

Report No: C0310 Item 9

Subject: SAVING MARRICKVILLE COUNCIL FROM FINANCIAL DISASTER
(INVESTIGATING ALTERNATIVE OPTIONS TO SPECIAL RATE LEVIES)

File Ref: 4056-03/14318.10

From Councillor Dimitrios Thanos

MOTION:

THAT Council conduct a study investigating the potential positive and negative impacts to Council's budget of an amalgamation with the City of Sydney.

Officer's Comments

General Manager:

The proposition of amalgamation with the City of Sydney, should it proceed, would lead to the demise of Marrickville Council in its entirety with its legal entity being absorbed into the "Greater City of Sydney". What would be the impact on Council's budget should such an amalgamation proceed? Well, there would be no Marrickville Council and so there would be no budget. This would certainly preclude the need for a Special Rate Variation.

The premise upon which this motion is based, "Saving Marrickville Council from financial disaster", is predicated upon a prognosis that Marrickville Council is headed for "financial disaster". Whether Marrickville Council remains sustainable and viable into the future is entirely in the hands of the Council. It is true that the Council is facing increasing difficulty in meeting its infrastructure renewal obligations, and that without additional revenue sources being identified and realised and moderation/containment of operational expenditure, this situation will compound in future years. The continuing imposition of rate pegging in NSW (the only state in Australia to have such a restrictive regime) and decisions such as the recent announcement by the Minister for Local Government to impose a 2.6% rate peg in 2010/11 means that the continued viability of many councils in NSW, including Marrickville Council, is at risk. Council's expenditure is growing at about 8% per annum so it is simple maths to calculate that allowing councils to only increase their major revenue source by 2.6% is neither reasonable nor sustainable. However, as explained in a recent Council report supporting the case for a Special Rate Variation, there are steps that the Council can take to address this situation, including:

- Seeking government approval for Special Rate Variations under s508A of the Local Government Act 1993 from 2011/12 following adoption of the Integrated Planning and Reporting regime;
- Introduction of an annual Environmental Levy to fund Council's emission reduction program and environmental initiatives;
- Conducting on-going expenditure reviews in an effort to contain operational expenditure;
- Examine opportunities for creating new and sustainable revenue streams; and
- Rationalise property assets.

Thus the solution to this on-going sustainability conundrum is in the hands of this and successive Marrickville Councils. The lodgement of this Notice of Motion is timely in so far as the alternative to a lack of action in addressing these issues is the spectre of Council amalgamations. An amalgamation of the nature postulated in this motion would lead to a significant reduction in the level of political representation available to the citizens of the many communities that comprise the Marrickville Council area and a substantial loss of advocacy for the many challenging issues that abound in such a vibrant and diverse community.

ATTACHMENTS

Nil.