008.

The notice invited interested persons to lodge written submissions with the Commission by 24 October 2008.

In referring the proposal to the Commission, the former Minister advised that a public hearing was not to be conducted in respect of the proposal.

The Commission has duly considered all the evidence and materials before it, including the submissions received from the affected councils and other interested individuals and groups before coming to its conclusions in respect of the proposal.

CHAPTER 2 THE NATURE OF THE PROPOSAL

The boundary alteration proposal is for the transfer of the Burra, Urila and all of the Royalla Estate localities, which are currently located in the Palerang local government area, to the Queanbeyan City local government area.

The Burra Valley, Urila and Royalla localities are located west of the Queanbeyan River and the Googong Dam from the Cooma-Monaro/Palerang Council boundary in the south to the Palerang/Queanbeyan City Council boundary in the north.

Maps showing the existing and proposed local government area boundaries are contained in Chapter 5 of this Report.

CHAPTER 3 SUBMISSIONS

In its public notice advertising the referral of the proposal to the Commission, the Commission invited written submissions from persons with an interest in putting forward points of view relating to the proposal. It was advised that such submissions should be forwarded to the Commission by 24 October 2008.

The Commission received a total of 30 submissions from interested persons for the purposes of its processes in respect of the proposal.

All written submissions made to the Commission were carefully considered in the course of the Commission's deliberations.

To assist the Commission in its examination, the Department of Local Government provided administrative support to the Commission, in addition to providing advice to aid the Commission in reaching its determinations regarding the financial impacts of the proposal.

The preparation of this report has been aided by the analysis of material provided to the Commission by the affected councils and other relevant material.

CHAPTER 4 EXAMINATION OF THE PROPOSAL

The Commission is required by section 263(3) of the Act to examine and report on the boundary alteration proposal with regard to a number of specific factors or criteria.

The Commission does not have a role in implementing proposals.

The Commission's considerations relating to each factor listed in section 263(3) of the Act are now set out.

4.1 FINANCIAL ADVANTAGES AND DISADVANTAGES

4.1.1 Introduction

Section 263(3)(a) of the Act requires the Boundaries Commission to have regard to "the financial advantages and disadvantages (including the economies and diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned".

The income and expenditure of the Councils involved in the proposal have been examined and compared against industry standards and other relevant information to assist the Commission in its determinations regarding the financial advantages and disadvantages of the proposal.

The Department of Local Government's category system of NSW councils for comparative purposes places Queanbeyan City Council into the category 4 group of councils and Palerang Council into the category 11 group of councils. The redistribution of land from Palerang Council to Queanbeyan City Council will not change these categories. This is based on the Department's latest available comparative information from the 2006/07 financial year.

The latest available figures that have been reviewed are collated from the examination of both Palerang and Queanbeyan Councils' financial statements as at 30 June 2007, and figures obtained from both Councils.

While direct comparisons between the two sets of figures should be treated with a degree of caution they provide a guide in comparing the projected performance of the Councils against the industry average for councils of a similar size and nature.

4.1.2 Revenue from Ordinary Operations

In 2005/06 Queanbeyan City Council had:

- total ordinary operating revenue of \$49.618M (\$59.464M in 2006/07)
- a higher level of income from rates and annual charges as a percentage of ordinary revenue (50.9 %) than the average of group 4 councils (41.6 %)
- a lower level of income from user fees and charges as a percentage of ordinary revenue (17.0%) than the average of group 4 councils (20.6%)
- a greater level of income from interest as a percentage of ordinary income (7.6%) compared to the average of group 4 councils (4.5%)
- a slightly lower dependence on grants as a percentage of ordinary income (17.0%) compared to the group 4 council average (18.8%)
- a lesser level of contributions and donations (4.8%) compared to the average of group 4 councils (12.1%)
- other sources of revenue (2.7%) are slightly higher than the average of group 4 council (2.4%).

Queanbeyan City Council

	2006/07	%	2005/06	%	Group 4 average
	\$'000		\$'000		%
Rates & Annual Charges	26,492	44.6	25,228	50.9	41.6
User Charges & Fees	10,163	17.1	8,489	17.0	20.6
Interest Received	4,617	7.8	3,763	7.6	4.5
Grants	14,329	24.1	8,411	17.0	18.8
Contributions & donations	2,365	4.0	2,403	4.8	12.1
Other Operating Revenues	1,498	2.4	1,324	2.7	2.4
Total	59,464	100.0	49,618	100.0	100.0

In 2005/06 Palerang Council had:

- total ordinary operating revenue of \$22.459M (\$25.506M in 2006/07)
- a lesser level of income from rates and annual charges as a percentage of ordinary revenue (31.3%) than the average of group 11 councils (35.4%)
- a slightly higher level of income from user fees (21.8%) than the average of group 11 councils (21.0%)
- a lesser level of income from interest received (3.7%) than the average of group 11 councils (4.9%)
- a lower dependence on grants (19.8%) than the average group 11 councils (28.2%)
- a greater level of contributions and donations (20.9%) than the average group 11 councils (7.9%)
- the same level of income from other operating revenue (2.5%) than the average group 11 councils (2.6%).

