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Committee Secretary
Infrastructure, Planning and Natural Resources Committee
Parliament House
George Street
BRISBANE QLD 4000

Dear Sir

Response to the Inquiry into the long-term financial sustainability of Local Governments.

Reference is made to your correspondence dated 3 May 2017 whereby you were seeking written submissions from Councils into the improvement of long-term financial sustainability across Local Government in Queensland.

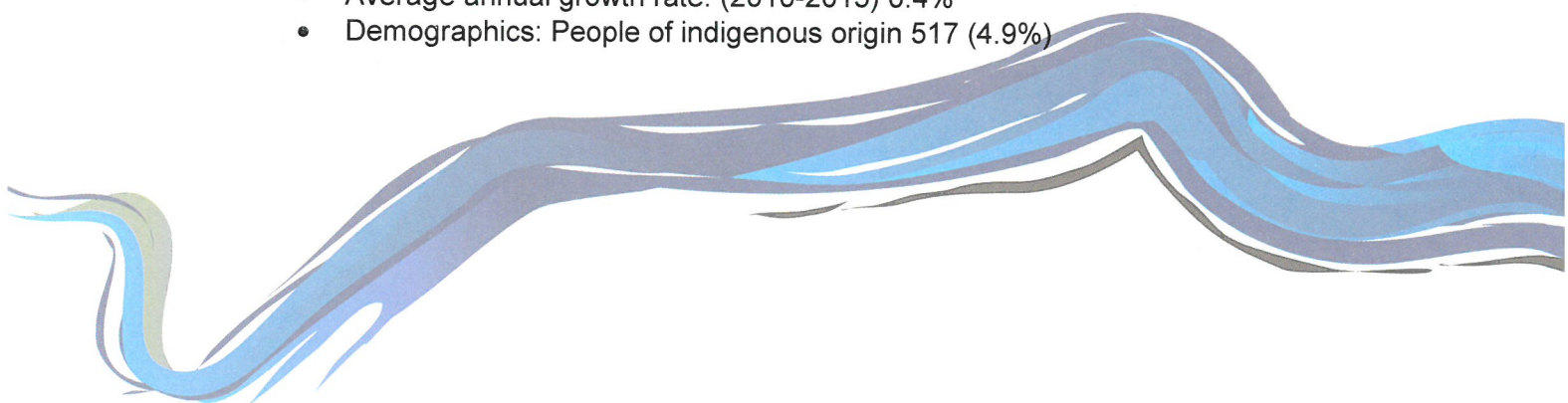
Introduction

Firstly, Council applaud and support you in your quest to improve the longer-term financial sustainability across Queensland Local Government. In considering our application, I would like to take the opportunity to provide a brief recap of the Goondiwindi region I proudly represent.

Regional Profile

Goondiwindi Regional Council services a growing population of approximately 11,022 and covers an area of approximately 19,294 square kilometres. The southern boundary of the region, defined predominantly by the Macintyre, Dumaresq and Barwon Rivers, provides a major gateway from New South Wales to Queensland with the region a popular stopover destination for travellers.

- Location: South-West Queensland
- Size: 19,294 sq.km
- Total urban area: (approximately) 44.9 sq.km
- Total rural area: (approximately) 19,249.1 sq.km
- Towns: Goondiwindi, Inglewood, Texas, Yelarbon, Toobeah, Bungunya and Talwood
- Population: 11,022
- Average annual growth rate: (2010-2015) 0.4%
- Demographics: People of indigenous origin 517 (4.9%)



- Birthplace of respondents: 86.9% Australian born
- Unemployment rate: 3.5%
- Asset base: \$570M
- Staffing: 157 FTE's
- Recurrent Revenue: \$32M

Industries top five industry subdivisions of employment:

1. Direct Agriculture (23.3%) (*Large proportion of related industry also*)
2. Preschool and School Education (6.1%)
3. Other Store-Based Retailing (4.3%)
4. Food and Beverage Services (4.2%)
5. Professional, Scientific & Technical Services (3.5%)

(Information sourced from the Office of Economic & Statistical Research)

Our Council is also a border Council supplying services to a further 6000 residents of New South Wales who are not included in the statistics provided above.

