

From: Leonard Mainard [REDACTED]
Sent: Wednesday, 16 August 2017 4:14 PM
To: ENRRDC
Subject: Inquiry into sustainability and operational challenges of Victorian rural and regional councils.

Follow Up Flag: Follow up
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Rural councils need to become much more efficient. The theory behind amalgamations was that it would bring economies of scale and facilitate a rationalisation of services. It seems to have resulted in more complex administration structures and increased bureaucracy. The executive, [CEO and directors], seem to cost one million dollars pa even for a small council. It is time to examine what improvements in efficiency and reduction in costs could be achieved without diminishing the local government focus of councils. Some suggestions are :-

[1] Information systems.

Councils tend to use very similar software and hardware which has to be maintained and regularly updated . This major cost could be reduced by groups of councils combining together to install one large server managed by a centralised group possibly located in a regional centre. This is a practice widely used by the private sector, eg banks

[2] Finance.

Rating and rate collection practises are very similar. The process could be easily centralised. [For example,energy retailers do not read their own customers meters but rely on a centralised process.] Local government financial reporting, budgeting and forward planning has become very complex and expensive. I do not think many residents read them let alone analyse the detail, particularly as it is almost compulsory to do this on a screen. I have doubts about councillor's comprehension. This process needs to be simplified and rationalised for small Councils. They should be easily understandable by the ratepayers.

[3] Human Resource management.

Specialist resources could be shared such as recruiting etc.

Councils seem to spend large sums on training and development. Costs could be reduced by Councils coordinating their training.

[4] Planning. This is an area where costs have greatly increased.

Should strategic planning be done on a regional basis rather than individual council areas.

There would be many other ways councils could reduce operating costs. The corporate sector engages consultants to review their organisation structures and operational processes to ensure they are managing their businesses as effectively and efficiently as possible. It is probably time to do the same with councils. Small rural councils have become very expensive to run and there needs to be change.

Farmers have always complained about the rating of their businesses. They have argued that they do not get the same benefits as the town/city ratepayers and should only pay rates based on house and curtilage. However rural roads are extremely expensive to build and maintain. There is an argument for taking the responsibility for rural roads out of councils hands and putting it into a rural roads authority with specialised management and resources. [Much like VicRoads.] Rural roads are heavily subsidised so the cost should be analysed and property owners required to make a contribution.

There needs to be a system that allows residents to compare the cost and efficiency of their council with similar councils.

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