Palerang Council

	2006/07	%	2005/06	%	Group 11 average
	\$'000		\$'000		
Rates & Annual Charges	8,493	33.3	7,027	31.3	35.4
User Charges & Fees	6,737	26.5	4,893	21.8	21.0
Interest Received	1,156	4.5	831	3.7	4.9
Grants	4,089	16.0	4,443	19.8	28.2
Contributions & donations	4,237	16.6	4,692	20.9	7.9
Other Operating Revenues	794	3.1	573	2.5	2.6
Total	25,506	100.0	22,459	100.0	100.0

4.1.3 Expenditure from Ordinary Activities

In 2005/06 Queanbeyan City Council had:

- total expenditure of \$42.609M in 2005/06 (\$46.096M in 2006/07)
- a slightly lower level of employee costs (34.8%) than the group 4 average council (35.4%)
- a higher level of materials and contracts cost (35.9%) than the group 4 average council (30.7%)
- a lower level of borrowing costs (0.3%) than the group 4 average council (2.3%)
- a lower level of depreciation and amortisation (17.7%) than the group 4 average council (22%)
- a slightly higher level of other expenses (11.3%) than the group 4 average council (9.6%).

Queanbeyan City Council

	2006/07	%	2005/06	%	Group 4 average
	\$'000		\$'000		
Employee costs	15,819	34.3	14,844	34.8	35.4
Materials & contracts	17,612	38.2	15,300	35.9	30.7
Borrowing costs	105	0.2	118	0.3	2.3
Depreciation & amortisation	7,705	16.7	7,526	17.7	22.0
Other expenses	4,855	10.6	4,821	11.3	9.6
Total	46,096	100.0	42,609	100.0	100.0

In 2005/06 Palerang Council had:

- total expenditure of \$20.173M in 2005/06 (\$21.560M in 2006/07)
- a slightly higher level of employee costs (35.3%) than the group 11 average council (34.4%)
- a higher level of materials and contracts cost (37%) than the group 11 average council (31.8%)
- a slightly higher level of borrowing costs (1.6%) than the group 11 average council (1.4%)
- a lower level of depreciation and amortisation (17.8%) than the group 11 average council (22.9%)
- a slightly lower level of other expenses (8.3%) than the group 11 average council (9.5%).

Palerang Council

	2006/07	%	2005/06	%	Group 11 average
	\$'000		\$'000		
Employee costs	6,839	31.8	7,115	35.3	34.4
Materials & contracts	8,448	39.2	7,467	37.0	31.8
Borrowing costs	694	3.2	320	1.6	1.4
Depreciation & amortisation	3,675	17.0	3,591	17.8	22.9
Other expenses	1,904	8.8	1,680	8.3	9.5
Total	21,560	100.0	20,173	100.0	100.0

4.1.4 Financial Ratios

Further information regarding each Council's financial position can be obtained by examining a number of financial ratios.

Debt Service Ratio (DSR)

The debt service ratio is used to assess the degree to which revenues from ordinary activities are committed to repaying debts. The Department's benchmark is 10% or less.

Queanbeyan City Council

	2006/07	2005/06	2004/05
Queanbeyan	1.1%	1.49%	1.12%
Group 4 average	N/A	6.15%	6.25%

Queanbeyan City Council's Debt Service Ratio is acceptable.

Palerang Council

	2006/07	2005/06	2004/05
Palerang	3.57%	1.64%	3.90%
Group 11 average	N/A	3.47%	3.87%

Palerang Council's Debt Service Ratio is acceptable.

Unrestricted Current Ratio

This indicator measures a council's ability to meet its financial obligations as they fall due.

A ratio of 1:1 indicates that sufficient assets are on hand to meet current liabilities.

Ratios of less than 1:1 are unsatisfactory.

Ratios between 1:1 and 2:1 are satisfactory.

Ratios greater than 2:1 are generally viewed as good.

Queanbeyan City Council

	2006/07	2005/06	2004/05
Queanbeyan	4.57	4.96	3.88
Group 4 average	N/A	2.26	2.61

Queanbeyan City Council's unrestricted current ratio is good and better than the group 4 average.

Palerang Council

	2006/07	2005/06	2004/05
Palerang	1.89	2.15	1.63
Group 11 average	N/A	4.16	3.37

Palerang Council's unrestricted current ratio is acceptable.

4.1.5 Cash and Investments

Externally restricted assets are those subject to some restriction imposed by regulations or some other externally imposed requirement.