Submission to Parliamentary Committee

Listed below are three common themes that encapsulate Councils thoughts on the subject matter of long-term financial sustainability for Queensland Councils.

1. Funding/Resources

Federal Assistance Grant (FAGS) - review the current methodology that support Councils with limited capacity to increase their own source revenue, to now receive a greater slice of the total FAGS revenue on offer. The current methodology favours councils that are growing in population and road length at the expense of others. It also needs to consider the impact of state borders and intra-state service delivery.

Cost Shifting - remove the ability for other tiers of Government to transfer financial responsibility to Local Government.

Unfunded Depreciation - the ability to unfund depreciation i.e. buildings, if the renewal of assets each year is upheld. Renewal Demand is a better measure of asset consumption for Local Government.

Financial Support – Greater funding opportunities for Remote/Rural Councils. These Councils do not have access to Public/Private partnerships and other models to fund essential infrastructure as they are not financially viable. Funding programs are increasingly including cost-v- benefit analysis and other financial criteria that most projects in Rural/Remote councils will never be able to satisfy positively. Funding and State Government contract works are also increasingly sporadic and offered in peaks and troughs such that Councils are not able to plan with any great certainty. The recent announcement of inland rail and other infrastructure projects will see a greater demand on Council infrastructure to service the federal and state offerings. This will require funding assistance.

Audit Fees – Create an environment that is similar to interstate Local Government counterparts, which allow each Council to select its own auditor to encourage greater competition. For example 0.5% of our rates are spent on external audit fees.

Capacity

Council wide Computer Solution – The State Government should consider providing a fully integrated computer solution for Remote/Rural Councils that have limited financial resources. This could also enable greater consistency in financial management and reporting across Councils.

Councillor Training - Implement mandatory Councillor training that allows each Councillor to read and interpret the financial statements.

Key Indicators - Each Council to implement predictable and reliable financial projections of financial health, where they can justify that a different target is more relevant i.e. the employment of Asset Renewal ratio rather than the Asset Sustainability Ratio.

2. Assets

Asset Management Plans (AMP) – Councils need financial support to actually complete this process and not theoretical consultants who measure progress and provide examples of what needs to be done, as was provided in previous Asset Management support programs. Councillors need thorough education using real life practical data in understanding Asset Management Plans and their link to Long Term Financial Sustainability. Councils appear to be stuck on data collection (as it is easier to complete and demonstrate progress) rather than moving onto interpretation of data and the use of it in decision-making. A properly funded and resourced program over several years appears necessary to get councils over this hurdle. It may also be of some benefit to consider tying future grant funds to the demonstration of progress in this area.

Revaluations - Simplify the annual revaluation process to allow deviation from the Australian Accounting Standards (AASB) especially for Infrastructure assets. Valuation fees cost this Council in the order of 0.3% to 0.8% of rates collected each year. The reality is that most of the assets cannot be sold, are not actively marketed and are particularly long life assets which generally results in small valuation movements usually associated with the costs of inputs that are often cyclical. We see valuation increases and reductions over time which would supports an argument to extend the revaluation cycle to reduce this cost burden and enable Councils to focus in understanding the practical behaviour of the assets. Valuations to establish figures for financial statements do not improve the financial sustainability of Councils.

Conclusion

Councils and in fact all levels of government are operating in an increasingly pressurized environment with constituents now more able to influence elected officials through a broader range mediums. It is important that long-term financial planning becomes a foundation of all government business to ensure ongoing financial sustainability and to avoid short- term reactionary decision making.

It is my Councils view that this is best achieved through more secure and consistent funding programs, through a refocus of effort in the compliance area towards practical measures of assessing financial capacity and an effective support program that connects the dots for Councillors and links Asset Management Planning with their day to day decisions and actions.

Our Council looks forward to the positive outcomes of this inquiry.

If you require any further information, please contact the Director Community and Corporate, Mr Jason Quinnell on [REDACTED] who will be pleased to assist you.

Yours faithfully

A handwritten signature in black ink, appearing to read 'G. Scheu', with a large, stylized initial 'G'.

Cr Graeme Scheu
Mayor