

## ATTACHMENTS

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# **ATTACHMENT 1**

## LOCAL GOVERNMENT ACT 1989

### APPOINTMENT OF A LOCAL GOVERNMENT PANEL

I, BOB CAMERON, Minister for Local Government, acting under section 220A of the **Local Government Act 1989**, appoint Mr Roger Male and Mr Julian Stock to be a Local Government Panel to conduct a review of the feasibility and viability of the Hume City Council becoming two separate municipalities, one being based in the Sunbury area, being the area within the Hume City Council west of Deep Creek.

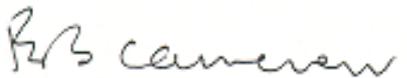
In undertaking the review the panel is requested to take into account the following –

1. the financial, economic and social impacts of any proposal being considered, on the residents within the areas covered by the review. In particular the review is required to determine the extent of any impact, including any financial cost, on the Sunbury residents and ratepayers on the basis that in the event of any creation of a new municipality, there is to be no substantial impact on the remaining residents and ratepayers of Hume;
2. the impact of any proposal on the accessibility to and the effective and efficient delivery of local government services in the areas covered by the review. In particular, the review is required to determine whether and how any changes would effect residents in terms of service delivery and their cost to local residents;
3. the governance impacts of any proposal;
4. sociological, demographic, topographic, economic, and employment patterns and factors in the areas covered by the review;
5. community or diversity of interest in the areas covered by the review, including community identity, expectations and involvement;
6. the sustainable economic development of the areas covered by the review;
7. future infrastructure requirements of the areas covered by the review;
8. the administrative, financial and rating impact of any proposal;
9. any other relevant matters that may arise as a result of this review.

The Panel is to make recommendations to the Minister for Local Government on any action which may need to be taken on matters which may result from the Panel's enquiries.

Mr Roger Male will be the Chairperson of the Panel. The remuneration, including travelling, accommodation, and out of pocket expenses payable to each member of the Panel, shall be in accordance with State Government approved guidelines for appointments to panels and tribunals.

The Panel is directed to provide a report on the above issues to the Minister for Local Government by 13 October 2000 or on a later date as approved by the Minister.

  
**Bob Cameron MP**  
**Minister for Local Government**

## **ATTACHMENT 2**



## **ATTACHMENT 3**

# ATTACHMENT 3 -

## ASSUMPTIONS USED FOR THE ANALYSIS OF FINANCIAL DATA

Attached are the assumptions included by the Panel in the Financial Information Package, which was made available to interested parties early in the Panel process. The Panel invited comments on the assumptions, as well as any other matters.

Only one submission made any comment regarding these assumptions. This primarily related to the detail of the figures used. None of the submissions queried the appropriateness of the assumptions.

The Panel has not changed the assumptions in undertaking its financial analysis.

### Basis of Population data

The Panel found, in the course of its review, that the use of population data varies considerably. A number of source documents were used that contained slightly different population figures for the Hume City Council. Figures for the area to be contained within the "Shire of Sunbury" had to be constructed from available source data.

As the population assumption has primarily been used for the purpose of determining the relative distribution of the revenues and expenditures of the Hume City Council, the absolute numbers are not of significant concern. The Panel considered a range of population data, including:

- (1) ABS Census data, 1996;
- (2) population projections for Victoria contained in the Department of Infrastructure's "Victoria in Future" (the Victorian Government's population projections 1996-2021), published in 2000;
- (3) the Hume City Council Community Profile; and
- (4) projections provided by the Hume City Council Strategic planning branch, based on an assessment of household size and the number of residential rateable properties in the area in question.

These varying sources all gave a ratio of population for the area covered by the proposed "Shire of Sunbury" (as compared to the total for the Hume City Council) of between 21.5% and 23%. The Panel therefore determined that the proposed assumption for distributing revenues and expenditures on the basis of a 22:78 % population split was a reasonable one to use. Differences in the overall numbers used would not significantly change this ratio.

When it came to calculating particular indicators in its report, which the Panel did in order to compare the proposed "Shire of Sunbury" with other councils or with the "Balance of Hume", the Panel needed to use a fixed and consistent population figure as its base. The figure it used (129,014) was that contained in the DOI document "**Victoria in Future**", **population projection for Hume City Council, 2001**. This then provided the following basis for its calculations:

Total Hume City Council	<u>129,014</u>
"Shire of Sunbury" (22%)	28,383
"Balance of Hume" (78%)	100,631

The Panel's report also contains data provided to it by the MAV, from its database of councils. The figures for Hume City Council in that data are shown as 129,600. The impact of this difference is negligible.

Where the SRA has provided population based information, it appears to have used the figure of 30,000. The Panel is not aware of the source of that projection. Where the SRA has made a financial projection relevant to population, the Panel has used the SRA's figure of 30,000.

## ATTACHMENT (*Excerpt from Financial Information Package*)

### ASSUMPTIONS Used for Analysis of Financial Data

*(The proposed municipality west of Deep Creek is referred to as "Sunbury"; the balance of the municipality to the east of Deep Creek is referred to as "Rest of Hume". Where % basis is used the ratio is always described in the order "Balance of Hume"/ "Sunbury".)*

Below is shown the type of Assumptions proposed to be used by the Panel in making a 'split' of financial data for the Hume City Council. These are provided as the Panel's thinking as to a 'reasonable' way of applying a dissection to the various financial items.

<b>Assumption</b>	<b>Description</b>
Revenue derived from specific locations	A specific revenue that clearly pertains to one or other component of the municipality, on the basis of its source.
Service location	A specific function/place would be allocated by location.
Level of service delivered to residents	Continue to provide same services as currently provided by HCC. Service levels will be the same as assumed in HCC 2000/01 budget.
Population	Revenue or expenditure which is common across the municipality could be allocated using population figures for each component of the municipality . This results in a split on a <b>78/22</b> % basis.
Households	Services which are delivered on a household rather than individual basis (eg. garbage) could be allocated on a Household basis. This results in a split on a <b>78/22%</b> basis.
Rate Revenue	Actual rate revenue from properties would be allocated by location. If used as the basis for dissecting other items between the two municipalities, this results in an <b>82.1/17.9</b> % split.
Proportion of Road Network	Infrastructure items that are too difficult to identify on an individual basis, but which occur throughout the municipality (eg. drains, street lighting, bus shelters, park furniture) could be allocated according to the length of the physical road network falling within each component of the municipality. This results in a split on a <b>79/21</b> % basis.
Fixed assets	Allocated by location
Asset sales	Proceeds used mainly for infrastructure replacement or debt reduction, but should not be applied to subsidise recurrent operating expenditure.
Development of new assets	Identification of the long term capacity of existing facilities to meet administrative and service needs; OR of any surplus capacity.
Victoria Grants Commission general purpose grants	Assumed that allocated amount of grants will be split on a population (78/22% basis).
Organisational structure	Both municipalities will require an organisational structure capable of delivering the same services as at present.
Increase in ongoing operating costs	An escalation factor will need to be determined in the cost of delivering non-location specific services, to reflect a reduction in economies of scale and/or additional profit element for services outsourced to third parties.
Establishment costs	One-off costs associated with establishing a new municipality, eg. Council elections, council support and implementation costs.
Municipal boundaries	Unchanged from panel's terms of reference