Internally restricted assets are those that are restricted by a resolution of council.

Unrestricted assets are those where no restrictions apply.

Cash and Investments 2006/07

	Queanbeyan \$,000	Palerang \$'000
Externally restricted	54,801	12,513
Internally restricted	13,983	2,871
Unrestricted	4,409	43
Total	73,193	15,427

4.1.6 Rates

Rates, Charges and Fees Outstanding

This ratio measures the effectiveness of a council's revenue collection. The Department considers that the benchmark for rural councils should not be greater than 10%.

Queanbeyan

	2006/07	2005/06	2004/05
Queanbeyan	4.53%	4.98%	6.87%
Category 4	N/A	6.07%	5.64%

Queanbeyan City Council's 2006/07 ratio of 4.53% is under the benchmark of 10%, so is regarded as satisfactory. The 2005/06 rates, charges and outstanding fees are less than the group 4 average (6.07%).

Palerang

	2006/07	2005/06	2004/05
Palerang	13.52%	14.03%	12.71%
Category 11	N/A	6.84%	7.23%

Palerang Council's 2006/07 ratio of 13.52% is above the benchmark of 10%, and is regarded as unsatisfactory. It has been above the benchmark for the past three years. This may indicate that the local government area is experiencing some degree of hardship due to climatic conditions and/or the Council is not actively pursuing any outstanding rates. The 2005/06 ratio is above the group 11 average of 6.84%.

4.1.7 Capital Expenditure Ratio

This indicator assesses a council's ability to replace or add to capital assets compared to the consumption of assets (depreciation). It does not include land, water and sewerage assets. A ratio of 1:1 indicates that the increase in assets

equals the amount of depreciation expense, ie, asset consumption equals asset replacement.

Queanbeyan

	2006/07	2005/06	2004/05
Queanbeyan	0.63	0.76	N/A
Group 4 Council average	N/A	1.16	2.57

The above table indicates that in 2006/07 Queanbeyan City Council was not replacing assets as they were being consumed.

Palerang

	2006/07	2005/06	2004/05
Palerang	0.79	No Data	N/A
Group 11 Council average	N/A	-1.25	5.1

The above table indicates that in 2006/07, Palerang Council was not replacing assets as they were being consumed.

4.1.8 Expenditure on Assets

The programmed maintenance expenditure for Queanbeyan in 2006/07 was \$152,000 greater than the estimated cost to maintain assets in a satisfactory condition. Over time this may lead to an improvement in the condition of the Council's assets.

The programmed maintenance expenditure for Palerang in 2006/07 was \$1.688M less than the estimated cost to maintain assets in a satisfactory condition. This may mean that the assets are deteriorating further each year, as the required maintenance may not be carried out.

Condition of Public Works (All Assets)

	Estimated Expenditure to Maintain Current Standard \$'000	Actual Maintenance Program \$'000
Queanbeyan	5,068	5,220
Palerang	4,587	2,899

4.1.9 Business Activities

Queanbeyan operates a water supply and sewerage service. All activities reported a surplus in the 2006/07 financial year (water supply \$490,000 and sewage service \$1.580M). Overall, these activities should have minimal impact on Queanbeyan City Council's finances.

Palerang operates a water supply and sewerage service. The water supply entity reported a surplus in the 2006/07 financial year of \$203,000, and the sewerage service recorded a loss of \$101,000. Overall, these activities should have minimal impact on Palerang Council's finances.

4.1.10 Financial Assistance Grants

Financial Assistance Grants for Queanbeyan and Palerang Councils for 2007/08

Council	Estimated Resident Population as at 30/6/06	General Purpose (final) (\$)	Per Capita (\$)	Local Roads (final) (\$)	Total Allocated (final) (\$)
Queanbeyan	37,848	2,072,082	54.75	652,441	2,724,523
Palerang	11,817	1,378,017	116.61	956,973	2,334,990

Likely Effects on Palerang

Based on preliminary 2008-09 funding levels, Palerang's indicative general purpose component of the financial assistance grants amounts to about \$105 per capita.

The most recently available populations number from the Australian Bureau of Statistics are as at 30 June 2007 (preliminary). The preliminary numbers show that as at 30 June 2007, Queanbeyan has a population of 38,593, and Palerang 13,419.

Palerang Council indicate that 621 properties are on file for the Burra/Urila Royalla area. Based on an average of 2 persons per household (13,419 residents divided by 6,751 dwellings) **a reduction in FAG's of \$130,410** (2 persons times 621 properties times \$105) is likely.

For the local roads component the allocation amounts to about:

- \$3.40 per capita
- \$1,146 per km of local roads
- \$132 per metre of bridge length on local roads.

