



1 May 2016

TRRA Submission to All PSC Councillors

Re: Extraordinary Meeting of Port Stephens Council 2 May 2016 to consider: Proposal to initiate legal action relating to - Merger Proposal Port Stephens Council and Dungog Shire Council

TRRA Inc is concerned by the recommendation that Council approve the initiation of legal proceedings to ensure that this proposed merger is investigated and reported prior to any determination by the Minister on this and other merger proposals.

We are particularly concerned that approval is also sought for a potential allocation of \$50,000 to cover the expenses of such a challenge. We note that this cost could just be for the opening round of proceedings which have the potential to become protracted. The request for funding is therefore tantamount to an "open cheque". There is also the strong possibility of an early determination by the Minister leading to the forced amalgamation of Port Stephens Council which could see these proceedings lapse.

The briefing on this matter indicates that soon after referring the latest proposal to the Minister, verbal advice was received that Council would receive written confirmation on progress, and despite subsequent inquiries no further advice has been received. TRRA is aware that the Acting Deputy Crown Solicitor has advised that the Minister proposes to consider the proposals "in the ordinary course and is unable to give the undertaking requested".

This advice, which is pretty much a brush-off, together with other actions such as the establishment of a formal inquiry into the merger of Maitland and Dungog LGAs, suggests that there is little support at the state level for PSC's proposal to merge with Dungog. All other indications coming from the Minister for Local Government suggest that the State is moving fairly quickly towards an announcement of the determination of mergers and that this will occur before any results of inquiries are released. The Port Stephens/ Newcastle City merger looks like a done deal.

Against this background, TRRA believes that Port Stephens Council has done everything to secure action on its proposal by the State authorities and the recourse to a costly legal challenge with a doubtful outcome is not wise.

Having considered the business case for the Merger with Dungog, TRRA is not convinced of the merits of advocating a union with a Council which was judged by IPART to be "unfit for the future". The ILGRP indicated that Dungog Shire Council did not appear financially sustainable and noted that it had received a 'distressed' rating in DLG's Infrastructure Audit. ILGRP also noted that Dungog Council had its own reservations about its capacity to meet infrastructure obligations in the medium term.

TRRA has not found sufficient evidence in the business case to demonstrate any benefits for Port Stephens ratepayers in a merger with Dungog Council. That council is responsible for a sparsely populated area 2.5 times greater than our current LGA with only 6,700 electors to foot the bill for an extensive network of rural roads and bridges. IPART found Dungog not to meet the benchmark for asset maintenance and infrastructure.

TRRA also queries the extent of community of interest with Dungog whose residents might be expected to relate more to Maitland and Newcastle than Raymond Terrace or other areas of Port Stephens.

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