As figures regarding the total number of kilometres of roads and bridge lengths are unavailable, the reduction in road grants to Palerang Council is unknown.

4.1.11 Special Variations History

Palerang Council had special rate variation applications approved in 2006/07 and 2007/08. Details are as follows:

Year Granted	% Approved	Period (yrs)	Reason
2006/07	9.9	Ongoing	Maintain service levels
2007/08	10.31	Ongoing	Road re-sheeting and resealing

Loss of Income to Palerang

The proposal is for the transfer of the localities of Burra, Urila and parts of the Royalla Estate from Palerang Council to Queanbeyan City Council. All up, a total of 621 properties are estimated to be involved.

The net impact to Palerang Council is believed to be:

- Loss of rate revenue (based on 2007 estimates by Palerang Council) of approximately \$571,000 per annum
- An estimated loss of \$130,410 in general purpose FAGs payments.

If Palerang Council were to have 621 properties transferred to Queanbeyan City Council, then it would take away a large sum of operating income (rates \$571,000 and FAG's \$130,410). Palerang Council may have to contemplate further special rate variation increases.

4.1.12 Financial Viability

Queanbeyan City Council

Queanbeyan City Council's financial position is sound.

Council's performance indicators as at 30 June 2007 were better than benchmark standards.

Council's capital expenditure ratio for 2006/07 (0.76) is unsatisfactory.

Council has a slightly lower reliance on grants and contributions than equivalent sized councils.

Council has the financial capacity to maintain its assets and services in the short to medium term. Council's programmed maintenance works is matching its estimated annual maintenance expenses.

Palerang Council

Palerang Council's financial position as at 30 June 2007 was satisfactory.

Some performance indicators were better than the standard benchmarks. Notably the rates and annual charges outstanding percentage and the unrestricted current ratio were not. Council's rates and outstanding charges percentage of 13.52% is over the benchmark of 10%.

Council has a slightly higher reliance on grants and contributions than equivalent sized councils. Council relies heavily on "outside work" revenue (RTA and Queanbeyan City Council), and would face difficulties if the income ceased.

Council has the financial capacity to maintain its assets and services in the short to medium term, although less than satisfactory expenditure on asset maintenance is being undertaken.

4.1.13 Conclusion

Advantages

The residents of Burra, Urila and parts of the Royalla Estate perceive better economically viable services to their community if the proposal were to be implemented.

Queanbeyan City Council would receive additional income from the proposed boundary alteration. Rates income would increase subject to land value and the rates structure. FAGs would probably increase largely due to population and road lengths but subject to relativities between councils.

Disadvantages

Palerang Council relies heavily on private and RTA works. Any diminution in such works may materially impact adversely on Council's ability to achieve future satisfactory operating surpluses.

The loss of an estimated \$701,410 income (rates revenue \$571,000 and general purpose FAG's \$130,410) per annum would be detrimental to the financial viability of Palerang Council.

4.2 COMMUNITY OF INTEREST AND GEOGRAPHIC COHESION

Section 263(3)(b) of the Act requires the Commission to have regard to “the community of interest and geographic cohesion in the existing areas and in any proposed new area”.

The Commission notes from the proposal that due to its location, the Queanbeyan River, Googong Dam and Molonglo Range present geographical impediments for residents in the Burra, Urila and Royalla Estate localities in regard to their physical access to Palerang Council offices. According to the proposal, residents are required to undertake at least a 2 hour return trip to access Council offices in Bungendore and at least a 3 hour round trip to access Council offices in Braidwood. However, the Commission also notes that Palerang Council has established a ‘1300’ number that allows Council residents to contact the Council for the cost of a local call.

The Commission considers that the concepts of ‘rural’ versus ‘city’ lifestyle are not necessarily mutually exclusive, as services that are often located in ‘city’ areas are usually accessed by people residing in outlying or ‘rural’ areas. This is supported by comments indicating that people in the proposed transfer area tend to go to Queanbeyan on a regular basis to shop.

4.2.1 Conclusion

From the submissions received, the Commission considers there is a strong community of interest between the local communities in the region, which is centred on the ACT and Queanbeyan areas.

The Commission notes there may be geographical impediments that impact on the ability of some of the residents in the proposed transfer area to maintain a community of interest with the entire Palerang local government area.

The Commission also notes, however, that prior to the constitution of the Palerang local government area, the Burra, Urila and Royalla localities were situated within the former Yarrowlumla local government area, part of which now forms the Palerang local government area.

4.3 HISTORICAL AND TRADITIONAL VALUES

Section 263(3)(c) of the Act requires the Commission to have regard to “the existing historical and traditional values in the existing areas and the impact of change on them”.

4.3.1 Palerang

Palerang Council was proclaimed on 11 February 2004. Its local government area includes the towns of Braidwood, Bungendore and Captains Flat and the outlying villages of Araluen, Majors Creek, Mongarlowe and Nerriga. It also includes the areas of Wamboin, Burra, Bywong, Hoskinstown, and parts of Sutton, Royalla and Carwoola.

Palerang Council extends to Lake George in the north, the Tallaganda State Forest in the south, Queanbeyan City to the west and the Morton and Budawang National Parks to the east.

The name Palerang Council is taken from Mt Palerang, one of the highest points in the new Council's area.

Its residents enjoy a rural lifestyle, with principal industries being beef and sheep production, stone fruit orchards, vineyards and emerging new ventures such as alpacas, lavender and berries. There is also a large and thriving artistic community comprising writers, poets, film-makers, musicians, specialty craftspeople and many more.

[Source: <http://www.palerang.nsw.gov.au/>]

Palerang Council is located on the Kings Highway and the Sydney-Canberra railway.

It was formed in February 2004 when Tallaganda Shire was amalgamated with most of Yarrowlumla Shire and small parts of Gunning Shire and Mulwaree Shire. It has struggled financially since its inception, which led Council to seek a special rate increase in 2006. The Council also sought to reduce expenditure in some areas. This resulted in a controversial plan to close the swimming pools, later overturned as a result of public protest.

[Source: http://en.wikipedia.org/wiki/Palerang_Council]

4.3.2 Queanbeyan

The town grew from a squattage held by ex-convict inn keeper, Timothy Beard, on the banks of the Molonglo River. The original name was Quinbean which means "clear waters".

Queanbeyan was officially proclaimed a township in 1838 with a population at that time of about 50. The name was also used for the surrounding parish. Some

of the significant historic buildings still standing date from those early days. Traces of gold were discovered in 1851 and lead and silver mines also flourished briefly. Settlers were harassed by bushrangers, of which John Tennant, Jacky Jacky, Frank Gardiner and Ben Hall were some of the more notorious. In 1836, approval was granted for the establishment of a Post Office at Queanbeyan on the Limestone Plains.

The Golden Age (now The Queanbeyan Age) was Queanbeyan's first newspaper and was founded in 1860 by John Gale. In 1880 the residence of John James Wright, the first mayor of Queanbeyan, was constructed along the edge of the Queanbeyan River. In 1982 that building became the Queanbeyan Art Centre.

Queanbeyan, an increasingly successful primary producing district, was proclaimed a Municipality in February 1885 incorporating an area of 5,700 acres (23 km²). The railway reached Queanbeyan railway station in 1887 and it became the junction for the lines going to Canberra and Bombala. The town is served by the twice-daily Countrylink Xplorer service between Canberra and Sydney.

William James Farrer, the wheat experimentalist, established Queanbeyan's reputation as an agricultural district with his famous "Federation" rust-free strain, developed on his property "Lambrigg" at Tharwa. Farrer's work was only slowly recognised elsewhere in Australia, but local farmers supported him, particularly in his development of "Blount's Lambrigg", another strain which in 1889 gave hope to farmers after the disastrous season of 1887 when crops had failed after heavy Christmas rains.

By 1972 Queanbeyan had little difficulty in meeting the first basic requirement of city status; the population had risen to more than 15,000 and a future population of at least that number was assured. City status was accordingly granted on 7 July 1972. On 21 July, 1975 the Queen's Bridge was opened. This bridge took pressure off the existing bridge in linking Monaro Street directly to the east.

Queanbeyan is a regional centre providing the opportunity for people to work in Canberra and live in New South Wales. The city is home to a large shopping centre known as Riverside Plaza. Queanbeyan has most of the major fast food outlets and selected specialty stores. Queanbeyan has two government high schools, Queanbeyan High and Karabar High. Queanbeyan primary schools include Queanbeyan Public School, Jerrabomberra Public School and St. Gregory's. Queanbeyan has a major hospital, ambulance station, indoor and outdoor swimming pool, community centre, public library and several parks. There is no longer a cinema in Queanbeyan. Much of the growth of Queanbeyan is found in Jerrabomberra, this suburb being created in 1992 and now having a population of over 6,000.

Queanbeyan has two light manufacturing/industrial precincts centred on Gilmore Road and Yass Road.

Queanbeyan includes a diverse range of Indigenous, African, European, Asian and Pacific cultures. Clubs and associations in Queanbeyan cater for many of these groups, including residents having Dutch, Macedonian, Italian or Mediterranean origins.

[Source: http://en.wikipedia.org/wiki/Queanbeyan,_New_South_Wales]

4.3.3 Conclusion

The Commission notes that Palerang is a predominantly 'rural' local government area as opposed to Queanbeyan, which is primarily 'urban' in nature and, along with the ACT, provides the type of services and facilities that would be expected of a regional centre.

4.4 RESIDENTS' AND RATEPAYERS' ATTITUDES

Section 263(3)(d) of the Act requires the Commission to have regard to "the attitude of the residents and ratepayers of the areas concerned".

The Commission was not required to hold a public inquiry in relation to this boundary alteration proposal.

In considering the attitudes of residents and ratepayers, the Commission has had regard to the submissions made to it by the affected councils, as well as submissions from individuals and community groups.

The Commission received 30 submissions with regard to the proposed boundary alteration. Of the total submissions, 28 supported the proposal and 2 submissions expressed opposition.

4.4.1 Conclusion

In examining the submissions, the Commission noted that views supporting the implementation of the proposal were expressed by residents in the proposal transfer area based on a range of factors, including representational and lifestyle reasons. The submissions opposing the proposal were made on the basis that the financial burden would fall to the ratepayers of the Queanbeyan local government area to subsidise and enhance the lifestyle of residents in the proposed transfer area.

Ultimately, it is up to the community to encourage a more sustainable local government entity, which improves both the quality of life and the environment and ensures the equitable, effective and efficient allocation of resources to meet community needs.

4.5 REPRESENTATIONAL ISSUES

Section 263(3)(e) of the Act requires the Commission to have regard to “the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area”.

The Commission notes that Palerang Council has nine (9) elected representatives and Queanbeyan City Council has ten (10) elected representatives. Neither local government area is divided into wards. Palerang Council’s Mayor is elected from amongst the councillors, whereas Queanbeyan City’s Mayor is popularly elected.

Based on Australian Bureau of Statistics information for 2006/07, Palerang Council has 11,817 residents and Queanbeyan City Council has 37,848 residents. The following table sets out the current representation level:

Council	Estimated Population	No. Councillors	Ratio of elected representatives to population
Palerang	11,817	9	1:1,313
Queanbeyan City	37,848	10	1:3,785

The Commission notes that many of the submissions raised issues concerning the current level of representation, noting that as a result of the elections held on 13 September 2008, there is no longer any direct representative of the proposed transfer areas on Palerang Council. The Commission also notes, however, that there is currently one (1) councillor vacancy at Palerang Council, which requires that a by-election be held within three (3) months of the vacancy in accordance with the provisions of the *Local Government Act 1993*.

4.5.1 Conclusion

It is clear that if the proposal proceeds, it will impact on existing representational arrangements.

4.6 SERVICE DELIVERY AND ACCESS

Section 263(3)(e1) of the Act requires the Commission to have regard to “the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities”.

Some of the submissions commented that Queanbeyan City Council already provides many ‘essential’ services, such as library, pool, waste facilities, to residents in the Burra, Urila and Royalla localities. The Commission notes that following the local government amalgamation in 2004, Palerang’s library services in Bungendore and Captains Flat were provided by Queanbeyan City Council, and the Braidwood service was provided by the Southern Tablelands Regional Library based in Goulburn.

According to Palerang Council’s website, from 1 July 2007 the Palerang library services have been brought together with Queanbeyan Library into one service to be known as the Queanbeyan Palerang Library Service.

4.6.1 Conclusion

The Commission considers that both Palerang Council and Queanbeyan City Council could meet the charter set out in section 8(1) of the *Local Government Act 1993*, as follows:

“8(1) A council has the following charter:

- to provide directly or on behalf of other levels of government, after due consultation, adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively*
- to exercise community leadership*
- to exercise its functions in a manner that is consistent with and actively promotes the principles of multiculturalism*
- to promote and to provide and plan for the needs of children*
- to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development*
- to have regard to the long term and cumulative effects of its decisions*
- to bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible*

- *to facilitate the involvement of councilors, members of the public, users of facilities and services and council staff in the development, improvement and co-ordination of local government*
- *to raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants*
- *to keep the local community and the State government (and through it, the wider community) informed about its activities*
- *to ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is affected*
- *to be a responsible employer”.*

The Commission notes that the NSW Government wants councils to continually improve their services and is keen to ensure that local councils remain sustainable, are viable and that they provide quality services to the ratepayers they represent. In this regard, the Government encourages councils to keep their structures under review and to seek ways to improve the delivery of services to their communities.

The Commission is aware that the Minister for Local Government encourages local councils to look seriously at ways to cooperate with each other, to save on costs and to provide better services to their communities more efficiently.

Accordingly, the Commission considers that Palerang Council has demonstrated that it is attempting to continue to provide adequate, equitable and appropriate services and facilities with respect to the proposed transfer area.

4.7 EMPLOYMENT IMPACTS

Section 263 (3) (e2) of the Act requires the Commission to have regard to “the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned”.

4.7.1 Discussion

The Commission notes that the *Local Government Amendment (Employment Protection) Act 2003* and the *Local Government Amendment (Council and Employee Security) Act 2004* were assented to on 15 July 2003 and 6 May 2004, respectively. The amendments will ensure that where an organisational restructure occurs within a council due to its structural reform by way of constitution, amalgamation or boundary alteration, the existing employment conditions of staff are protected.

4.7.2 Conclusion

Should the proposal proceed to implementation, it is assumed that the councils involved will resolve all issues related to the transfer of any other staff affected by the proposal, consistent with the provisions of the amended legislation.

4.8 IMPACT ON RURAL COMMUNITIES

Section 263(3)(e3) of the Act requires the Commission to consider the impact of any relevant proposal on rural communities in the areas concerned.

The Commission considers that, if the proposal is implemented, it is unlikely that there will be any impact on rural communities.

4.9 DIVIDING THE AREA INTO WARDS

Section 263(3)(e4) requires the Commission to consider the desirability (or otherwise) of dividing the resulting area or areas into wards.

Although the Commission is only required to consider this factor for proposals involving the amalgamation of local government areas, the Commission notes that neither Council is currently divided into wards.

If the Government determines not to implement the proposal, Palerang Council may wish to consider dividing its area into wards.

Under section 210A of the *Local Government Act 1993* a council must, before dividing its area into wards or altering its ward boundaries, consult the State Electoral Commissioner and the Australian Statistician, as well as prepare and publicly exhibit a plan detailing the proposed division or alteration. Council must consider any submissions received during the public exhibition period.

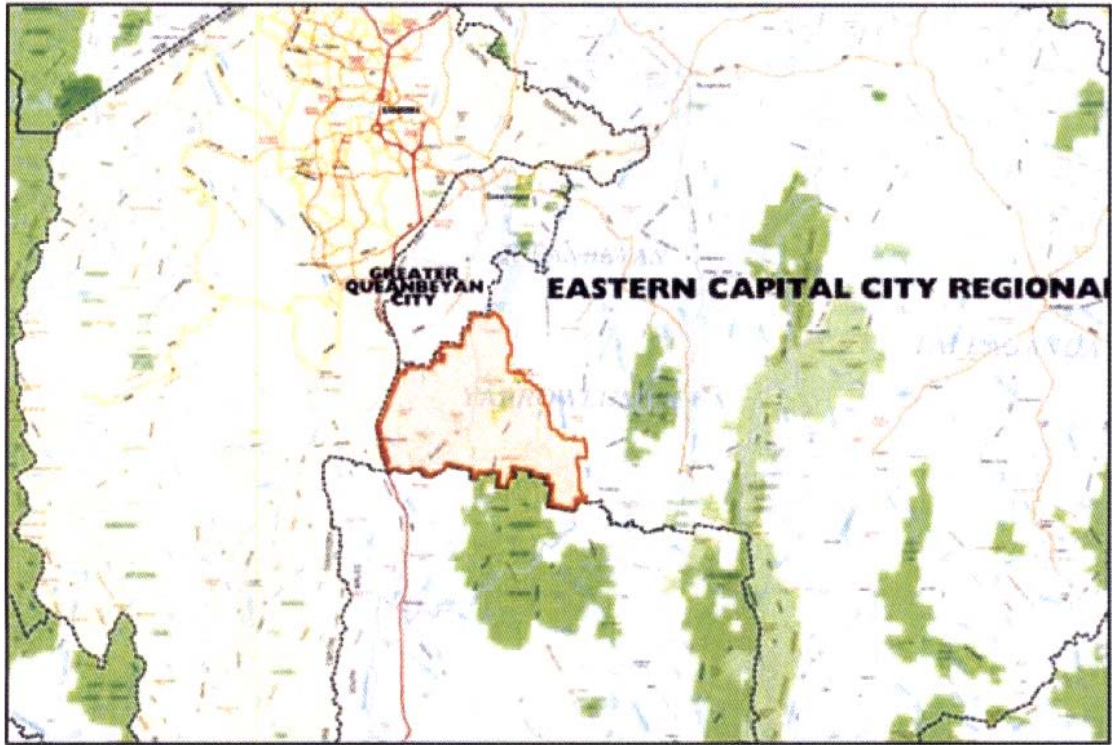
However, the Commission also notes that elected councillors have a responsibility to represent the broad needs and wishes of the whole community in making decisions, providing services and using resources efficiently and effectively, not merely the interests of the residents of the ward or locality from which they were elected.


4.10 OTHER MATTERS

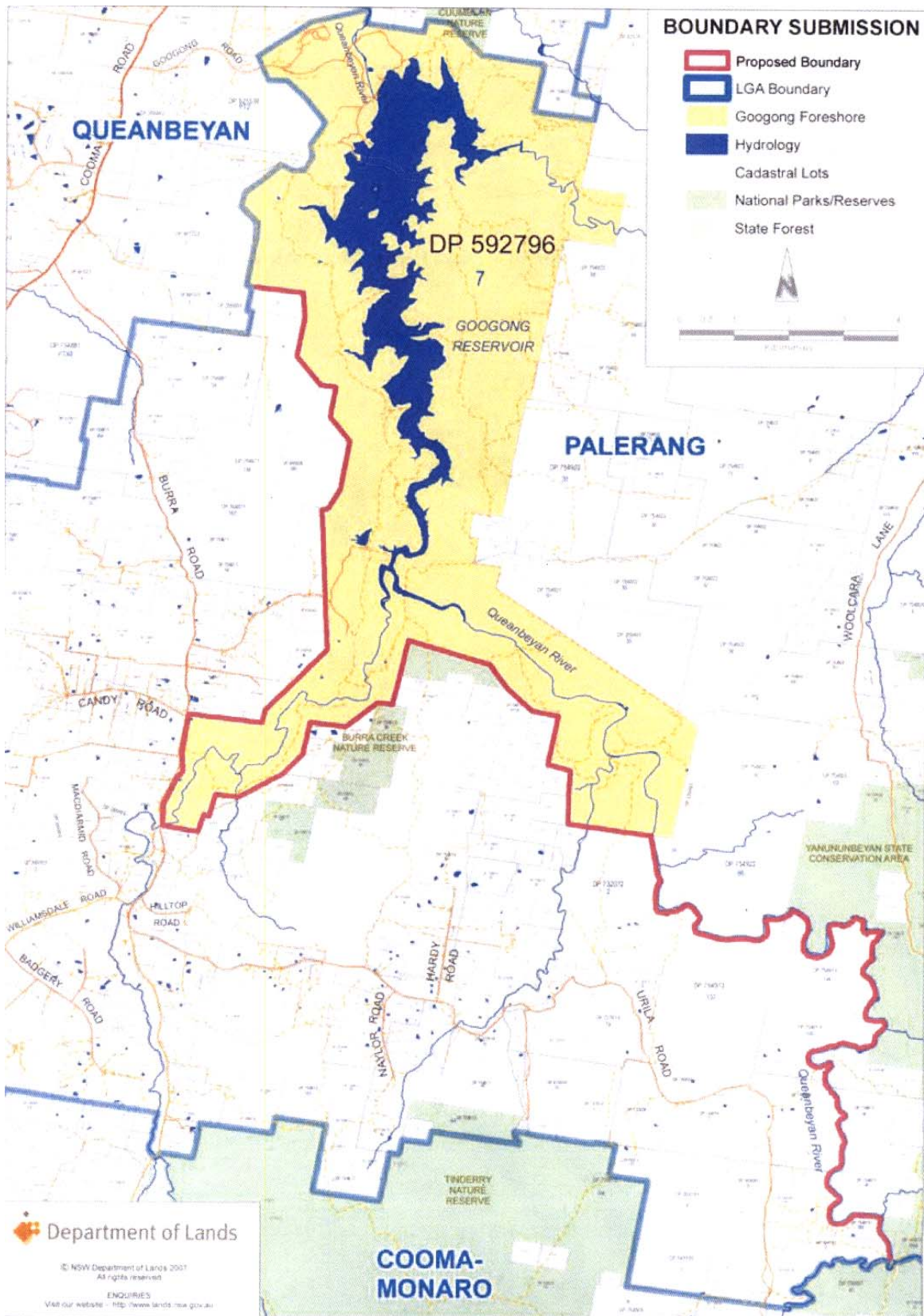
Section 263(3)(f) of the Act requires the Commission to have regard to "such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas".

The Commission has not identified any other factors relevant to this proposal.

CHAPTER 5 EXISTING AND PROPOSED NEW BOUNDARY



 Area proposed for inclusion in Queanbeyan City Council LGA



CHAPTER 6 RECOMMENDATION

The Commission has examined the boundary alteration proposal submitted by the Burra Urila Residents and Ratepayers Association Inc seeking a boundary alteration to transfer the localities of Burra, Urila and Royalla Estate from the Palerang local government area to the Queanbeyan City local government area.

The Commission would like to acknowledge the detailed and well-presented proposal submitted by the Association.

Having considered the boundary alteration proposal, the submissions presented to the Commission by the affected councils, the submissions from members of the public and community groups and other material, and having regard to the factors set out in section 263(3) of the Act, the Commission considers that there are no compelling reasons to suggest that the boundary alteration proposal should be implemented.

Key aspects of the proposal noted by the Commission are:

1. Implementation of the proposal is likely to have a significant impact on Palerang Council's financial situation.
2. Palerang Council has demonstrated that it is attempting to continue to provide adequate, equitable and appropriate services and facilities with respect to the proposed transfer area.



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CLR LEO KELLY OAM
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